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Report on the Internal Training Program of Zambia’s Department of Taxes

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REPORT ON THE
INTERNAL TRAINING PROGRAM
OF ZAMBIA'S DEPARTMENT OF TAXES

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The views expressed in this paper are those of the author and do not necessarily reflect those of the United Nations.
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I. INTRODUCTION

This report covers the survey conducted from September 22 to September 30, 1975, of the internal training program of Zambia's Department of Taxes. Reference is also made herein to three earlier surveys that covered aspects of that training program. In 1972, the Tax Administration Advisory Staff (TAAS) of the United States Internal Revenue Service conducted a comprehensive survey of the tax administration which touched in part on the then-existing training program. In June 1975, William Vickrey, Inter-regional Adviser on Tax Reform Planning for the United Nations, visited Zambia, and one section of his wide-ranging report dealt with training. An internal review of the training system was recently concluded by D. J. Curtis, the newly appointed Inspector in Charge of Training. While these earlier reports have been invaluable as background, their conclusions differ markedly in places from those presented in this report.

Although the recommendations in this report pertain primarily to the training program, observations and comments on other related aspects of tax administration are included. Problem areas needing further study are discussed briefly at the end of this report.
along with the various roles the International Tax Program (ITP) at Harvard Law School might play in assisting both the Department of Taxes and the Ministry of Finance and Planning.

In formulating recommendations and proposals, every attempt has been made to consider the social, economic, and cultural climate in which the Zambian tax administrator must operate. To guard against undue self-censorship, however, all doubts as to the feasibility of any given proposal have been resolved in favor of presenting it, in order at least to stimulate further discussion.
II. TRAINING PROGRAM

A. Description of Existing Program

The Training Center, which is a branch of the head office, is located in Lusaka and is under the direction of D. J. Curtis. The Center conducts three separate and independent courses: for tax inspectors, tax officers, and tax collectors.

1. Tax Inspectors' Course

The tax inspectors' course, taught by D. J. Curtis, emphasizes bookkeeping practices and income tax law. The course was previously taught over a two-year period but, in response to the current shortage of inspectors, has been shortened three months by eliminating certain subjects.

The course is divided into two parts. During the first part, the trainee attends class for approximately three months and then works in the field for the next four or five months. After his field work, he returns to the Training Center for three months of additional classroom instruction, followed by two more months in the field. The trainee then returns to the classroom for a one-month review course after which he takes his preliminary examination. The student is allowed three attempts to pass the preliminary examination.
which is a prerequisite to continuing with the second part of the course.

The second part of the course follows the same format as the first, alternating classroom instruction with field work. The instruction periods at the Center are substantially shorter, however. A final examination is given at the end of the second part of the course, and the student is again allowed three chances to pass. Those who pass are promoted to Inspector Grade II.

2. Tax Officers' Course

This two-year course, which is under the supervision of John Taylor, follows the same general format as the tax inspectors' course, just described. The course, which is less theoretical than that given inspectors, emphasizes the PAYE system and the assessment of individuals whose income is primarily earned income. This course has also been reduced in coverage.

3. Tax Collectors' Course

The tax collectors' course, under the direction of George Platts, is divided into two one-year periods. During the first year, the trainee attends two three-week periods at the Training Center alternated with field work. Examinations are taken at the end of each period of classwork, the trainee being given three
attempts to pass.

During the second year, the above pattern is repeated except the classroom periods are reduced to two weeks. At the end of the second year, the trainee is given three chances to pass a comprehensive exam and be promoted to Collector Grade II.
B. Field Training

Although each of the courses differs in emphasis and subject matter, all follow the same pattern of alternating classroom instruction at the Training Center with work in the field. This approach is conceptually sound. Ideally, the trainee's field work would develop and apply the skills and training acquired in the classroom. And, the trainee should return from his field work to the Center with a broader perspective and a foundation that will facilitate further classroom learning. If working properly, classroom instruction and field work would be complimentary. In practice, however, it appears that the trainees receive only haphazard instruction in the field.

1. Problem Areas

The comments made by the trainees and by their supervisors in the field point up a number of underlying problems. To be sure, not all of the trainees complained about their supervisors. Some had supervisors who were patient and willing to train their junior officers, but such supervisors seemed rare.

a. Complaints by Trainees

1. Interest of Supervisors. A majority of the young officers complained that they received no
training in the field because their supervisors took no interest in their development. The trainees seemed convinced that their superiors were jealous of them and were reluctant to provide any training out of fear that their own positions would eventually be jeopardized by the presence of well-trained junior officers. A number of trainees complained that they were treated rudely and impatiently when they approached their superiors and were made to feel stupid for asking questions.

2. Unavailability of Supervisors. Some trainees complained about their supervisors being absent or missing from their offices for prolonged periods of times, thus limiting the opportunities for training. By contrast, some supervisors were perceived as being overworked and the trainees were therefore reluctant to seek their assistance.

3. Nature of Assignments. Many trainees complained that the assignments they were given far exceeded their training and background. In the inspectors' branch, for example, cases were sometimes assigned alphabetically by the name of the taxpayer, rather than on the basis of the difficulty of the case. A new trainee could therefore be required to audit a difficult partnership account when his training had
prepared him only for much simpler work.\textsuperscript{13}

b. Complaints by Supervisors. Supervisors readily professed a willingness to train their young officers, but claimed that their normal work loads kept them from devoting as much time to this as they would have liked to. Most supervisors said that they were frustrated by the poor instruction their junior officers had received at the Training Center. A frequent criticism was that the trainees were too mechanical in their approach to problems and were unable to exercise any judgment or discretion. Other senior field officers complained that the trainees were not well motivated and were disinterested in their work; they blamed the Department for not recruiting high-quality personnel.

2. Assessment

How much weight should be attributed to the various statements made by the trainees and their supervisors? Some complaints are easier to verify than others. For example, the trainees' complaint about the indiscriminate assignment of cases for audit seems justified. Though some senior personnel felt that assigning a difficult case to a new trainee would accelerate his development, in reality that practice seemed merely to frustrate the trainee.
Other comments may be self-serving, yet contain certain elements of substance. The trainees' claim that their superiors' lack of interest is due to jealousy is an example. Some supervisors may, in fact, be unreceptive to their younger officers because they feel that their positions are in jeopardy. They recognize that the trainees are receiving better classroom instruction than was available to them in the earlier years of rapid Zambianization, when they rose within the department. On the other hand, the claims of jealousy may be only a rationalization on the part of the trainees for their own reluctance to approach a supervisor out of fear of appearing incompetent.

