

Compliance Risk Management Capability Maturity Model

**A tool for assessing and improving the performance of
Compliance Risk Management in tax administrations**

This document is a guide for tax administrations to assess and improve their Compliance Risk Management using a Capability Maturity Model. The guide outlines the purpose of the framework and explains how to apply the model.

High performance in tax administrations is strongly dependent on how well the tax administration succeeds in making rational decisions to promote compliance and prevent non-compliance among taxpayers. The central aim of Compliance Risk Management is to help tax administrations to make these decisions. The Capability Maturity Model supports improvements of organisational capabilities important for reaching high performance doing Compliance Risk Management.

The model supports analyses related to the maturity of the Compliance Risk Management by prompting the questions: 'Where are we now?' 'Where do we want to be?' and 'How do we get there?'

The main objective of the model is to support tax administrations in their efforts to improve their Compliance Risk Management by leading them to a desired maturity level. Correct use of the model will increase the probability for the tax administration to make the right choices to increase compliance among taxpayers.

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1. Executive summary

Everything tax administrations do to improve compliance is the result of a decision. Managing a tax administration effectively is about making decisions related to risks and opportunities while the resources are scarce. Ultimately, decisions are the only way to have a purposeful influence on anything. Various decision-making processes will probably lead to different choices, and different choices will lead to different outcomes. If a tax administration is able to identify and frame important decision situations related to compliance risks and opportunities and make the best combination of choices, compliance will probably increase. 'The purpose of applying Risk Management is to enable a tax administration to accomplish its objectives(s) by facilitating management to make better decisions.' (Fiscalis Risk Management Platform, 2010, p. 12). This document advocates the importance of having key capabilities in place regarding the performance of Compliance Risk Management (CRM) and the continuous improvement of such capabilities.

The **Compliance Risk Management Capability Maturity Model** (hereinafter referred to as 'CRM CMM' or 'the model') enables tax administrations to assess and understand their current CRM capability maturity levels, define what level they want to achieve, identify the gaps, set objectives, and identify and prioritize actions for key improvements, all with the aim of increasing taxpayer compliance and prevent non-compliance.

The CRM CMM presented in appendix 2 consists of five themes (that correspond to the most important areas involved when performing an effective CRM) including 20 **capabilities**, each with five possible maturity levels that provide criteria against which tax administrations can assess their current maturity level and decide the desired maturity level. To avoid any subjective assessment and in order to effectively assess performance and progress, evidence for the tax administration's current maturity level must be provided.

The CRM CMM mainly serves as a learning tool, a communication tool and a means to align thoughts to improve the CRM process. Discussions about risk management can be difficult because some concepts may be ambiguous. Therefore, a common language is important. The most important concepts are explained in the right margin and in the glossary of this document. The concepts have been formulated as they should be understood in the context of this document.

The CRM CMM is built on both practical and theoretical ideas. The practical ideas are based on interviews conducted with compliance risk experts in Member States and on the result of three pilots performed in Austria, Bulgaria and Estonia. The theoretical ideas are based on academic literature describing important concepts and practices related to capabilities considered to be most important

Compliance Risk Management

A systematic process for making substantiated choices about how to effectively stimulate compliance and prevent non-compliance.

Capability Maturity Model

A tool to assess how capable an organisation is regarding a defined subject (e.g. CRM) and to improve the capabilities needed to perform the subject.

Capability

The ability of an organization to collectively deliver organisational objectives.

for performing CRM. The document contains a reference list of literature that has been used as source of inspiration for constructing the CRM CMM.

The guide explains why a strong commitment to CRM is important, what a CMM is, how the CRM CMM is constructed, how to use the CRM CMM, and, finally, describes the content of the CRM CMM. In Appendix 2, all capabilities are described with maturity paths, including a set of questions to help use the CRM CMM.

Appendix 1 contains a fictional story, 'A case study', which describes an example of how the Model can be used. The example can be helpful when using the CRM CMM for the first time.

The Electronic Product is a tool designed for using the CRM CMM. It is self-guided and facilitates the use of the CRM CMM. The Electronic Product is briefly described in Chapter 7. The Electronic Product will be delivered separately from this document.

2. Introduction

2.1 Why develop a Capability Maturity Model for Compliance Risk Management?

The Capability Maturity Model (CMM) describes key capabilities that are needed to perform an effective Compliance Risk Management (CRM).

In the last 15 years, many tax administrations have started using the principles of risk management to improve the effectiveness of their limited resources to achieve the best possible level of tax compliance. In EU Member States, implementing and improving the CRM was supported by the CRM Platform established under the Fiscalis Program. The general objective of the CRM Platform is to assist all EU Member States in bringing compliance risk management to a higher level. One sub-objective is to support Member States to establish CRM maturity (Fiscalis Risk Management Platform, 2017).

So far, the CRM platform has not provided tax administrations with a tool to assess the maturity of their CRM work or a systematic approach to set and pursue the desired maturity. The CRM CMM described in this document is created by tax administrations for tax administrations to support them in their efforts to improve their CRM maturity.

The objective of the CRM CMM is to lead tax administrations to higher CRM maturity taking into account their objectives and available resources.

