Abstract

Tax laws provide only the desired effect if these are properly administered. In each country, tax administration is governed by different sets of rules which together form the so-called ‘tax administration governance framework’. This framework includes rules which vest the powers of administration in the tax authority, determine the rights and obligations of taxpayers and define ‘checks and balances’. At the same time, the functioning of a tax authority is greatly influenced by its environment, including social, economic and technological developments. As a result, building an effective and efficient tax administration is a challenging, but important task in practice. It is not only important for a country’s tax revenue, but also for economic prosperity as issues in tax administration may negatively impact trade and investment. All these different aspects make that tax administration is a complex phenomenon whereby good governance is key to its effective and efficient functioning. Accordingly, several international initiatives have been taken to establish good practices and set international benchmarks in assessing tax administration.