Some comments are undoubtedly true in individual cases. For example, I observed instances where a superior's treatment of a junior officer struck me as unduly harsh. Similarly, it was obvious that certain trainees do lack motivation and that others handle their tasks in a mechanical way. And, although field personnel did not impress me as being overworked, no doubt certain individuals are. Yet separating what may be isolated incidents from what is a generally prevailing problem is difficult for an outsider, especially one present for a
relatively short period of time.

Individuals not directly involved with the training of junior officers assured me that all the comments listed above contained some substance. What clearly emerges in the end, however -- regardless of how much weight is given the various complaints -- is that under the present arrangements no orderly, planned, or supervised field training is taking place. Also, the Department's need to recruit higher quality personnel is obvious.

3. Recommendations

The Training Center must fill the void created by the lack of training in the field. In other words, the Training Center must provide, in the classroom, instruction that might otherwise be given in the field. The Training Center must simulate as closely as possible the conditions existing in the field and integrate them into a controlled classroom learning experience.

How could this be accomplished? In the inspectors' course, for example, the Center could give the trainees actual cases to work on, similar to those they would be expected to handle in the field. Many of the Department's closed files would make suitable teaching cases for use by the trainees. The trainees could be given copies of actual taxpayer correspondence,
or correspondence specially written by the instructors, and be asked to draft replies. The instructors could then reply on behalf of the taxpayer to one or two selected letters written by the trainees. In this manner, the trainees would obtain a sense of how cases develop in real life. Equally important, they would begin to appreciate the different directions from which any given factual situation may be approached. By constantly analyzing and comparing his approach with those of his classmates and the instructor, a trainee would learn how to avoid mechanical responses and gain insight into the need to exercise his own discretion and judgment.

An integral part of this simulated field training would be the conducting of mock audits. The trainees would gain valuable interviewing experience and, under the guidance of the instructor, learn how to conduct an audit properly. An experienced inspector could be brought into the classroom to illustrate the way he would have conducted the audit and to comment on the students' performances. Professional accountants might also participate, in order to make the mock audits as realistic as possible.

With respect to the collection course, a mock collection office could be established at the
Training Center. Special accounts could be developed for use by the trainees or, if that approach would be too time consuming, the trainees could actually work on live files.

The above suggestions illustrate ways in which field conditions could be duplicated in the classroom. Obviously, each course lends itself to a different approach. Experienced field personnel should be able to suggest a number of different exercises that would allow the Training Center to simulate field conditions.

Compared with the existing situation, simulated field training can have a number of advantages, because the Center will be able to monitor and control carefully the professional growth of each trainee. A wide range of practical skills can be taught efficiently and in a manner that will complement a trainee's theoretical work, thus allowing the total length of the courses to be reduced. The trainee will be exposed to proper techniques and procedures during simulated field training, thus mitigating the influence of a poorly trained senior officer in the field. The frustration that presently results from a trainee being assigned a case that far exceeds his current range of skills can therefore be avoided. Since each trainee's performance would be
observed in a number of real-life situations, his particular weaknesses can be identified and worked on. The trainees will also be encouraged to ask questions and discuss problems that might otherwise go unexplored. In the end, a trainee will enter the field better trained than under the present system and, as important, with a sense of confidence resulting from his prior contact with many of the situations that he is likely to face in his daily work.

With more of the field training being taken over by the Training Center, the importance now attached to the examination process could be reduced. The student would be observed over a longer period of time and under conditions more representative of those he will be working under in the field. The Center will be able to form a more accurate judgment of each trainee's performance than is now possible.

A modest amount of effort and initiative would be required to implement the above recommendation. Field personnel with whom I talked were enthusiastic about the advantages to be gained from having the Training Center take on more of what has traditionally been regarded as part of field training. The staff of the Center, however, was much cooler
toward the idea, objecting not to the soundness of
the proposal but rather to the amount of additional
work that its implementation would require. Since
the contracts of two of the three instructors will
expire next year, their reluctance to undertake ad­
ditional responsibilities at this time is understand­
able.\textsuperscript{20}

My feeling is that if the responsibility
for implementing a simulated field training program
were delegated to the Training Center, little would
be accomplished. One alternative approach would be
to select an interested field officer from each of
the three branches and delegate to him the responsi­
bility for designing the new program for the Center.
Whether the Department could, at the present time,
find personnel interested in undertaking this task
is questionable. A more realistic alternative would
be to bring in an outsider to do at least the initial
planning.

With the permission of the UNDP, I have made
informal overtures to members of the Tax Administra­tion
Advisory Staff of the U. S. Internal Revenue Service
to see if they would cooperate in such an undertaking.
TAAS was enthusiastic about helping and would consider
sending one or two men to Zambia for a prolonged period
of time. Should there be interest in pursuing this approach, the ITP is prepared to coordinate the work of the TAAS and act in an advisory capacity.

If, despite the existing problems, the Department decides to continue the present system of alternating classroom instruction at the Training Center with work in the field, the timetable for each course needs to be re-evaluated. The time spent in the field before returning to the Center for additional classroom work could be reduced since little training is currently taking place in the field anyway. The time saved by reducing field work could more productively be spent in the classroom. More subjects could be taught or the existing subjects could be covered in greater depth. The Center's present approach of eliminating certain subjects in order to shorten the duration of the course seems misguided, especially since a trainee receives no further instruction once he finishes the basic course. By reducing the time spent in the field, which by all accounts is generally unproductive, the overall length of the course could still be reduced but with no sacrifice of subjects taught.

Eventually, the Department may have the manpower necessary to create the post of field training
officer. Each branch would have at least one officer in each district office, and these officers would have no duties other than the supervision of the on-the-job training of junior personnel. Training officers would be responsible to the Center and co-ordinate the trainees' field work with their classroom instruction. Even with training officers in the field, however, it may still prove advantageous to simulate field conditions as much as possible in the classroom and use the training officer in a support capacity. In any case, given the current shortage of qualified personnel, staffing this post is realistic only in the long term.
C. Classroom Instruction

1. Course Materials

All the materials used in the three Training Center courses need to be updated in varying degrees to reflect recent changes in the law or in operating procedures. It was particularly disconcerting to observe an instructor who warned his class about an error in the materials, but was unable to supply the correct information. The Training Center is aware of this problem but cites time pressures as the reason for the delay in revision.