The CRM CMM can be used by tax administrations to:

- Assess their current maturity regarding CRM;
- Define the desired CRM maturity regarding their objectives and resources;
- Identify areas where they might want to focus their improvement efforts with the aim to achieve the desired CRM maturity; and
- Identify ways to improve.

Correctly used, the CRM CMM is expected to improve CRM capabilities in a systematic and consistent way. However, it cannot guarantee that each and every initiative will be successful. The CRM CMM mainly functions as a learning tool, a communication tool, and a means to align thoughts. The CRM CMM cannot be used properly without having a common understanding about key words and key concepts in CRM and CMM. They must be accurately communicated and understood in the same way throughout the tax administration. A common understanding of key words and key concepts is a precondition for developing the capabilities in a positive way. This guide explains, amongst other things, the key words and key concepts used in CRM and CMM.

The CRM CMM is not intended to be used as a source of comparison between tax administrations of various countries. Indeed, tax administrations work under different conditions and circumstances (as for example legal framework). Instead, the CRM CMM can serve to identify important areas of cooperation between countries when identifying solutions on how to improve capabilities related to CRM. It is important to keep in mind that all EU Member States benefit if CRM maturity is raised in Member States' tax administrations (one Member State could encourage others to reach higher CRM maturity and advise on how to do that).

2.2 What is a Capability?

Based on the work of Domenic Antonucci¹ (2016), we define capabilities related to CRM as the specific abilities, faculties or powers of a tax administration that enable it to collectively deliver compliance objectives in the face of **risks** and **opportunities**. Capabilities include, but are not limited to: **processes**, technologies, assets, people, decision-related behaviours, practices, **attitudes**, competencies, disciplines, and approaches used to achieve compliance objectives. Organisational capabilities can be related to both individual's competencies and organisational capacities. For instance, the organisational capability to define, describe and explain risks and opportunities is related to the staff's competency in transforming statistical data into knowledge, the capacity

Risk

The threat or probability that an action or event will adversely affect an organisation's ability to achieve its objectives.

Opportunity

An exploitable set of circumstances in the environment as a chance for improvement and progress.

Process

A collection of related, structured actions to convert inputs into outputs.

Attitude

A predisposition towards a certain idea, object, person, or situation. Attitudes often determine what we do.

¹ Antonucci is a practising chief risk officer and a senior risk governance and compliance specialist with over 30 years of experience in risk, corporate strategic planning, and business management in many sectors in Europe, Africa, Middle East, Asia and Australia-Pacific. He is also the author of the book 'Risk Maturity models – how to assess risk management effectiveness'.

of the database, the culture of sharing and receiving information from other governmental organisations, etc.

From Antonucci (2016), we can draw three important conclusions:

1. Capabilities that don't contribute to achieve something important are not useful. Important capabilities for an organisation are those that support the **values** it really cares about. This applies regardless of whether it is about carrying out a process, a project, etc. Therefore, a tax administration must prioritize and focus on the most important capabilities related to achieving an effective CRM.
2. Good capability performance assumes there are some basic **elements** in place characterizing and representing the capability. Therefore, the tax administration must focus on the most important capabilities with its most prominent elements and to strengthen their consistency related to what is valued as important.
3. Capabilities must not be confused with **capacity**, which represents the maximum amount that can be produced or held by the organisation. For tax administrations: number of audits, amount of taxpayer services, size of operational staff, and number of employees trained and able to perform specific activities. Quality must also be taken into account. However, a high capacity is not worth much if it's not focused on the right capabilities.

2.3 What is a Capability Maturity Model?

The CMM is a tool to assess the maturity of organisations, processes, or systems. It describes the key capabilities and their development in a specified sequence (maturity level), which will be used as a base to assess the 'as is' and decide the desired 'to be' (but without skipping any levels).

The CRM CMM is not based on comparisons with 'best practices'. Tax administrations work under various conditions and circumstances and have different objectives. A tax administration should focus on improving key capabilities required to achieve what it values as important.

The CRM CMM has a repeatable construct with content representing inputs (resources invested in accomplishing a task) and **outputs** (the accomplishment itself) leading to **outcomes**. Capabilities may include unused and undeveloped or still-developing abilities. The CRM CMM assesses how developed they are at any current point in time ('as is') or should be at a targeted moment of time ('to be').

In a CMM **criteria** have a specific meaning, namely they correspond to the decisive characteristics related to a capability with which one can determine the **maturity level** of that capability. The predefined criteria consist of characteristics provided with indicators, positions or stages on a scale of quantity, extent, or quality

Value

What one consider as important, desirable, or worthwhile. Values are the ends deciding how to formulate objectives, strategies and decide how to act.

Elements

Characteristics representing a capability reflecting how to transform an input to an output as efficiently as possible. For example by the use of certain actions processes, technologies and methods. All supported by attitudes and behavior in line with desired risk culture.

Capacity

A specific ability measured in term of quantity and/or quality over a delimited period.

As Is

Current state of CRM maturity.

To Be

The desired state of CRM maturity.

Output

What is produced.

Outcome

Something that follows as a result or consequence from an output.

Criteria

The decisive characteristics determining the maturity level.

