**Tax Initiatives Undertaken by Cyprus**

* **Tax Audit Procedural Manual**

In co-operation with HMRC and the British High Commission in Cyprus, we are in the process of designing and then delivering an electronic manual on Tax Audit Procedures. Through this co-operation, we shall eliminate any discrepancies of procedural work amongst districts and we shall improve our procedures and legislative power, through exchange of good practices with HMRC.

The lack of an official guidance and the need for improvement was a recorded weakness under the CAF model (see below).

The Manual will cover 3 main areas - Need to know, Types of Audit, and Activity Level Process Map from the point of allocation of a case until the issue of a decision by the High Court, in case a taxpayer decides to appeal.

* **Common Assessment Framework – CAF**

The Tax Department joined a project of the Cyprus Academy of Public Administration (CAPA) and applied the Common Assessment Framework. It was applied in 5 areas with the assistance of experts from Greece provided by the CAPA. The areas covered were the Large Taxpayers, the Internal Audit, the Legal International and Support Services, the Design and Monitoring and Famagusta District Office (Merged District).

The Common Assessment Framework is a self-assessment tool for governmental organizations. We identified our strengths and our weaknesses and we are proceeding to the next step, which is to improve our weaknesses.

The Common Assessment Framework is based on eight principles, "the principles of excellence", which are

1. Results orientation
2. Citizen/customer focus
3. Leadership
4. Management of processes & facts
5. Involvement of people
6. Continuous improvement & innovation
7. Mutually beneficial partnerships
8. Corporate social responsibility

The CAF allows benchmarking amongst similar administrations. It was selected as an alternative to TADAT as we would have the support of CAPA and support of experts provided by the CAPA. In addition, it covers a few areas that TADAT does not cover.