A complaint frequently voiced by field officers was that the Training Center is unaware of the technical skills needed in the field and therefore does not emphasize the proper subjects in its courses. For example, the inspectors' course is heavily oriented toward the examination of books and accounts; little or no attention is given to techniques to use if books and accounts are lacking or clearly inadequate, a situation that is quite common in Zambia.

I could not determine whether the officers at the Training Center are indeed out of touch with the needs of the field, or, alternatively, whether they lack the time and interest to revamp their teaching materials. In either case, new input from the field would appear
to be beneficial. Perhaps all course materials should be reviewed by operational personnel, and their comments solicited as to deletions, additions, and other modifications.

A serious, but easily overcome problem, is the failure to make more use of real-life tax returns and other forms in all the courses. Some instructors said that cost considerations curtailed the number of forms that could be used in the courses, but the head office denied that this was a factor. No trainee should leave the Center without having worked with most of the forms he will encounter in the field, or, at a minimum, having been shown what they look like.

In addition to updating and review, many sections of the course materials need complete rewriting. As they now stand, the materials are generally uninspiring and unexciting. To be sure, technical materials may invite a colorless presentation; nonetheless, the invitation can be declined. When reading through the materials, I sensed that they had been written by a technician, not by an experienced teacher.

A more serious problem is that the materials, which were written by non-Zambians, contain certain cultural assumptions that are not relevant to the experience and background of some trainees. For
example, a discussion of the straight-line depre-
ciation of factory machinery may have little meaning for a person who has never seen a factory and is un-
familiar with the concept of a machine wearing out. The Training Center could offset this cultural bias by supplementing the materials with specially pre-
pared lectures, demonstrations, and, where appropriate, on-site visits.

In examining both the training materials and sup-
plementary exercises, an additional pedagogical weak-
ness emerged. The materials are not designed to help the trainee develop a sense of judgment or discretion. Their primary emphasis was on the routine and mechanical aspects of the subject matter. Obviously, a trainee must achieve this type of proficiency, but the materials seem to have this goal as their sole objective. If the field training were functioning properly, it might be acceptable for the Center to limit itself to providing the trainee with a basic, elementary level of skills. Given the lack of field training, however, it is in-
cumbent on the Training Center to advance the trainee beyond mere mechanical proficiency.

My discussions with the inspector trainees about auditing techniques illustrate the above points. The trainees took a very mechanical approach to the auditing
of accounts. They examined the taxpayer's books with an eye toward the legality of each deduction claimed and the mathematical verification of the amount deducted. What was lacking was an ability to stand back and focus not on what appeared in the accounts but rather on what should have appeared in the accounts. Furthermore, the trainees had no feel for whether the various entries in the taxpayer's books were reasonable when viewed as part of an ongoing business, rather than when viewed in isolation. Part of this problem may be the trainees' lack of familiarity with the underlying business operations. Without an understanding of the nature of business practices, a trainee would obviously be constrained in his analysis of the accounts.

On-site observation of various businesses might alleviate this problem. However, simulation techniques would also help the trainee develop business acumen. For example, the Center could set up a mock store in which the trainee would play the role of merchant, supplier, customer, and so forth. As a typical day's activities were enacted, the various cash transactions and cash flows into and out of the business would be highlighted. Under the guidance of the instructor, the possibilities for tax evasion in each transaction
could be graphically illustrated. The opportunities for underreporting sales, overreporting purchases, the use of business funds for personal consumption, self-deliveries, and the like would be taught in a concrete setting. As this exercise was extended to other types of business, a trainee would not only learn about specific business practices, but, more importantly, develop the ability to relate a set of accounts to the transactions that had generated them. He would then have the ability to examine the accounts both for internal consistency and with an eye toward missing entries.

2. Interruption of Classes and Scheduling

Every attempt must be made to avoid interruptions in the training program. At present, trainees start classes only to drop out later when the Public Service Commission fails to confirm their appointments, trainees withdraw in the middle of a course to take courses at other government institutes (e.g., the NIPA), and classes have to be canceled because the instructor must attend to other official business. Because of the re-examination and ratification policies (described below), the Center cannot accurately schedule its future courses or be sure of the size of its classes. The overall impression conveyed is one of disorganization
and, in turn, this is reflected in the attitude of the trainees toward the Center.

The head office can lend its prestige to upgrading the image of the Center by having the Commissioner or a Deputy Commissioner welcome each new class of students and impress upon them the seriousness and importance of the training they will be receiving.

3. New Courses and Training

a. Orientation Course. It might be useful to provide a brief orientation course for all new employees. This course could be conducted by each district office and would orient the new employee to the organization of the Department, the functions performed by the various branches, office routines and procedures, and so forth. An orientation course should be used to instill the employee with an esprit de corps and to help him appreciate the role that he plays in the overall functioning of the office.

b. Clerical Course. A need exists for a short, intensive course that would provide clerical personnel with basic skills, such as letter writing, telephone procedures, and filing. Although the course might be designed and coordinated by the Training Center, it could be given in the district
offices by the more experienced clerks. The burden on the Training Center would thus be minimal.

c. Collection Enforcement Course. The title of tax collector in Zambia might be more appropriately changed to tax receiver since the position rarely involves any collection enforcement activities. Tax collection officers spend most of their time balancing PAYE accounts, processing refunds, issuing tax clearances, and calculating penalties, and much of their training at the Center is geared to performing these tasks. As long as no attempt is made to collect taxes in arrears, other than by tax clearances, the effort spent in assessing penalties is largely futile.

The Department must aggressively pursue the collection of back taxes. The longer it delays its collection enforcement activities, the less the likelihood of eventual collection since, over time, taxpayers disappear or die, assets are liquidated, and businesses cease to exist. At a minimum, the Department needs to devote more effort to personally contacting delinquent taxpayers. In many cases, collection officers must be sent into the field. Obviously, the skills needed for enforcement work are different from those needed to balance PAYE accounts.
of the tax law dealing with tax liens, seizures, and so forth need be given only to a few specially selected officers.