Maturity Level

Consists of predefined criteria as indicators, positions or stages on a scale of quantity, extent, or quality related to a capability.

related to that capability. These criteria should be supported by visible and verifiable **evidence** to prove that a certain maturity level has been reached.

Recording and keeping evidence accessible is important because:

- It increases the validity of the assessment;
- It increases confidence in the results; and
- It remains accessible and reusable when re-assessing against the framework to identify improvements in maturity levels.

Evidence

Presentation of documents, records, testimony and other such items to prove the level of maturity.

2.4 The Capability Maturity Model main features

1. The CRM CMM itself covers the most important capabilities needed to perform an effective CRM.
2. It is important that the CRM CMM does not recommend any compliance strategies or actions to stimulate compliance in particular.
3. The CRM CMM is not to be used to compare tax administrations or rankings between tax administrations. The CRM CMM can serve as an inspiration for cooperation and discussion with other tax administrations; for example, how to achieve higher maturity levels (improvement actions).
4. The structure of the maturity levels for each capability consists of a 1-5 scale, where 1 represents weak performance and 5 represents excellent performance.
5. Performance at the higher levels of maturity cannot be attained unless the key elements of the lower levels are in place and functioning well (for example, Level 4 includes the elements at Level 3, Level 2 and Level 1 plus additional ones for Level 4). In order to be at a certain level, the requirements of this level and all lower levels must be met.
6. Level 5 is not necessarily the right objective for all tax administrations or all capabilities. Level 3 or 4 might be quite adequate for most tax administrations. The effort required to reach and maintain the highest maturity levels for all capabilities may indeed be disproportionate to potential benefits. A tax administration should aim for the maturity levels at which it can most effectively reach its compliance objectives.
7. Achieving a particular level is never acquired, as there is continuous change in a tax administration's external environment and internal capacity. Therefore, constant effort and awareness is required to maintain performance at a particular level. At Level 5, continuous improvement has become a standard part of the tax administration's culture.
8. It is advisable to use the results of the CRM CMM assessment as an input for other documents (strategy, annual plans, etc.).

9. It is recommended to periodically evaluate the tax administration's maturity level, using the CRM CMM to ensure improvement in its chosen capabilities.
10. Remember that the concept of a capability is complex but nevertheless important to understand in order to improve. By reading the guide and appendix 2 that describes the capabilities, maturation paths, and help-questions, the concept of a capability can be better understood.

3. Compliance Risk Management

3.1 Purpose of CRM

There are two major ways to effectively stimulate compliance or to prevent non-compliance. The first is to decide which external opportunities could be used, and the second is to decide which compliance risks to treat and how. Because tax administrations have scarce resources, they must **prioritize** and **decide** which **choices** really matter and focus efforts on these only, letting other risks and opportunities pass by.

Compliance Risk Management (CRM) is 'a systematic process in which a tax administration makes substantiated choices about which treatment instruments could be used to effectively stimulate compliance and prevent non-compliance, based on the knowledge of the behaviour of all taxpayers and related to the available resources and capacity' (Fiscalis Risk Management Platform, 2010, p. 5). So, in the end, CRM is about making the right decisions concerning compliance risks and opportunities with a focus on what will probably have the most influence on or be the most beneficial to the achievement of the compliance objectives.

The **Compliance Risk Management Model** shows the steps in the **Compliance Risk Management Process**, (identification, **risk analysis**, prioritization, action and evaluation), set in context, compliance objectives and strategies. The CRM process helps to identify the different steps in the decision making cycle, and allows tax administrations to make explicit and more well-informed decisions in each stage of the process before moving on to the next one. Central to the CRM process is the context which can be defined as the environments in which the tax administration operates. Compliance objectives describe what to achieve and the compliance strategies serve as a general guide on how to reach compliance objectives taking into account the external context.

Prioritization

Arrange something in order of importance to deal with the most important first.

Decision

A choice made between alternative courses of action and a commitment to act.

Choice

An opportunity to select.

Compliance Risk Management Model

Shows the steps in the CRM process, set in context, compliance objectives and strategies.

Compliance Risk Management Process

Shows the different steps in the decision making cycle.

Risk Analysis

Most important aspects are investigated as frequency (the number of risks/risky taxpayers), likelihood, and consequence. Risk analysis also involves the 'why' question: what is the reason for non-compliant behaviour.



Figure 1: The Compliance Risk Management Model consist of the CRM process based on five steps, set in context, compliance objectives and compliance strategies. In this document we often use 'actions' replacing 'treatment'.

3.2 Compliance objectives and compliance strategies

Compliance is the willingness of taxpayers to fulfil their tax obligations. In accordance with international standards, this is 'registering, filing, correct declaration of the tax return and payment of the tax due.' (Fiscalis Risk Management Platform, 2010, p. 9).

Compliance objectives describe the desired outcome and what must be achieved at any administrative level within a tax administration in order to promote compliance amongst taxpayers. These objectives also have an impact on **risk assessment** included how risks are formulated and addressed. Overall, every decision that is made in the CRM process must take the compliance objectives into account.

