

EXECUTIVE SUMMARY

The secondary data sources revealed that, the Inland Revenue Department, one of the large tax collecting agencies of the Government is currently facing a significant problem, which is receiving large volume of appeals annually against the estimated assessments done by the Department due to increasing tax disputes. This problem was identified as significant because, it affected badly to the reputation of the organization, it increased explicit, implicit and psychological costs of both tax administration and tax paying community, and ultimately it reduced the timely collection of due taxes and revenue contribution of the Department to the Government coffers.

The main reason for the problem was not having proper dispute resolution process which facilitates transparency, tax justice, rule of law and better dispute resolution mechanisms. As a solution, this project aimed to introduce a new 'Alternative Dispute Resolution Unit' (ADRU) to the Department with three recommended dispute resolution mechanisms. The main objective of the project was to reduce the percentage of appeals against assessments by 12% (from 22% to 10%) by 2024.

The project proposed main four components to implement, so as to achieve the objectives successfully. First, current situation analysis by giving priority for secondary data. Second, a process improvement by introducing a new unit namely ADRU. Third, three dispute resolution mechanisms: Dispute Resolution Panel, Mediator Program, and Advanced Pricing Agreement (APA) Team. And fourth, training and awareness programs for both target groups, which are IRD officers and tax paying community.

To achieve the projected outputs and outcomes of this Management Field Project the author recommended several firm and certified recommendations found from the comprehensive literature review done for the purpose of finding solutions to the above problem while, highlighting the significant opportunity cost of not implementing this project. A project team was defined and resource allocation and the estimated budget was provided so that the responsible officer can implement this project immediately after submitting to the CGIR.