Initially, these special field collection officers could be chosen from the existing pool of tax collection officers. In the future, however, personnel should be recruited specifically for these positions. Since their training would be far shorter than that given the current collection officers, the Department should be able to have a number of officers out collecting taxes within a relatively short span of time.

d. Management and Executive Training. The Department provides no training for its supervisory and management personnel, nor does it have any long-
range plan for identifying and developing individuals with executive potential. Although no consensus exists on how a management training program should be structured, instruction might cover employee development and motivation, work assignment and control, performance evaluation, leadership and communication skills, human relations, and management practices. In addition, an effective program in the Zambian context should also provide a thorough background in the theory and concepts of tax administration, coupled with a broad exposure to the policy issues involved in taxing corporations and individuals. With this foundation, executive personnel would be prepared to play a creative and innovative role in guiding the future development of the Department.

The Training Center is unable to supply this type of training, but Zambia's Institute of Public Administration may be able to fill some of the Department's needs in this area. Also, the TAAS has the capacity to conduct a six or seven week management training course in Zambia. The seminars proposed in Section VI, below, could also be directed to this end. Study abroad, at the ITP, for example, is another alternative. (The ITP is used by many countries as
an alternative to an internal management training program. In over 20 countries, the top career position in the tax administration is held by an ITP alumnus.) In time, Zambia should be able to internalize its training of tax personnel at the managerial level.

The existence of some program for management training will provide an assurance to personnel with leadership qualities that they will be appropriately recognized, thus improving their morale and providing motivation. It will also encourage the Department to adopt a system for periodically conducting a comprehensive evaluation of its personnel.

e. **Refresher Training and Advanced Training.**

The Department has no formal system for updating the training of its personnel or for providing advanced training. It was common knowledge that some senior personnel were unaware of or did not understand recent changes in the law or in departmental procedures.

The Training Center did experiment with holding an advanced course in 1974. This course, however, met with a great deal of resistance, apparently because the officers resented being asked to write an examination at the end of the course. Because of this
resistance, the advanced course was never implemented.

An advanced course would fill a great need in the Department, especially since the number of topics covered in the basic courses has been reduced. The topics eliminated from those courses could appropriately serve as the core of a more advanced course. Some priority should be assigned to implementing an advanced course, but the Department may have to wait until the specter of the previously aborted course has sufficiently faded.

Other ways of bringing senior personnel together for instructional purposes should also be pursued by the Department. As a first step, a seminar for the purpose of analyzing recent amendments to the Income Tax Act could be held every year shortly after the new budget was approved. Such a seminar would allow for a dialogue between field personnel and the head office and would thus open a channel of communication which is sorely lacking. A dialogue of this nature has proven so successful in other countries that the Department may well consider the frequent holding of seminars or meetings to discuss topics of general interest.
D. Examinations

1. Review with Trainees

In each of the three courses, at least two major examinations are given, and the trainee is allowed three attempts to pass each exam. The instructors do not have a policy of reviewing the examination with those individuals who do not pass. A trainee may sit for his second and third attempt at passing without any idea of his strengths and weaknesses. The trainees were quite bitter about this practice. In their minds, it represented a lack of interest by the Training Center in their progress. They were also puzzled (and some were skeptical) about how the exams were graded.

The Training Center apparently has no clearly defined policy against reviewing the examinations with the students. Two of the instructors conceded that the examinations should be reviewed in the case of a failure, although this might not be convenient for a trainee who had already returned to an outlying district office. The third instructor felt that any attempt to help a trainee who had not passed would be unfair to a trainee who had passed. Unless weightier reasons than this exist, the Training Center should adopt a policy of reviewing all examinations with
those persons who failed. A trainee's weaknesses should be identified, and, if necessary, supplementary exercises concentrating on those weaknesses should be provided. A trainee should have no doubt about the reasons for his failure to pass, about the grading process, or about how his score was computed.

One factor that discourages a policy of reviewing failed examinations is the delay caused by the head office's review and approval of the grading of all examinations given by the Center. By the time the head office concludes this ratification process (described more fully below), a trainee will probably have returned to his district office. A policy of reviewing failed examinations would require the trainee to return to Lusaka, or the instructor to visit the trainee's district office or to conduct the review by mail. At the very least, the Center could provide a trainee with sample answers to all questions at the same time it presents him with his grades.

2. Ratification Process

After examinations are graded by the instructors, they are ratified by D. J. Curtis, the Inspector in Charge of Training. The ratification process consists of reviewing the questions and answers to determine
whether the examinations were graded fairly. The examinations are then sent to the head office for its ratification. Only after the head office ratifies the grading are the students told the results of their examinations. One disadvantage of the present system is the delay between grading and final ratification. Some of the trainees I met were still waiting at the end of September for the results of examinations that they had written in mid-August and that had already been graded. As all teachers know, this sort of delay decreases the examination's value as a learning experience.

The advantages of the present practice of head office ratification are unclear. I was told by the Training Center that only rarely, if ever, has the head office changed a grade, though comments are sometimes made on the type of question asked. Since D. J. Curtis reviews all examinations, a safeguard against potential abuse of the grading process already exists.

The head office may, on occasion, wish to adjust the minimum passing grade used by the Center if an unusually large number of trainees have not passed. This and similar problems could, however, be handled by the Center's telephoning the results of the exam
to the head office. In the rare case where further inquiry was felt appropriate, special arrangements could be made. In other words, special problems could be dealt with flexibly as the need arose, rather than through the present formal procedure. The examinations could be circulated to the head office for comments after the results had been announced to the trainees. In an extreme case where the head office perceived that an injustice had been committed, a score could still be changed at that time. Under this approach, the trainees would receive their scores as soon as their examinations were marked and ratified by the Instructor in Charge of Training, but with the understanding that in rare cases, a change might be made by the head office. Trainees could be detained in Lusaka for the short period of time it takes to grade the exam. All the trainees who had passed could then be sent back to the field, and special attention could be directed toward those who had failed. The value of the examination process would be greatly enhanced at little sacrifice of any existing advantages of head office ratification.