When using the CRM CMM, it is expected that robust compliance objectives are already in place. In other words, there are no capabilities in the CRM CMM regarding the formulation of compliance objectives. However, to use the CRM CMM, it is important to know the concept of compliance and understand the compliance objectives since the compliance objectives are the starting point for performing CRM. **Compliance risks** are the threat or probability that an action or event will adversely affect the tax administration's ability to achieve its compliance objectives. Similarly, the tax administration must know and understand its compliance objectives in order to recognize opportunities and benefit from them. If there are difficulties in understanding compliance objectives, that may lead to decisions that are not in the tax administration's best interests.

Compliance

Willingness of taxpayers to fulfil their tax obligations related to registering, filing, correct declarations and payment.

Compliance Objective

A formal statement detailing a desired outcome related to compliance.

Risk Assessment

Determines possible compliance risks, their likelihood and consequences, and the tolerance for such events.

Compliance Risk

The threat or probability that an action or event will adversely affect the ability to achieve the compliance objectives.

The above reflects and explains the relationship between compliance objectives and the CRM process, which is a tool to achieve these objectives. As mentioned above, the steps in the CRM process should revolve around compliance objectives.

The identification of risks must start with high-level compliance objectives (improve compliance) and be divided into more specific compliance objectives on lower levels (for example a specific risk related to new businesses failing to file tax returns).

Examples of high-level compliance objectives are:

- Increase the level of voluntary compliance amongst taxpayers;
- Increase compliance regarding registering, filing, correct declarations, and payment of tax;
- Increase confidence and improve reputation in the tax administration; and
- Minimize tax errors.

The level and formulation of compliance objectives determine how a tax administration will formulate its **compliance strategies**. The CRM approach can be seen as a main tool in a tax administration's compliance strategies to achieve compliance objectives. The capability to formulate and implement compliance strategies, as a way to achieve compliance objectives, will, therefore, be part of the CRM CMM (see section 6.2.1).

Compliance Strategy

A general guide to help reduce and eliminate risks and to make use of opportunities in order to reach compliance objectives.

4. Overview of the Capability Maturity Model

4.1 Construction of the model

The CRM CMM presented in appendix 2 of this document consists of five components.

1. Themes: each theme groups a number of related capabilities;
2. Capabilities: each capability is clarified by a name and a short description;
3. The 5 levels of maturity;

4. Criteria of each level of maturity for each capability;
5. Questions that help the user of the model to assess the current state, the 'as is' and to decide the desired level 'to be'.

		1					2					3					4					5				
		1					2					3					4					5				
Themes	Capabilities	Level 1	Level 2	Level 3	Level 4	Level 5	Level 1	Level 2	Level 3	Level 4	Level 5	Level 1	Level 2	Level 3	Level 4	Level 5	Level 1	Level 2	Level 3	Level 4	Level 5	Level 1	Level 2	Level 3	Level 4	Level 5
Strategy	Formulating compliance strategies																									
	Implementing compliance strategies																									
Knowledge of external context	Differentiating taxpayers																									
	Forecasting the future																									
	Knowing the reasons why taxpayers are compliant or not																									
	Knowing how to influence taxpayers																									
Decision making	Defining, describing and explaining risks and opportunities																									
	Generating alternatives																									
	Making decisions																									
	Implementing decisions																									
Organisation	Leadership																									
	Risk culture																									
	Organisational structure																									
	Acquiring and developing competencies																									
	Managing knowledge																									
	Fostering creativity and innovation																									
	Communication																									
Evaluation	Extracting, managing and ensuring data																									
	Evaluating the outcome of actions to stimulate compliance																									
	Evaluating the CRM process																									

Help questions:

1. ...

2. ...

3. ...

Figure 2: The components of the Compliance Risk Management Capability Maturity Model.

4.2 Outcome of using the model

The objective of the model is to support the improvement of CRM. Given that the model is correctly constructed and used, the probability that the CRM process will have a better outcome (higher tax compliance), will increase.

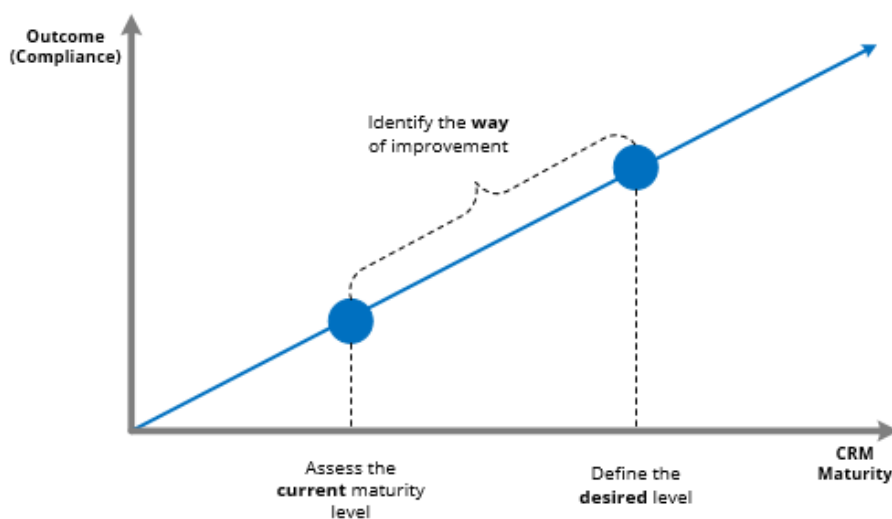


Figure 3: The three major steps using the model (assess the current maturity level [as is], decide the desired maturity level [to be] and identify the way of improvement) with its aims to improve CRM maturity and in the end increase taxpayer compliance.

