



### Special Series on Fiscal Policies to Respond to COVID-19

This is one of a series of notes produced by the Fiscal Affairs Department to help members address the COVID emergency. The views expressed in this note are those of IMF staff and do not necessarily represent the views of the IMF, its Executive Board, or IMF management.

## Business Continuity for Revenue Administrations

This note provides guidance on how revenue agencies can protect staff and taxpayers while maintaining the operation of the revenue system in the different phases of the COVID-19 crisis.<sup>1</sup> They need to take timely actions to:

- **Plan, organize, and implement the approach to manage business continuity during the range of possible scenarios that could result from the COVID-19 crisis.** Revenue administrations in lower- and middle-income countries may not have robust Business Continuity Plans (BCP),<sup>2</sup> and those who do have BCPs will need to make significant adjustments to respond to this unprecedented global health crisis; given the severe impact from locking down public and private sectors. If a revenue administration does not have a current BCP, it will be crucial to adopt some key measures to ensure business continuity. The timing and extent of these will depend on the stage that the epidemic has reached and the infrastructure of the administration and country.
- **Ensure continued revenue collection and agencies' operations to help finance and implement governments' responses to the crisis.** Managing the diverse and multiple actions in response to COVID-19 requires timely decision-making and implementation, and adaptability to constantly evolving events. As an agency with front-line interaction with nearly all citizens, revenue administrations play a key role in calming anxiety by facilitating taxpayers' compliance and trade, meeting public service delivery priorities, and supporting the economy by swiftly implementing governments' responses.

Though this note covers the broad range of activities revenue administrations need to consider in managing through the crisis, each must evaluate the various possible actions through the lens of its own current and prospective crisis situation. Thus, this note is not about how to develop a BCP, but rather to assist revenue administrations on how to react quickly to the current crisis and ensure their business continuity.

Those administrations that have BCPs may find some measures useful to adjust their current BCPs. In the future, it would be beneficial for revenue administrations that do not have BCPs to develop one.<sup>3</sup>

**Please direct any questions and comments on this note to [cdsupport-revenue@imf.org](mailto:cdsupport-revenue@imf.org).**

<sup>1</sup> It provides more detailed guidance on the business continuity priorities discussed in the IMF guidance note *Tax and Customs Administration Responses*, April 6, 2020 (<https://www.imf.org/en/Publications/SPROLLS/covid19-special-notes>).

<sup>2</sup> A BCP outlines how an organization will function during an emergency, such as a disease outbreak, a natural disaster, strike or other emergency, whether it occurs locally, regionally or nationally. Of 92 TADAT (Tax Administration Diagnostic Assessment Tool) assessments conducted to date, the majority of lower- and middle-income countries did not have robust BCPs.

<sup>3</sup> Should revenue administrations require assistance with developing BCPs or responding to the COVID-19 pandemic, the IMF FAD is prepared to assist through consultations and recommendations based on each administration's needs.

The note draws on revenue administrations' current responses to the COVID-19 crisis and previous IMF guidance—adapted to the special circumstances of the current crisis.<sup>4</sup> Specific measures are provided under two broad headings: (I) Planning and Implementing Priority Actions; (II) Continued Management of COVID-19 Impacts and Prepare to Move to Business-as-Usual.

## I. PLANNING AND IMPLEMENTING PRIORITY ACTIONS

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Ensuring the safety of staff and taxpayers and determining what revenue administration programs and services are essential are key steps in managing the crisis. In the case of COVID-19, lessening physical interactions between staff and with the public is an overarching safety requirement. Maintaining the international supply chain is critical as goods to address the crisis need to be processed quickly through border controls. The distribution of tax refunds and benefit checks<sup>5</sup> is another potential critical service, as both citizens and firms may need them to manage and survive. Other services, such as customs security and control measures, will need to continue but perhaps with temporarily less strict parameters. And certainly, the timely implementation of government's measures to support individuals and businesses cope with the crisis is paramount.

Several key early steps are necessary to guide the administration's response. These are described in Box 1.