3. Number of Re-Examinations

The policy of allowing three attempts to
pass an examination is time-consuming and causes scheduling problems. Since each writing of the examination must be graded, reviewed, and ratified, a long time may elapse before a student is finally eligible to start the second half of a course. Furthermore, unless the trainee understands where he went wrong on a failed examination, he is likely to repeat the error and to allow him a second or third attempt at passing may be meaningless. If the Center were to adopt a policy of reviewing failed exams with the trainees, allowing just two attempts at any examination might be reasonable.

4. Nature of Questions Asked

Although time did not permit a thorough reading of every examination given in the three courses, many of the questions appeared to test only memory and specific recall rather than analytic capabilities. An illustration is the following question selected from one of the examinations given in the inspectors' course:

What are the provisions of the fifth schedule on: (a) the valuation of any implement machinery or plant in exceptional circumstances; (b) successions?

The value of this type of question as a means of testing those skills which are thought desirable
in a trainee must be seriously questioned.

5. Grading Keys

Another disturbing feature of the examination process was the use by some instructors of grading keys. The grading key contained a proposed sample answer for each examination question. Each specific item or fact appearing in the sample answer carried with it a certain number of points.

The existence of a sample answer may, in some circumstances, be useful, especially if the question has only one possible answer. Yet the grading keys I read were for very broad questions, broad enough, certainly, to be satisfactorily answered in a number of different ways. My suspicion is that the grading keys encourage the instructors to do no more than skim a trainee's answer in order to determine how many elements it has in common with the sample answer and credit the trainee with the appropriate number of points, rather than to read the answer as a whole. An answer that superficially touched on a number of the elements given in the key would therefore receive a higher grade than an answer that dealt with fewer elements, but with more depth and analysis.

The ratification process may be responsible
for the use of grading keys. One instructor told me the grading key allowed the head office to assure itself that all exams were graded uniformly. If so, the result may only be that all exams are graded uniformly, but poorly, rather than uniformly and fairly.
E. Relations Between the Training Center and the Field

A number of the issues discussed above raise the problem of the lack of cooperation and communication between the Training Center and the field. Little or no spirit of cooperation currently exists. Even worse, I sensed a good deal of resentment and animosity among the field personnel toward the Center for its failure to consult them in any way regarding the training program. This feeling no doubt limits the extent to which the field officers see themselves as participating along with the Center in the training of junior officers, and may even encourage attempts to undercut the efforts of the Center. At a minimum, the lack of cooperation cuts off a flow of valuable information and is detrimental to the training function.

As a start in overcoming the problem, the Center can:

(1) poll field personnel in order to determine their perception of the strengths and weaknesses of the training program;
(2) solicit comments from the field about the existing curriculum and areas of improvement;
(3) have field personnel suggest innovative teaching methods and ways in which field conditions can be
simulated in the classroom;
(4) bring in field personnel to lecture on specialized topics;
(5) provide the field with an evaluation of the strengths and weaknesses of every trainee, and request the field to provide the Center with a similar evaluation based on the trainees' field work;
(6) guide the field as to the types of assignments the trainees are capable of handling at the various stages of their development.
III. RECRUITMENT

A good deal of dissatisfaction exists with respect to the quality of trainee that the Tax Department is attracting. The source of the problem is easy to identify. As is true in many other developing countries, the number of well-trained high school and university graduates is relatively small. These individuals normally have their choice of jobs in both the private and the public sector. The Tax Department fares badly in the competition for these individuals; not only is the Department unable to compete with the salaries available in the private sector, but even when a well-qualified graduate is interested in working in the public sector, the Department lacks the glamour of many other government agencies. Also, the Tax Department does no active recruiting. It is thus left selecting its trainees from those applicants who, presumably, approach the Department only after failing to obtain more attractive employment elsewhere. The civil service regulations create an additional complication in that they make it very difficult to fire unsatisfactory employees. Thus the Department is forced to live with any
mistakes it makes in its hiring decisions.

The recruiting problem must be fought on two fronts. On one front, the Department must establish working conditions that will attract and keep a high quality of individual. Attractive salaries and perquisites are obvious inducements to employment, but are unfortunately outside the immediate control of the Department. Nonetheless, the Department must start educating the appropriate authorities about the technical nature of the jobs its personnel perform, and so on. Unlike other agencies, the Tax Department has an advantage in making a plea for better salaries: it can show that every kwacha spent in salary returns X kwachas to the government in additional tax revenue. The Department should generate the kind of cost-yield data that can be persuasive in supporting a plea for additional funding.

On the second front, the Department must aggressively publicize the role of the Department, the opportunities that are available within it, the skills needed to perform the work successfully, and the job satisfactions that can be expected. Efforts should be directed especially at the schools. For example, the University of Zambia Law School
is a particularly fertile recruiting ground that must be fully explored by the Tax Department. Most countries have found that lawyers possess the kind of training that is invaluable to tax administration. While in Lusaka, I spoke with the Dean of the Law School, Jim Craig, and received his pledge of complete cooperation with the Department's recruiting efforts. Dean Craig will distribute to the Law School community whatever promotional material the Department wishes, and will provide space for the Department to conduct on-campus interviews. Dean Craig was enthusiastic about the caliber of students in the Law School, and compared the top 15-20% of the class favorably with that of law schools he was familiar with in the United Kingdom.

The Department should also consider having a member of its staff teach a course at the Law School. At present, the Law School does not offer courses on taxation, but the Dean was willing and eager to have someone from the administration come in on a part-time basis and offer such a course. Although the Department probably has no one at this time with a background broad enough to teach a university course, this situation will certainly change as
more personnel receive advanced training. A foothold at the Law School is important because it will upgrade the status and respectability of the Department and the study of taxation in general. Furthermore, whoever teaches the tax course will be able to identify and interest potential trainees in the Department. Also, since the instructor will inevitably form personal relationships with those in his class, it can be expected that many students will be attracted to the Department simply on the basis of this relationship. A contact at the University thus becomes an effective way of directing an annual flow of graduates to the Department.

Recruiting on-campus should not be limited to the Law School, but should extend to other departments, e.g., economics and business. The management training program described above could play a key role in recruiting efforts. The existence of such a program would assure an individual that an opportunity exists for recognizing and rewarding employees who show ability and potential. A management training program will help counter the reluctance of many bright young graduates to start at the bottom and work their way up.32
The use of students on a part-time basis must also be considered. The Department should have no trouble finding meaningful and challenging work for these students. A number of long-term projects within the Department have been temporarily deferred because of more immediate work pressures. A good deal of statistical data always needs to be collected and analyzed continuously. Students could certainly make a start on some of these projects which would otherwise go untouched.