The assessment of current maturity levels, followed by defining desired maturity levels will result in ‘gaps’ that reflect the difference between the current state, the ‘as is’, and the desired state, the ‘to be’. An analysis of the gaps should result in an improvement plan with the aim to overcome the gaps and achieve higher levels of maturity.

Improving capabilities relevant to CRM means increased CRM maturity which in turn is assumed to contribute to an increased probability of higher compliance amongst taxpayers. Higher compliance amongst taxpayers is also supposed to be achieved efficiently, that is: through fewer resources and less effort (both from tax administrations and taxpayers).

4.3 Capability descriptions

The description of a capability consists of three parts. First, the description frames and describes *what* the capability is. Secondly the description lists the most basic and important elements for performing the capability like processes, actions, methods, tools, techniques, competencies, etc. (see section 2.2). In the description of maturation paths these elements correspond to ‘evidence of quality or completion’ (Antonucci, 2016, p. 190) expressed as criteria to be used to decide the level of maturity (as is). Finally, the description expresses the expected achievement from the capability or the *why* the capability is regarded as important. The description of the ‘why’ indicates how the capability connects to compliance objectives or how the capability supports other capabilities with the common purpose of achieving compliance objectives.

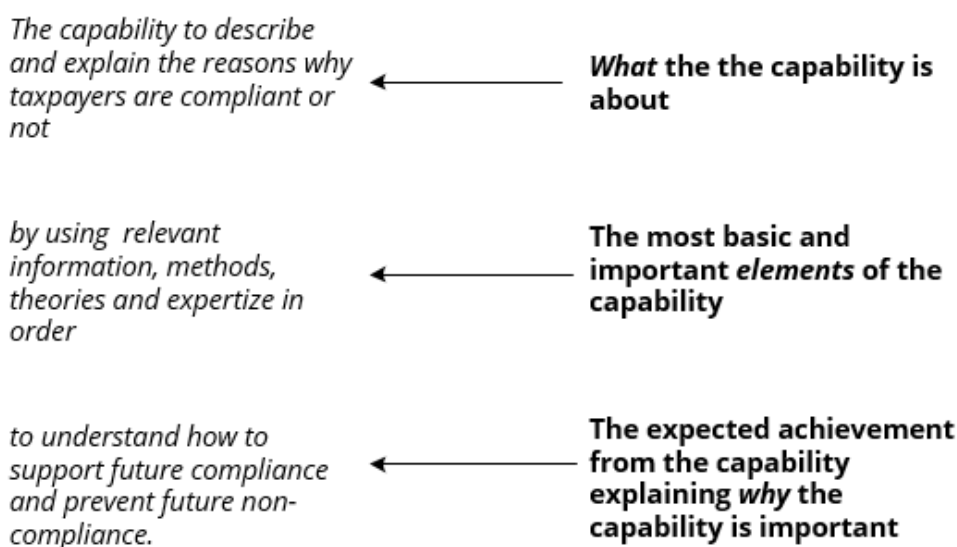


Figure 4. The three parts describing a capability using the description of the capability ‘Knowing the reasons why taxpayers are compliant or not’ (see Appendix 2, page 52).

The three parts reflect and support the CRM CMM’s internal and external validity. This means, for example, that the *what* must be consistent with performing an

effective CRM. The more the capabilities are consistent with performing an effective CRM, the higher the external validity. Furthermore, the more unambiguous and functional the elements are to achieve the *why*, the higher the internal validity is. The words '**relevance**' and '**relevant**' are often used in the descriptions of capabilities and maturation paths to stress the importance of consistency between different parts of the CRM CMM (internal validity) and the consistency between the CRM CMM and to perform an effective CRM (external validity). 'Relevant' stands for: significant, important and sufficient to support the cause in question. 'Relevance' is one of several indicators significant for maturity. Fundamental for the CRM CMM is that high maturity can occur only when capabilities with their most important elements, are consistent with an effective CRM and in the end consistent with the compliance objectives.

4.4 Defined levels of maturity

The assessment scale for measuring the maturity of each capability consists of five levels as follows:

Level 1 – Initial/ad hoc

This level reflects an immature, undeveloped state. Things happen **ad hoc** or do not happen at all. There is little or no **awareness** about the capabilities, their importance, and their relation to CRM.

Level 2 – Repeatable but intuitive

The tax administrations and its employees begin to be aware about the capabilities and their relation to CRM, although with limited understanding. Action mostly begins on an **intuitive** basis.

Level 3 – Defined

At this level, things evolve to higher levels of formalization, although remaining partial (irregular). The awareness and **understanding** of the capabilities' importance, how to perform them, and their relation with CRM are clear but still incomplete.

Level 4 – Managed and measurable

Awareness is widespread throughout the tax administration; internal processes, etc. are documented and employees are reaching high levels of **consciousness**, understanding, and practice of the capabilities. Organisation, formalization and systematization are total or almost total with a focus on **monitoring** and **reviewing** processes, practices, and competencies.