### **Box 1. Ten Critical Steps to Guide the Administration's Response**

1. The head of the revenue administration should nominate and implement a Crisis Management Group (CMG) and appoint decision-makers at each level of management, who will exercise their authority as decided by the CMG.
2. Within the CMG, designated officials should be identified to act as liaison between the revenue administration and the Ministry of Finance (or similar) to provide CMG-approved input into policy decisions and to lead the implementation of COVID-19 measures in the revenue administration.
3. Identify the essential revenue administration activities. These could include issuance of refunds, delivery of social benefit checks, and trade facilitation. The management team should continuously re-evaluate the evolving situation and adjust their actions accordingly as the crisis progresses.
4. Identify key taxpayer segments for revenue and decide on service and compliance measures to sustain revenue stream. Increase the frequency of revenue monitoring to enable timely responses to help maintain revenue flows as much as possible.
5. Identify supporting processes that are necessary to enable the delivery of essential services, for example, information technology (IT) system support to enable refund issuance.
6. Identify the staff needed to support essential services, along with back-ups in case of illness of primary staff.
7. Consider alternative working arrangements that may be necessary and feasible for the administration, such as work from home (WFH).
8. Communicate with staff as early as possible and frequently thereafter to share information on the administration's approach to modifying business operations and to protect staff safety.
9. Communicate frequently with government-level crisis management teams to share revenue administration issues, trends in revenue collection and to receive information on government measures being considered, particularly tax policy changes.
10. Ensure health/safety protocols are put in place to protect employees and taxpayers, including appropriate equipment/clothing and physical distancing.

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<sup>4</sup> The IMF note *Priority Measures for Customs Administrations* provides further guidance on business continuity for customs administrations.

<sup>5</sup> Where these benefits are administered by the revenue administration.

Elaborating on steps in Box 1, Table 1 outlines various issues and actions that revenue administrations should consider in managing business continuity during the COVID-19 crisis.

**Table 1: Issues and Possible Actions to Manage COVID-19 Crisis**

Issues for Tax and Customs	Possible Actions	Considerations
<b>Governance</b>		
Crisis Management Group (CMG)	<ul style="list-style-type: none"> <li>Establish a group of key managers and officials, led by a senior manager, for making decisions and addressing issues on daily operations.</li> <li>Implement regular reporting to CMG on operational and staff issues to allow timely decisions to be made.</li> <li>Report to the government-level CMG regularly.</li> </ul>	<ul style="list-style-type: none"> <li>In small administrations, this could be the Executive Management Team.</li> <li>Timely actions are required.</li> <li>Hold meetings - as frequently as needed (at least daily at beginning of crisis).</li> <li>Assign one or more back-ups for each member of the CMG.</li> <li>Reporting to CMG may include daily staff availability, key operational information on essential service delivery, and trade data on essential and COVID-19-related imports.</li> <li>This team will need to meet and report remotely if offices are closed.</li> </ul>
Decision Making	<ul style="list-style-type: none"> <li>Establish line of command starting at head of administration and nominating a key decision maker at each lower level of management.</li> <li>Delegate authorities as necessary to ensure timely response to the crisis at all levels of organization.</li> </ul>	
Process to make decisions on changes in delivery of key operations	<ul style="list-style-type: none"> <li>As the risk evolves, make decisions on priorities in key operations, staff deployment, and measures to protect staff and continue operations depending on the current environment.</li> </ul>	<ul style="list-style-type: none"> <li>Requires established process for changes in delivery of key operations.</li> </ul>
<b>Human Resources (HR)/Health Issues</b>		
Absences	<ul style="list-style-type: none"> <li>Develop a plan for replacing critical staff who are absent.</li> <li>Report daily on work presence of staff.</li> <li>Evaluate and update leave policies to provide additional flexibility during the crisis.</li> </ul>	<ul style="list-style-type: none"> <li>Critical to ensure highest level of service on customs border and essential processes, for example: availability of staff for main ports that are critical to uninterrupted supply of goods including medical supplies.</li> </ul>
Telework	<ul style="list-style-type: none"> <li>Determine which functions can be undertaken from outside of the office.</li> <li>Develop and implement a policy to allow staff to work remotely.</li> <li>Designate staff into groups; those whose functions allow teleworking and those do not.</li> </ul>	<ul style="list-style-type: none"> <li>Those who cannot telework may need to consider shifts to manage demand on internet and IT systems and reduce crowds.</li> <li>Consider options for working from home also if IT support is limited - e.g. staff who are less dependent on core IT systems (policy, HR, Finance).</li> </ul>
Safety of staff	<ul style="list-style-type: none"> <li>Determine when to cease face-to-face meetings, both with taxpayers, traders, and staff to reduce exposure to contagion.</li> <li>Ensure adequate supplies of protective equipment for essential staff.</li> <li>Increase frequency of office cleaning to mitigate risk of transmission.</li> <li>Implement remote work as much as practical and possible.</li> <li>Ensure that each staff member's work location is recorded.</li> </ul>	<ul style="list-style-type: none"> <li>Where adequate supplies of protective equipment are not available, consider implementing other measures recommended by the medical community i.e. non-medical grade face coverings and increase other measures such as reduced staff in one location at a time, and social distancing.</li> </ul>

