Revenue Management Best Practices

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Revenue Management Best Practices

- MoF Revenue Sources
  - Direct vs Indirect
  - Tax vs Non-tax

**Direct**
- Income
- Corporate
- Wealth
- Capital Gains
- Inheritance
- Property
- Other

**In-Direct**
- Customs Duty
- Central Excise
- VAT / Consumption
- Tolls

Revenue

Revenue Management Best Practices

- Tax vs Non-tax
  - Characteristics of a Tax
    - Compulsory payment, refusal to pay is punishable offence
    - No quid pro quo between a taxpayer and public authorities
    - Involves some sacrifice on part of the tax payer
    - NOT a fine or penalty for breaking law

**Non-Tax**
- Direct
  - Fees
  - Fines & Penalties
  - Special Assessments/Levies
  - Grants, Gifts, Donations

- Generated
  - Surplus from Public Enterprises
  - Public Resources / Domains
  - Loans
  - Lotteries
  - Deficit Financing
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Revenue Sources

Taxes as a Share of Gross Domestic Product, 2008

- Mexico
- Chile
- Turkey
- United States
- Australia
- Japan
- Ireland
- Slovenia
- Switzerland
- Canada
- Greece
- Spain
- New Zealand
- Israel
- OECD-Average
- Portugal
- Luxembourg
- United Kingdom
- Czech Republic
- Germany
- Slovenia
- Netherlands
- Hungary
- Norway
- Austria
- France
- Italy
- Belgium
- Iceland
- Denmark

Source: OECD Tax Statistics, 2010

Evolution of the Revenue Management Framework

- Taxes
- Non-Taxes

Understand Sources

- Infrastructure
  - Laws
  - Human Resources
  - National/Sub-national/Local

- Pricing
  - Inventory
  - Marketing
  - Channels

Levers

Revenue Management Process

- Data Collection
- Segmentation
- Forecasting
- Optimization
- Dynamic Re-evaluation
Revenue Management Best Practices

Evolution of the Revenue Management Framework

Revenue Management Process
- Data Collection
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Revenue Management Best Practices

Customs and Taxation Competencies

Objectives
- Restricting Imports to Conserve Foreign Exchange
- Currency control
- Protecting domestic industries / Promoting Competition
- Regulating exports
- Prohibiting imports and exports to achieve policy objectives of government
- Coordinating legal provisions with other laws dealing with foreign exchange

Duties
- Basic duty
- Addition duty
- Anti-Dumping duty
- Export duty
- Protective duty
Revenue Management Best Practices

- Taxation Mistakes and Difficulties
  - Economic Efficiency vs Political Feasibility vs Equity
    - "Just" Taxation Policy
      - Regressive
      - Progressive
      - Proportional
  - Preliminary Estimates vs Real Revenue
  - Infrastructure
    - Efficiency and compliance
    - Use of technology
  - Abuse
    - Corruption
    - Malpractice
    - Loopholes
    - Tax havens

- Mistakes and Difficulties
  - Efficiency and Value
    - Effect on lower-income people
    - Immediate income
    - Focus on simpler, transparent, progressive taxes
    - Simplified tax systems = more compliance
    - Eliminate "tax on tax"
Revenue Management
Best Practices

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