Level 5 – Optimised

The highest level of maturity according to state-of-the-art CRM. The focus is on continuous improvement of the capabilities and is achieved through a **proactive attitude** and actions by the organisation and its employees.

Relevance/Relevant

Significant, important, and sufficient to support the cause in question.

Ad Hoc

Something is done for a special and immediate purpose or for a weak purpose without previous planning.

Awareness

Employees perceive the fact that the capability is important.

Intuitive

Something is done on the basis of personal experiences, feelings or beliefs, not on the basis of proven best practices, scientific findings, or other objective arguments.

Understanding

Employees comprehend why a capability is important.

Consciousness

Employees have a complete understanding of the capability and its relation to other capabilities and how capabilities relate to perform an effective CRM.

Monitoring

Supervising actions, processes etc. in progress to ensure they are on course and on schedule in meeting the objectives and performance objectives.

Reviewing

An account of the strengths, weaknesses and the relevant developments related to expected objectives.

Proactive Attitude

A predisposition to act in advance rather than to wait for something to happen.

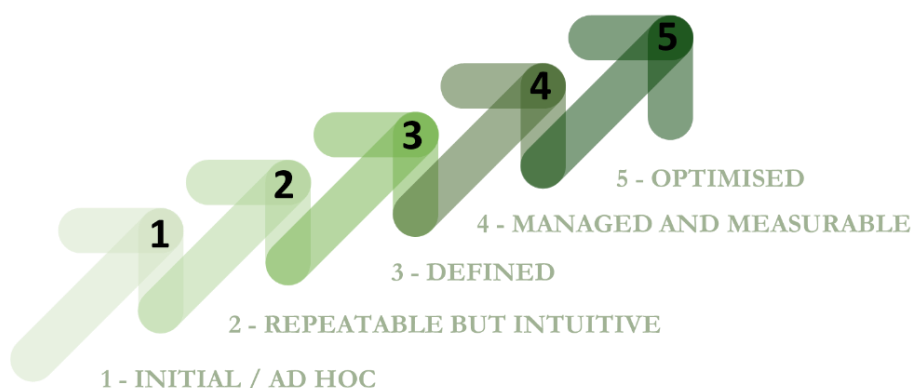


Figure 5: The levels of maturity.

Awareness means that the employees involved in the capability, perceive the fact that the capability is important and that they have some ideas of why these specific characteristics are representing the capability. Understanding involves awareness about why the capability is important and what it intends to achieve included an understanding of how the characteristics reflecting the most important elements of the capability will transform an input to an output.

Consciousness is a higher quality of understanding, as understanding is a higher quality of awareness. Awareness and understanding are necessary conditions for consciousness. To be conscious, one must have a complete understanding of the capability, including the understanding of how the capability relates to other capabilities and how they support each other when performing CRM. In short, an understanding of a capability's importance and the way to perform it creates better conditions than only awareness, and consciousness creates better conditions than understanding.

Level 4 is characterized by formalization, amongst others. That means, for example, that the internal processes are **documented** to secure that work is always performed in the same way regardless the employees. Processes must be organisational, not personal.

At Level 5, a tax administration not only has consciousness but also a proactive attitude, which means that the employees involved are prepared to adjust proactively rather than just try to make improvements because of events that have already occurred. One way to constantly improve is to interact with external experts and sources like universities, tax administrations in other countries or to be inspired by various certification tools. A proactive attitude requires awareness, understanding, and consciousness. For Level 5 in particular, a critical dimension is time – external factors (political, economic, technological and others) and internal factors (strategy, employee's qualifications, competencies and experience and others) change with time. What is considered to be important at a particular level at a particular period in time can be considered as more or less important at another period.

Documentation

To archive and register something, so that the information will not be lost. Usually a document is written but a document can also be made with pictures, videos and sound.

The completion of the capabilities most important elements will be assessed in a sliding scale with the help of terms such as 'not at all', 'ad hoc', 'intuitive', and 'exist' (activities, processes etc. are in place). 'Ad hoc' means that something is done for a special and immediate purpose or for a weak purpose without previous planning. 'Intuitive' means that something is done on the basis of personal experiences, feelings or beliefs, not on the basis of proven best practices, scientific findings, or other objective arguments.

Level 3 and higher requires that analyses are executed in an increasingly methodical and thoroughgoing way. An important aspect is that in ad hoc and intuitive decision-making, in comparison with decisions based on analytic procedures, it is difficult to know what one has actually learned from making a decision. A transparent procedure when analysing and making decisions is by far preferable.

The more in-depth analysis proving that the capabilities' elements connect with what is to be achieved, the higher the maturity is. A higher degree of relevance is assumed by having documented arguments (from Level 4) connecting the capabilities' elements with what is to be achieved.

Monitoring is a form of observation that takes place to ensure actions, processes etc. controlling that everything goes as planned. Reviewing should be seen as an account of the strengths and weaknesses or what is positive or negative regarding the relationship between the performance and what is to be achieved.

