

Tax Policy and Administration

Functional Alignment and Assignment of Responsibilities for the UIPT System



Tax Policy and Administration - Functional Alignment and Assignment of Responsibilities for the UIPT System

I. INTRODUCTION

The Government of Punjab (GoPunjab) has decided to devolve UIPT administration in order to provide local government with robust and stable own-source revenues to enable them to develop, deliver and fund standard municipal services for the benefit of their property owners and residents. The PLGO legislated this devolution in 2001 and provides the legal ground for a phased devolution in Section 16 and 39(b), Part II, Second Schedule; and Section 197.

GoPunjab has now established an institutionalized Change Management Structure under the guidance of the Department of Excise and Taxation and the Department of Local Government and Community Development to coordinate and lead the necessary changes to the UIPT system. Under their leadership an Implementation Plan addresses the tax policy and administration matters necessary for a successful UIPT system. The respective functional alignment of the involved agencies and the assignment of the appropriate responsibility centers are outlined herein.

II. FUNCTIONAL ALIGNMENT AND ASSIGNMENT OF RESPONSIBILITIES

Within GoPunjab, the Department of Excise and Taxation (E&T) represents the provincial interests. The primary functional responsibilities of E & T are summarized below.

Department of Excise and Taxation – Functional Responsibilities

1. **Legislative Framework** - E & T is responsible for research and analysis, timely development and enforcement of the legislative framework and to ensure clarity in legislation and consistency in the application of provincially-stated objectives, practices, standards, and timeline adherence.
2. **Oversight** – The E&T Department is responsible for providing oversight monitoring of the devolved functions. This will ensure compliance with provincially established parameters that may be developed for devolved activities in policy application, information technology, and definition of rating zones, valuation, rate setting, billing and collection.
3. **Audit** – The E&T Department is responsible for quality control - a critical aspect of the equity expectations of the property tax process generally, and more specifically, the mass valuation process. In addition the E&T will monitor billing and collection procedures to ensure that they meet or exceed levels of minimum standards defined by the Province.

4. **Guidance** – E&T will issue guidelines to local governments for implementing provincial tax policies, and setting procedures for local tax administration. E & T will also provide small expert groups in the subject matter of each of the devolved functions to be available to local government staff for consultation on diverse matters ranging from legislative adherence to technical conduct of valuation methods and billing/collecting systems.
5. **Capacity Building** – E&T is responsible for capacity building in the interests of province-wide consistency. E & T will lead and/or work in partnership with local government in the development and implementation of key staff training programs in areas such as general fiscal management, property valuation and information technology and to a lesser extent the clerical programs of billing and collection.

Local Government Functional Responsibilities

6. **Policy Application** - local governments will be responsible for formulating their discrete and flexible tax policy responding to annual budgetary changes. Local government tax policy discretion will be bound by limitations set in the provincially adopted and supervised UIPT regulatory framework.
7. **Valuation** – All valuation activities will be carried out by local government. These include the functions of: identification of property; classification of property by use and tax liability status; valuation activities – data collection, preparing ARV tables, applying valuation methodologies, preparing annual valuation rolls and individual valuation notices; public education programs; administration of appeal processes; and quality control monitoring. E & T will provide oversight guidance and establish uniform standards for certain of these processes.
1. **Billing and Collection** – Functions in this area include: bill production, distribution, follow-up notifications; collection of tax payments and application of arrears programs; and public education programs relating to rate determination, budget requirements and payment procedures.
2. **Staff Training** – Local government will be responsible for administration of staff training programs for each of the devolved UIPT functions.
3. **Information Technology** – Comprehensive databases, valuation systems with subsequent GIS support will be established and managed at the District/CDG government level with network connection to TMAs and to the E&T,

III. ORGANIZATIONAL FRAMEWORK

In order to accomplish GoPunjab’s UIPT objectives, appropriate organizational structures will be established within E & T and the local government levels. With the new structures in place, designated existing E & T staff within the CDGs will be transferred into the new CDG tax unit. The general organizational framework is as below:

1. **E & T - The departmental structure** provides for a discrete UIPT organizational unit comprised of, but not limited to the following sub-units:
 - 1.1 **Legal and Policy Research Unit** – responsible to ensure that the legislation contains provisions adequate for the successful implementation of the UIPT; carrying out research and impact analysis in areas of potential deficiency and recommending legislative change as necessary.
 - 1.2 **Oversight and Audit/Quality Control Unit** – will establish standards by which administration delivery performance can be measured, so as to ensure Provincial standards and parameters are being met. E&T Unit will carry out regular general and target audits.
 - 1.3 **Information technology Unit** – Will provide strategic planning guidance to the establishment of IT systems at both the E & T and local government levels, working in liaison with local government IT units. Will also develop a provincial UIPT database and the IT support necessary for E & T sub-units to successfully carry out their functions.
 - 1.4 **Human Resources/Staff Training Unit** - .Will administer in-house HR programs for the UIPT unit, define province-wide certification requirements for designated job functions (e.g. valuer/assessor), and work in partnerships to assist local government Human Resource units.