The use of students on a part-time basis will allow the Department to evaluate a large number of potential trainees at a modest financial cost. Their performance can be observed and evaluated under realistic working conditions, and the Department will be provided the sort of information needed to make more rational hiring decisions.

In addition to the University of Zambia, recruiters from the Department should visit the high schools, technical institutes, and business colleges, distributing promotional material and addressing groups of interested students. Since little is done in the way of recruiting by either the private or the public sector, the Department's efforts in this direction may be extremely productive.
A. Introduction

The Department allocates little of its resources to a program of taxpayer communication and education. In its broadest sense, a major objective of such a program is to develop in taxpayers a cooperative attitude toward the income tax department. Taxpayers cannot be expected to pay taxes cheerfully; they can, however, be encouraged or persuaded to approach their tax obligations in a voluntary and cooperative spirit.

One of the keys to success in this area is a carefully thought out program that conveys to the taxpayer factual information concerning the tax laws. Some of the tax evasion that exists in Zambia may be due to a lack of information rather than to a conscious and willful intent to defraud the government. The likelihood of taxpayer compliance would surely increase as the information available to the taxpayer increases.

Since compliance with income tax rules and procedures can be a substantial burden for taxpayers, it is incumbent on the Department to lighten this burden and therefore encourage compliance by informing the taxpayer of his rights and duties under the law. The
taxpayer should also be made well aware of the penalties and sanctions that accompany noncompliance or fraud.

Another aspect of taxpayer communication and relations is the provision of information that will increase the public's confidence in the Tax Department and enhance the image of the Department. The taxpayer must be helped to understand the purposes for which the tax is being levied and the public expenditures that are financed out of the tax revenue. A greater understanding of the relation between the government's expenditures and the role of taxation will increase the respectability of the tax administrator and allow the Department to be seen as playing a vital role in the growth of the economy. By enhancing the image of the Department and increasing the public's respect for the work that it does, a properly conducted taxpayer relations program will also contribute to the Department's efforts to recruit high-quality personnel.

A taxpayer relations program thus has the potential of generating both tangible and intangible benefits. The experience of countries that have adopted such a program has shown it to be a worthwhile investment. In terms of costs, Zambia is
particularly fortunate since the availability of the Ministry of Information, combined with the government's ownership of the mass media, results in the Department having access to a large amount of resources at very little cash outlay.
B. Suggested Approaches

A taxpayer communications program might contain any of a number of the elements outlined below. Different approaches may be required depending on the characteristics of the taxpayer the Department wants to reach in any given situation (the target group).

Newspapers, films, posters, photographs, the spoken or the written word are all effective modes of communication, but only if their content and form relate directly to the target group of taxpayers. For example, the type of language suitable for explaining tax legislation to an employer may be entirely inappropriate in communicating with his employees. It will obviously not make sense to rely on the newspapers or the printed word in general if the taxpayers to be reached are semi-literate.

To take another example, television should not be used to convey a message intended for a group of taxpayers who are unlikely to own televisions. Conversely, if most self-employed individuals are known to own televisions, then television becomes a very effective means of conveying information directed to that group.

Not only do different modes of communication
reach different types of persons, but each mode has
its own advantages and disadvantages. Print, for
example, can convey a message in pictorial form that
will reach semi-literate or illiterate taxpayers.
The color, style, and size of print can all be
varied to achieve different effects, as well as
the format of presentation, e.g., charts, graphs,
and cartoons. Radio messages can be dramatic,
lively, solemn, instructional, or entertaining.
Unlike the printed word, which the taxpayer can
go back and re-read, a radio message must challenge
and hold the attention of the listener -- obviously,
then, a radio message calls for a different style
of presentation. 36

1. Pamphlets

The Tax Department can make better use of
pamphlets containing material specially prepared for
particular taxpayer groups. Different pamphlets
should be prepared for employees having only earned
income covered by the PAYE system, employees having
unearned income, self-employed individuals, and pen-
sioners. These pamphlets should be written in clear
language and should be made available free at banks,
post offices, major stores, and any other place
where they will come to the attention of the public. 37
2. Radio Programs

A number of formats can be used in conjunction with radio programs. The radio can be used simply to remind taxpayers of their obligations to file returns or to inform them about the uses of tax revenues. Another approach is to record on tape a series of questions commonly asked by taxpayers together with answers provided by department personnel. During the filing season, the radio station can then play a few questions and answers during the course of the day and periodically rotate the material. Another format is to interview tax officials on the radio or have them take part in panel discussions.

3. Television Programs

Many of the radio formats can be adapted for use on television. In addition, the Department could sponsor a documentary on some aspect of taxation or tax administration. The Department may also consider an approach successfully used in Canada. The Canadian tax administration has developed a series of short cartoons dealing with common taxpayer problems. These cartoons are engaging, entertaining, and informative and have been well-received by Canadian taxpayers.
4. Newspapers

Many of the suggestions above can be adapted for use in the newspaper. The newspapers can carry a weekly tax column containing answers to common tax problems, or publicizing filing dates, payment deadlines, and so on.

5. Posters

Posters can be used in conjunction with catchy slogans publicizing the benefits of taxation or with sketches or photographs showing how taxes are spent. These posters could be displayed in various public buildings and sent to employers to be put on bulletin boards. Some posters could contain a postcard to be sent to the Department if the taxpayer desired any further information.

6. Comic Books

Brazil has successfully used a comic book featuring a talking armadillo who answers questions concerning taxation.

7. Temporary Filing Assistance

Taxpayers can get assistance from any of the field offices during normal working hours. In order to accommodate persons who cannot visit the offices during regular hours, the Department might consider staying open during certain evenings or
weekends during the filing season.

