

# **Revenue Administration: Performance Measurement in Tax Administration**

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Performance Measurement in Tax Administration**

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# TECHNICAL NOTES AND MANUALS

## Revenue Administration: Performance Measurement in Tax Administration

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### This technical note addresses the following questions:

- What is performance management and performance measurement?
- How do tax administrations apply performance management at the strategic level?
- How do tax administrations apply performance management at the operational level?
- How do tax administrations apply performance management at the individual staff member level?
- What are some of the key tasks in implementing a performance management system?
- What has been the experience with performance management in different countries?

This note is about measuring performance in tax administration. Performance measurement is part of the broader processes of strategic and operational planning and is essential for accountability and transparency. With this in mind, there are two important considerations that form a backdrop for any discussion of performance measurement:

- **First**, measuring performance is only relevant if there are consequences for over and under-performance, and if organizational performance can influence such matters as the allocation of an organization's resources and the assessment of personal performance of its managers; and
- **Second**, as it is commonly argued that what gets measured gets done, performance measurement must be used to support the selection of the organization's priorities, so that what gets done is what should get done.

## I. What Is Performance Management and Performance Measurement?

Performance measurement is an ongoing process of ascertaining how well, or how poorly, an organization is achieving its goals and objectives.<sup>1</sup> It involves the continuous collection of

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Note: William Crandall is a former Associate Deputy Minister of Revenue Canada and is a member of the IMF's Fiscal Affairs Department roster of experts.