2. **CDG** – The structure should provide for units responsible for:
 - 2.1 **Research and Impact Analysis Unit** – will model and evaluate the implications of UIPT policy and administration within the local jurisdiction ,
 - 2.2 **Valuation Unit** will carry out the range of components of the valuation process with a network of valuers assigned to incumbent TMAs
 - 2.3 **Billing and /Collection Unit** - responsible for annual tax roll, bill production/delivery, revenue collection and pursuit of arrears.
 - 2.4 **Information /Technology Unit** – acting within the strategic IT framework, will develop and maintain IT systems to support the local administration of the UIPT system.
 - 2.5 **Human Resources Unit** – administer the local HR function, including the identification and delivery of staff training programs.

3. **TMA** –For TMAs to which devolvement is occurring gradually, the structural changes will evolve apace, i.e. if Billing/Collection is devolved first, a sub-unit structure for that task will be established. At full devolution in TMAs, the organizational structure for UIPT will be identical to that in CDGs. CDG/TMA long term partnerships to administer the UIPT program are possible and in these cases organizational structures would reflect the agreed to functional responsibilities.

IV. STAFFING REQUIREMENTS

The Human Resource component of a strengthened UITP program is significant. By commencement of the devolution program, staff working currently in districts or city districts will be positioned to the Districts/CDGs. The implications to existing E & T staff will be addressed and programs will be developed at the local government level to ensure that they will have the staff resources and expertise to administer their new functions.

Review activities in the area of capacity building will be initiated by E & T as a Provincial responsibility and will commence immediately. These actions include:

- A current staff resources and skills inventory will be developed to provide the baseline of existing capabilities.
- Documentation of future staff resources and skill requirements, with the requisite job descriptions, will be prepared for the duties being assigned to both E & T and the levels of local government.
- Gap analysis between existing capabilities and future requirements will be necessary in E & T and in each of the local governments which assume responsibility for administering the UIPT program. E & T will lead the way in the joint conduct of the Human Resource planning activities.
- Existing GoPunjab capabilities in Information Technology will be utilized and inter-departmental coordination will occur as part of the overall implementation strategy. Expertise will be augmented at the local government level and training on specific property tax systems (e.g. Computer Assisted Mass Appraisal and tax-oriented Geographic Information Systems) will be provided.

V. IMPLEMENTATION COORDINATION

In order to achieve the maximized potential of the UIPT, a large number of initiatives across a number of provincial government departments and local government administrations will be conducted over the next several years. These research, planning, and implementation activities be cooperative and coordinated between the various partners. An institutionalized change management structure for the UIPT Medium Term Tax Policy initiative has been established to guide this process. The format is shown below:

UITP REFORM STEERING COMMITTEE

(Secretary LGCD, chairman; Secretary E&T, Secretary Finance, Secretary P&D, and representative of one CDG, and one TMA)

UIPT PROGRAM IMPLEMENTATION UNIT

(Directors/Program Managers with administrative support)

TASK FORCE TEAMS:

1. Legislation 2. HR and training 3. Business Process Re-engineering 4. Information Technology 5. Valuation 6. Billing and collection

The UIPT REFORM STEERING COMMITTEE will provide overall guidance and support to the UIPT initiative. It will discuss and endorse proposals/documents and submit for Government approval as deemed necessary. It will ensure GoPunjab objectives are being met and ensure full cooperation and liaison at the departmental level. Regularly scheduled meetings on a monthly basis will be scheduled, at which progress updates and issues from the subsidiary Implementation Unit will be considered.

The UIPT Implementation Unit membership will be comprised of Director/Program Manager level executives from the involved Departments along with appropriate administrative support staff. This Unit will create, oversee, and coordinate the staff taskforces charged with implementation activities in each of 6 identified functional areas.

The Task Force Teams will be created for each of the identified 6 functional areas (subject to expansion as required). On an as needed basis the Study Teams will involve staff from one or all departments. Within the larger functional areas, sub-teams may be established to deal with unique issues. As defined by the UIPT Implementation Unit, the establishment of the Task Teams will include the designation of a Team Leader, study terms of reference and study timelines.