Temporary tax information offices could also be set up during the height of the filing season. These offices could be located in places most often frequented by taxpayers in the locality, e.g., post offices, banks, or shopping centers. Temporary offices may be the most useful in towns or areas large enough to have a sizeable number of taxpayers but not large enough to warrant a district office. Even in areas having a district office, the Department may experiment with a temporary office (e.g., a booth) in a major department store, which would be staffed during the busiest shopping times, (e.g., during the evenings and weekends).
V. AREAS FOR FURTHER STUDY

A complete study of the Zambian PAYE system is outside the scope of this survey. Enough doubts can be raised about PAYE's continued applicability, however, so that the Department must seriously consider making it the object of a major study.38

First, the PAYE system appears difficult for both the employers and the Department to administer.39 Second, the survey conducted by the TAAS estimated that, administratively, PAYE absorbs 75% of the Department's funds but collects only 22% of the total income tax revenue. Balancing PAYE accounts ties up manhours in the collection branch, and PAYE greatly complicates the work of the tax officers. Third, much time is spent by the Training Center on PAYE-related matters; this time could be more productively used in revamping the curriculum and establishing new courses. Fourth, the large amount of resources directly or indirectly required by PAYE reduces the amount of effort the Department can direct toward self-employed individuals. This imbalance in resources is undermining the progressivity of the tax since the Department cannot fully enforce the income tax against business taxpayers, whereas employees within the PAYE system pay the full amount of their

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statutory liability. Finally, PAYE is not even accomplishing its basic objective of eliminating the need for most employees to file a return at the end of the year.

A major re-evaluation of the Zambian Income Tax Act also seems overdue. A reading of the Act raises the question whether it accurately reflects the government's current goals and objectives. Further study would be productive in isolating structural changes that would lead to a fairer and more equitable tax system. A restructuring of the income tax law so that it were more amenable to compliance and enforcement would also improve tax administration. 40

Similar inquiries can be made into each of the other major taxes imposed by Zambia. In addition, the tax system as a whole needs analysis to determine its net effect on economic growth and stability, the distribution of income and wealth, and the distribution of tax burdens.

Issues of equity, administrative efficiency, the role of the tax system in promoting economic development, and the impact of taxation on the distribution of wealth and income are fundamental issues that every country must strive to resolve. These issues may assume critical importance in Zambia, however, if the
world price of copper remains depressed. In order to maintain the current level of public expenditures, other parts of the tax system will be looked to as a means of offsetting the loss of revenue from the mining sector. If additional revenue is sought through rate increases, further stress will be placed on the weaknesses of the present tax system and existing problems will be magnified.

As an illustration, suppose that a general increase in the personal income tax rates were enacted to raise more revenue. Given the present state of the tax administration, such an increase would be likely to fall disproportionately on employees, who would be caught by the withholding system, whereas self-employed individuals would be just as able as before to evade the tax. An increase in rates will therefore aggravate a basic weakness in the present system, the inability of the administration to enforce the income tax against self-employed taxpayers. By comparison, a structural change in the tax law or the adoption of more efficient administrative procedures that would generate the same amount of revenue might be a fairer and more viable alternative to an increase in rates.
VI. ROLE OF THE INTERNATIONAL TAX PROGRAM

Zambia has a shortage of personnel with the background and training necessary to analyze the kinds of issues raised above. The skills needed include a knowledge of economics, public finance, tax policy, and public administration. The Department's internal training program cannot realistically be expected to provide this type of training, and at the present time, the University of Zambia is not in a position to do so. Because the need for these skills is urgent, the government must assign a high priority to sending personnel abroad for training and to bringing persons from abroad into Zambia to conduct training locally.

The International Tax Program at Harvard Law School is prepared to assist with both types of training. Since 1952, the ITP has provided training for more than 350 tax officials and teachers from over 60 different countries. Many of these participants have been funded by the U.S. Agency for International Development (USAID) or the U.N. Development Program (UNDP). The ITP curriculum lasts nine months and is based on a multi-disciplinary approach to the analysis of problems in taxation, drawing on the disciplines of law, economics, accounting, and public administration. The topics covered include, for example,
the relationship between tax policy and economic development, the design and implementation of an income tax for individuals and businesses, international aspects of income taxes, tax treaties, tax reform planning, the administration of a modern tax system (including audit and investigation techniques, assessment, withholding, collection procedures, and the measurement and control of tax evasion), economics and public finance (including resource allocation, capital formation, and the control of inflation), and the taxation of mineral resources. Emphasis is placed on formulating policy in the context of economic growth and social change in the developing countries. Classes are supplemented by field trips in the United States and Canada and discussions with high-level government officials involved in tax policy and tax administration.

In addition to the specific material studied, participants have the advantage of sharing their experiences and insights with their colleagues. An appreciation is thus gained of the variety and richness of approaches available for dealing with the problems inherent in designing and implementing a system of taxation.

Of particular importance to a Zambian participant would be his exposure to the pedagogical techniques
and materials specially designed by the ITP for use by persons from developing countries. In this regard, the staff of the ITP would be available to assist a Zambian participant in assembling materials and developing teaching techniques that could be used in revamping the Department's training program or in teaching a university course of taxation. After similar assistance, a number of ITP participants have been able to return to their country and initiate the first formal course ever taught on taxation.

As more Zambians study abroad, the country will develop a pool of experienced personnel which can be tapped as instructors for courses both within the government and within the University. In time, the availability of these courses at home will reduce the need for foreign study. Thus a commitment by the government to send personnel abroad should be seen only as a short-term goal, though a limited amount of foreign study may always be desirable in order to keep abreast of world developments.

Besides welcoming Zambians as participants in its training curriculum, the ITP is prepared to sponsor a series of seminars to be conducted within Zambia, preferably during June or July 1976. Selected topics might include, for example, the taxation of mineral resources,
the negotiation of tax treaties, the taxation of multi-national corporations, alternatives to the PAYE withholding system, techniques for estimating income in the absence of adequate books and accounts, adjustments in the income tax for inflation, and managerial and supervisory skills. The seminars need not be restricted to members of the Tax Department or the Ministry of Finance. Attendance by interested persons from other governmental departments, the parastatals, or the University of Zambia could also be encouraged, thus creating a milieu for valuable dialogue. Participants from neighboring countries might also be invited, and the seminars could therefore serve as the initiative for a regional conference on taxation or a regional training center.

These suggestions are meant only to be illustrative; obviously, a great flexibility exists both in subject matter and in format.

