

TIWB Programmes N° F2016-0006 & IE2017-01

Host Administration:
Botswana Unified Revenue Service (BURS)

Expert Source:
Kenya Revenue Authority (KRA)/Industry Expert

Programme Dates:
December 2016 – May 2018

The TIWB Secretariat received a request from BURS in September 2016 to provide transfer pricing (TP) audit assistance for the extractives (diamond cutting and polishing companies), financial services and telecommunications sectors. Tax issues covered under this TIWB programme included commodity pricing, intra-group services and financial services, as well as other international tax issues. The African Tax Administration Forum (ATAF) supported this TIWB programme and is a strong example of co-operation on inter-African capacity exchange. The tax audit programme was supplemented by an industry expert who provided in-depth insight and knowledge of the internal operations of the diamond industry, the entire diamond pipeline and its associated processes.

A total of five missions were conducted from December 2016 to May 2018. After selection by guided risk assessment, 4 out of 16 audit cases were progressed. KRA, as the Partner Administration, deployed three dedicated tax officials to implement the programme. The Host Administration and experts rated the support provided by the TIWB Secretariat during the programme very high.

Impact of the practical audit assistance programme

The TP audit assistance programme helped Botswana achieve the following results:

- **Human Resource Development - Skill and knowledge transfer:** BURS witnessed an increase in the following skills of its 15 auditors who participated in these TIWB programmes: risk profiling and case selection, evidence gathering, data analysis, developing functional analysis, reviewing of taxpayer documents and applying TP methods.
- **Institutional Development – Legislative changes, tools, processes and procedures:** Together with the KRA experts, BURS officials developed a case-tracking template to monitor the status of cases under review.
- **Revenue Results:** Revenues assessed on the audit cases progressed under this programme were in excess of Botswana Pula BWP 10.5 million (USD 1 million).

- **Lessons Learned:** The experts indicated the importance of having a dedicated TP unit, as well as TP legislation in place, for improving taxpayer compliance and further building the skills of auditors.