Issues for Tax and Customs	Possible Actions	Considerations
	<ul style="list-style-type: none"> <li>Identify more vulnerable and at-risk staff and adjust workload and location as necessary.</li> <li>Promote physical distancing and limit infection risk, e.g. where possible allow staff to work in shifts to reduce numbers of staff in one location.</li> </ul>	
Employee gets sick	<ul style="list-style-type: none"> <li>Notify Health Authority.</li> <li>Disinfect workspace.</li> <li>Determine who was in contact with employee and ensure they self-isolate.</li> <li>Monitor the general welfare of staff working from home.</li> </ul>	<ul style="list-style-type: none"> <li>Having a protocol in place early for handling sick employees would facilitate the process.</li> </ul>
<b>Essential Services and Programs</b>		
Delivering essential services	<ul style="list-style-type: none"> <li>The CMG decides core services that must work without interruption to ensure continuous revenue mobilization, cross-border trade, and other essential functions.</li> <li>Consider people, infrastructure, logistics, and work arrangements needed to deliver on essential services.</li> <li>Adopt expedited procurement processes for critical goods and services (IT, protective gear etc.).</li> </ul>	<ul style="list-style-type: none"> <li>Could include refund processing, online-services, social benefits distribution, and border operations, among others.</li> <li>To ensure sufficient staffing for essential services, some staff can be reallocated from non-essential duties or locations. Lockdown restrictions may need to be addressed for this to occur.</li> <li>State of emergency or public calamity decree can be useful to facilitate the procurement process.</li> </ul>
Changes to key operations	<ul style="list-style-type: none"> <li>Determine new approaches to delivery of some services/functions, including a need for physical distancing.</li> </ul>	<ul style="list-style-type: none"> <li>For example: expediting customs clearance for essential goods and medical supplies; substituting field audits with desk audits; providing phone- or web-based consultations instead of walk-in appointments; drive through services and regularly-disinfected drop box in the offices for receiving documents; wider use of email etc.</li> </ul>
Monitoring/ Reporting	<ul style="list-style-type: none"> <li>So far as it practicable, provide to government and other institutions (e.g. National Statistic Office) statistics on filed tax obligations, revenue collections, import/export volumes, payments, refunds, deferrals requested by taxpayers.</li> <li>For countries who conduct revenue forecasting, update the model to reflect the current situation.</li> </ul>	<ul style="list-style-type: none"> <li>This will support the government to determine the economic impact of the crisis.</li> </ul>
<b>Other Important Services and Programs</b>		
Decision making on the extension of due dates for filing and payments, other activities	<ul style="list-style-type: none"> <li>Some due dates for tax return filing, advanced payments, installments, etc. can be extended.</li> </ul>	<ul style="list-style-type: none"> <li>Countries with limited payment methods should explore additional payment options through mobile phones or other electronic means.</li> </ul>
Maintaining revenue	<ul style="list-style-type: none"> <li>Identify and monitor the key taxpayer segments that contribute the bulk of the tax revenue. Increase the frequency of revenue monitoring so timely actions can be taken to address significant reductions in revenue collection and maintain revenue flows as much as possible.</li> <li>If needed, reallocate tax officials to ensure engagement, compliance and revenue collection from key taxpayers.</li> </ul>	<ul style="list-style-type: none"> <li>Continuing to collect as much revenue as possible is important for government spending needs.</li> </ul>