In addition to its training activities, the ITP is prepared to assist in an analysis and evaluation of the Zambian fiscal system. ITP staff members have provided similar assistance to the governments of Argentina, Bolivia, Chile, Colombia, Costa Rica, El Salvador, Ethiopia, Indonesia, Mexico, Puerto Rico, Venezuela, and the Virgin Islands.

An example of the type of assistance available can
be found in FISCAL REFORM FOR COLOMBIA (Harvard Law School, International Tax Program, 1971, 853 pages), the most comprehensive and thorough case study published. This volume has been especially useful to tax administrators, policy makers, and fiscal and development specialists in economics and law because of the wide range of topics covered and the innovative aspects of the Colombian study. A similar study of the Zambian fiscal system would appear not to require as large an undertaking as was needed in the case of Colombia.
Footnotes


4. See Section V below.

5. See Section VI below.

6. Curtis, as well as the other two instructors, was not trained as a teacher nor was he initially recruited by the Department as an instructor.

7. See Curtis at 2.

8. While in the field, the trainee is sent various written exercises by the Center.

9. The timetable presented in the text differs from that contained in Curtis at 2. The timetable in the text was given to me orally by Curtis and supersedes that in his report, written shortly after taking over the training program.

10. Separate papers are given on bookkeeping and income tax theory. Those who do not pass remain inspector trainees for the rest of their careers.
11. See Curtis at 3.
13. See TAAS at 21; Curtis at 8, 11.
14. See Section II (C) (1) below.
15. Curtis reaches the same conclusion at 7, 10, but recommends field training officers as a solution. As a long-term solution this recommendation is sound (see Section II (B) (3) below), but the lack of qualified personnel makes this approach unrealistic in the short-term.
16. See Section III below.
17. Little attempt is presently made to use field personnel as special lecturers.
18. The Center knew of many instances where trainees were given the wrong information by a senior officer or were instructed in improper procedures. I was told by individuals that no proper field training would take place until senior personnel were re-trained.
19. See Section II (D) below for a discussion of the examination process. Curtis recognizes the benefits of de-emphasizing the written exams, but feels the Center is not yet ready to move in this direction. Curtis at 14-15. Should the Center do more
of the field training, however, the written examinations would naturally become less important.

20. Because two of the instructors' contracts expire next year, it is crucial to prepare Zambians to take over the training function. If the Department can identify those Zambians who are candidates for the instructorships, it would be appropriate to have them involved, at least on a part-time basis, in whatever efforts are made at improving the training program. Consideration must also be given to sending these individuals abroad and having them observe and be exposed to experienced teachers and modern teaching methods.

21. See Curtis at 6, 13-14, 17.

22. See TAAS at 21 where it is asserted that "some shortcomings among clerical assistants which are attributed to indifference, carelessness, and indiscipline may in fact be due to lack of training."

23. Accord, TAAS at 49.


25. In general, there is far too little contact between the head office and the district offices. A number of low-ranking persons complained about
not even knowing what some of the high-ranking members of the Department looked like. Many individuals I interviewed remarked on this being the first time anyone had asked them for their opinion on anything. The low visibility of head office personnel was generally interpreted as indicating their lack of interest.

A visit by the Acting Commissioner or his Deputy Commissioners to the various district offices would help dispel this feeling and may improve staff morale. The visits can be part of a formal presentation of official departmental business or can be kept informal and low key. In either case, however, an attempt should be made to talk with as many of the staff as possible. The head office will gain insight into the attitudes, problems, and morale of its staff. Oral discussion can provide an outlet for staff frustration that might otherwise be channeled negatively. The visits can be highly valuable in eliminating, for example, misunderstandings concerning promotional opportunities. See note 31 below.

26. This delay may have been longer than usual because certain persons in the head office were
on leave.

27. No procedure exists for one of the other instructors to ratify Curtis' grading of his own examinations.

28. Under the present system, the head office sees the examinations only after they are given. It might be useful to solicit the head office's suggestions for appropriate exam questions before the exams are drafted.

29. One instructor has just started doing this in a limited fashion.

30. University graduates that have been supported by government bursaries are required to work for two years in a governmental or quasi-governmental post. Vickrey at 15.

31. A pamphlet was put out in 1968 describing the work of the Department, the opportunities for advancement, etc. Quite surprisingly, a number of trainees were unaware of this pamphlet and completely misunderstood the Department's policies on transferring among branches. Independent of any use that an up-to-date pamphlet might play in a recruiting program, an obvious departmental need exists for revising the 1968 pamphlet and distributing it internally.
32. Vickrey at 16. Some countries have found that the lure of foreign study as part of an advanced training program helps induce individuals to join the Department. In return for being sent abroad, an individual is often required to agree to work for the Department for a minimum period of time upon his return. Foreign study can therefore be a way of attracting individuals to the Department in the first instance and secondly, of ensuring that they will stay with the Department for a satisfactory period of time.

33. See TAAS at 10.

34. For a sound suggestion concerning the use of selection boards in the recruiting process, see Curtis at 17.

35. See, generally, TAAS at 23.


37. Simplification of the tax return and its accompanying set of instructions could also be mentioned, but the Department is already aware of the problem.

38. See Vickrey at 3-6; TAAS at 51-53.

39. I was told that the National Provident Fund offers

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classes to instruct employers with respect to pensions. Perhaps the Department could run similar classes to instruct employers with respect to PAYE.

40. For some suggested modifications of the Act, see Vickrey at 6-12 and 44-51.

41. Countries represented from Africa include Ethiopia, Ghana, Liberia, Libya, Nigeria, Sudan, Swaziland, and Uganda.

42. See, for example, P. Kelley and O. Oldman (eds.), READINGS ON INCOME TAX ADMINISTRATION (Mineola, N.Y.: Foundation Press, 1973); R. Bird and O. Oldman (eds.), READING ON TAXATION IN DEVELOPING COUNTRIES (Baltimore, Md.: The Johns Hopkins University Press, 1975); and any of ITP's World Tax Series Volumes or Tax Technique Handbooks.

43. For the advantages gained from teaching a course at the university level, see Section III above.

44. These instructors will have the capacity to use materials developed abroad such as the ITP's Tax Technique Handbooks and other volumes reflecting current research. One of the major advantages of spending time abroad is gaining
familiarity with the enormous amount of literature available in the area of taxation.