Nothing is perfect and there is always room for improvement. Continuous improvement is about an ongoing, proactive series of improvements, related to the prominent elements of a capability through constant monitoring and reviewing. To improve, the tax administration has to change. These can be small changes or large scale changes. The latter aim at breaking established paradigms of how to think and act into new ones. Taking advantage of the 'freedom to choose' between a range of available options, with the aim to improve, characterizes the highest level of maturity.

4.5 Maturity path description

The **maturity path** description for a capability explains what criteria must be fulfilled to achieve a certain maturity level. Levels for all capabilities are based on the same principles (see section 4.4), but the content is adjusted to each specific capability.

The maturity paths follow a progression starting with uncertainty at the lowest level. Through awareness, understanding, and consciousness, a tax administration can achieve its objectives more effectively. Monitoring, reviewing, learning, innovating, and maintaining an overall proactive attitude will lead to continuous improvement. To strengthen each capability, the consistency between the capabilities' important elements and *why* to perform it (what to achieve) is an important key to progress.

Maturity Path

Describes the path to improvement based on predefined criteria that must be fulfilled to achieve a certain maturity level.

4.6 Help questions

The **help questions** are devised to begin discussions among evaluators, to help them understand the capability to evaluate, to agree on the most basic evidence with regard to the maturity of the capability, and agree on the current maturity level 'as is' and the desired level 'to be'. By starting doing the help questions the evaluators as a group will be better equipped to deal with the evaluation, 'as is'. Help questions will align thoughts on the most basic and widen discussions.

Help Question

Aims to facilitate discussions and communications and to align thoughts when assessing the 'as is' and deciding the 'to be'.

5. How to use the model

5.1 Some general points

As the maturity assessment covers a wide range of knowledge of CRM and other organisational themes, it is recommended for evaluators:

- To have at least 2-3 years of experience in CRM;
- To consult with experts if there is a lack of knowledge about a specific capability;
- To involve senior level management during the assessment as well as in discussion about results; and
- To internally agree on concepts. A common language is an absolute prerequisite for being able to use the CRM CMM effectively.

When a tax administration defines a desired maturity level – the 'to be', it must keep in mind that the objective is not to achieve the highest maturity level in all capabilities. That objective entails a huge expense, as it might require changing significant elements in the current situation. It also might be inappropriate, especially when the objectives can be met with a lower level of maturity. However, the tax administration must always keep in mind that deciding to improve one capability may cause the tax administration to improve one or more capabilities that are interdependent with the initial one. In summary, by deciding on changes, the tax administration must consider both the costs of these changes and the probability that they will lead to a significant improvement.

After the CRM CMM assessment, the results needs to be shared with the employees who have been a part of the assessment. Also, the application of a CMM is not a one-off exercise. It is important to measure progress repeatedly while moving towards the 'to be' state. The gaps may be used as a feedback mechanism for analysis and thoughts on improvement. Reapplying the CRM CMM provides an indication that capabilities are heading in the right direction.

5.2 The 'as is' (where are you) assessment

A tax administration carries out the 'as is' assessment using the themes and capabilities in the CRM CMM to evaluate itself.

We recommend the assessment process to be as follows:

1. Choose a theme;
2. Start with the first capability;
3. Be sure to understand the essence of the capability description (see section 4.3) and how the capability relates to other themes/capabilities (see section 6.1);
4. To agree on the most basic things, discuss the help-questions concerning the capability. After that, read the criteria for each maturity level. If something is unclear, look up the detailed information for the capability in section 6.2. Discuss the existing evidence and the evidence that must be requested. The evidence must be validated and after that, an agreement on the maturity level can be made;
5. Follow the process for all capabilities in all themes.