Issues for Tax and Customs	Possible Actions	Considerations
Workforce reduction in the areas of decreasing demand	<ul style="list-style-type: none"> <li>The workforce from non-essential functions can be reallocated to essential functions.</li> </ul>	<ul style="list-style-type: none"> <li>Skilled staff for reallocation needs to be identified.</li> </ul>
Detection of Fraudulent Schemes	<ul style="list-style-type: none"> <li>Put in processes to detect fraud and abuse of relief measures implemented during the crisis.</li> </ul>	<ul style="list-style-type: none"> <li>Enforcement actions taken should be publicized to deter others from taking advantage of the crisis, and to maintain trust in the tax and customs system.</li> </ul>
<b>IT System Support</b>		
Impacts of working from home	<ul style="list-style-type: none"> <li>Determine what adjustments in IT systems are needed to allow staff to work from home.</li> <li>During initial stages of the crisis assess and test the capacity to maintain large-scale remote working or other flexible working arrangements for critical staff.</li> </ul>	<ul style="list-style-type: none"> <li>Is the IT infrastructure sufficient? Are more software licenses required?</li> </ul>
Maintenance, security and safety of administration data	<ul style="list-style-type: none"> <li>Decide any additional measures that should be taken to ensure maintenance and security of data, while extended remote work is occurring.</li> <li>Determine any limitations on access to and transmittal of confidential data where staff are using personal computers and email addresses.</li> </ul>	<ul style="list-style-type: none"> <li>Intrusion attempts to IT system may become an issue.</li> </ul>
Data security for remote services	<ul style="list-style-type: none"> <li>Define the appropriate channels for data sharing, electronic file exchange.</li> <li>Decisions on software to be used need to be made and communicated to the users.</li> </ul>	
<b>Communication</b>		
Internal	<ul style="list-style-type: none"> <li>Decide the channels, subjects, and frequency for internal communication. Set up social networking or similar communication groups for each level of management to facilitate regular check-ins to discuss emerging issues.</li> <li>When necessary and subject to Health Authority guidance, instruct employees who are considered essential to report to the office and others remain home.</li> <li>Keep employee unions informed regularly.</li> </ul>	<ul style="list-style-type: none"> <li>Staff need to be kept informed of new work arrangements and updated regularly on any significant developments related to the crisis.</li> <li>Avoid meetings in person.</li> </ul>
External	<ul style="list-style-type: none"> <li>Decide the channels, subjects, and frequency for communication with main stakeholders – taxpayers, businesses, government agencies, and other country customs.</li> <li>Designate the contact point with other organizations and partners for the COVID-19 issues.</li> <li>Report to government-level crisis management team regularly.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure “single voice” coming from the administration.</li> </ul>
New channels for taxpayer/trader services	<ul style="list-style-type: none"> <li>Expand or create channels for remote assistance to taxpayers and cross-border traders.</li> <li>Create a list of Frequently-Asked- Questions and publish it on the website.</li> </ul>	

## II. CONTINUED MANAGEMENT OF COVID-19 IMPACT AND PREPARATIONS TO MOVE TO BUSINESS-AS-USUAL

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After the initial decisions are made and implemented, there may be an extended period where business is disrupted, requiring tailored actions. Inevitably revenue collection will decrease during the period of the crisis; however, the revenue administration can prepare for business resumption by monitoring its most important revenue sources and preparing to implement measures to support voluntary and enforced compliance as required. As the revenue administration is adapting to the evolving situation, several ongoing actions will help ensure management remains responsive to emerging needs as the country prepares to resume business-as-usual operations. Some actions for consideration during this phase are noted in Box 2.

### **Box 2. Actions to Ensure Management Remains Responsive in Preparation to Resuming Business-As-Usual Operations**

1. Evaluate the crisis status continually and adjust existing operations based on an assessment of the risks. Be alert for a possible recurring pandemic wave.
2. Continue supporting staff through regular communication to ensure they have the tools necessary to undertake their work and to maintain virtual contact, particularly with employees who do not have a family support system.
3. Monitor level of illness among administration staff and continue to manage isolation for those who may have been exposed.
4. Monitor and analyze significant sources of revenue collection to understand where decreases have occurred, to enable the administration to develop and implement measures to increase revenue collection once business resumes normal operations.
5. Begin planning for full business resumption by considering the sequencing and approach to bring services back into operation. Potential actions include staging the resumption of programs that were not delivered during the crisis, moving staff back to their regular work locations and undertaking their original job functions, communicating with staff and taxpayers on how to support and enhance compliance after the crisis, developing plans to administer the back-end of the relief measures granted, i.e. delayed filings and payments, and maintenance on strained IT systems. More information is contained in an upcoming note on this topic.<sup>6</sup>

Once the crisis has passed, revenue administrations should undertake a review of management decisions and actions, with a view to identifying and documenting lessons learned which can be applied in the future.

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<sup>6</sup> A forthcoming note will provide guidance on resuming operations, notably to continue to safeguard revenue and restore revenue administration operations and compliance enforcement.