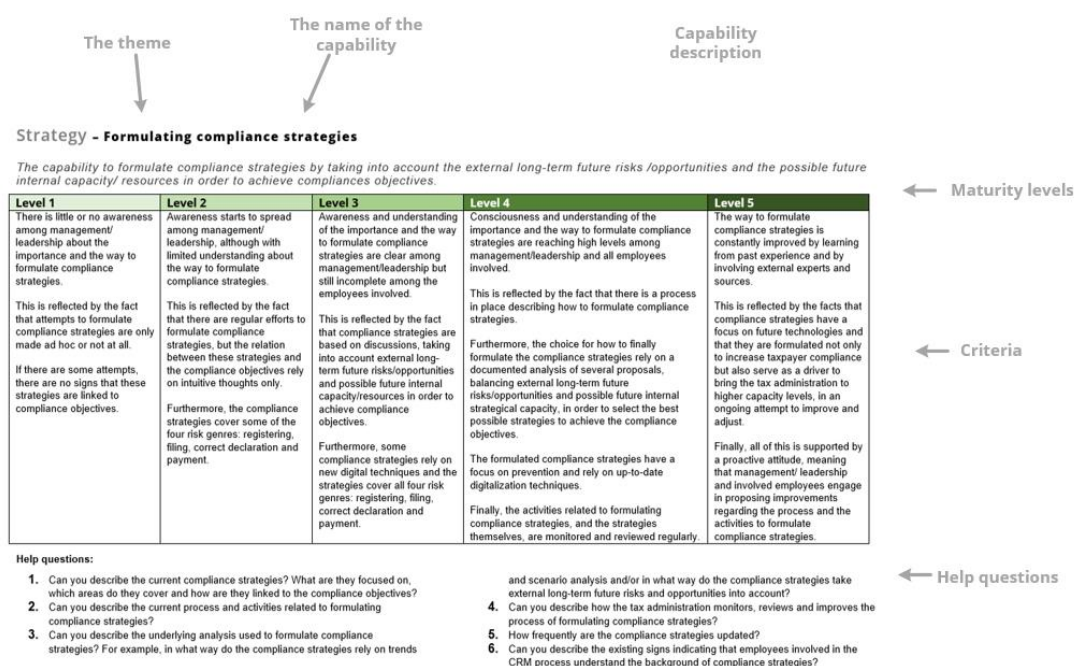


Figure 6: The different parts constituting the CRM CMM.

It is crucial to have an idea of awareness, understanding and consciousness regarding the capability. The degree of awareness, understanding, and consciousness of the importance of the capability and the way to perform it should, therefore, be assessed first. The maturity cannot be at a higher level than the level of organisational awareness, understanding, and consciousness. The more awareness, understanding, and consciousness there is, the better the

conditions to perform the capability with high maturity. The next step is to assess the presence and quality of activities, processes, competencies etc. expressed by the criteria.

From Level 2, the performance must be judged against the examined level plus the previous level(s). The next level can be reached only if all previous levels have been achieved. It is important that the assessment of each capability is carried out using the most objective arguments and facts, avoiding subjective interpretations as much as possible.

The following steps should be considered when tax administrations determine the current state for each capability in the CRM CMM:

- Collect evidence as support to identify the current level. Evidence should be collected from the tax administration's operations and documents and across various levels of employees and management in order to get a comprehensive picture. Engagement with senior level management is advisable as is incorporating their knowledge in the assessment stage and obtaining their agreement; and
- Select the level of maturity that best reflects the current state in relation to each capability based on the evidence gathered.

This means that when the tax administration achieves a level where it becomes increasingly difficult to provide the evidence, it indicates that the maturity level for the tax administration must be situated at the previous level.

In summary, the tax administration must weigh, on one side, all known and relevant facts serving as evidence and, on the other side, the criteria for each maturity level. Although gathered evidence should avoid subjective interpretations as much as possible, this is not an exact science – it cannot be done with complete accuracy. The most important thing is to find a maturity level that all those involved can agree upon.

5.3 The 'to be' (where you want to be) decision

The determination of the current CRM maturity (the 'as is') is not the only purpose of the CRM CMM. It is equally essential to define the desired CRM maturity, the 'to be'. Unlike to decide the 'as is', which is an aggregate assessment of facts from different dimensions, the 'to be' is to decide what the tax administration *ought* to be. This is a normative judgment. That is, it cannot be deduced from facts.

It should be noted that if the current situation of one or more capabilities is adequate for a tax administration, the desired maturity level may coincide with the current maturity level. It is also important to note that it is not necessary, nor even recommended, to set as an objective to reach the highest, fifth maturity level. Often this will require an excessive amount of resources (financial, human resources, etc.) compared to the possible outcome and, therefore, be an

inefficient objective. Furthermore, the key feature of maturity Level 5 is continuous improvement. Because the use of the CRM CMM is dynamic and ongoing, what is considered to be at Level 5 (or any other level for that matter) at a certain moment in time probably may not be at that level in the future, given that reality changes continuously.

The following should be considered when a tax administration determines the ‘to be’:

- Engagement with senior level management is advisable as is incorporating their knowledge in the assessment when defining the ‘to be’ decision; and
- The decision must be made having in mind whether the desired situation can be achieved at a justifiable effort and cost (see next section).

5.4 Deciding how to get to the level you want

Once the tax administration has completed a broad assessment on the ‘as is’ and ‘to be’, it should aim to identify the capabilities most in need of improvement and then lay out a roadmap for working towards these improvements. In order to achieve the desired maturity level for a capability, the tax administration must meet the requirements and conditions described at the appropriate maturity level in the CRM CMM. The decision on how to get to the level you want should be made using the CRM CMM and its help questions and by reading the detailed descriptions of capabilities in section 6.2. By discussing and answering the help-questions and by considering criteria that are in the gap between the ‘to be’ and ‘as is’, this will generate suggestions on how to reach the desired maturity level and overcome a current maturity gap.

It is advisable to make a plan of what needs to be done to reach the desired maturity level, by whom, how and when. To be able to reach the desired maturity level, it is advisable to approve only such levels for which a realistic time frame and responsibilities have been defined.

By using the CRM CMM, a tax administration will, over time, gain more and more experience with the capabilities and their interconnections. The more experience a tax administration gains by using the CRM CMM, the more advanced it will be in understanding how to orchestrate improvements of capabilities. It will know how to best coordinate improvements, conscious of the idea that the whole is more than the sum of its parts.

6. Themes and capabilities

The CRM CMM is built upon five themes and each theme consists of several capabilities related to CRM. The themes that correspond to the most important areas to perform an effective CRM are:

- A. Strategy
- B. Knowledge of external context
- C. Decision making
- D. Organisation
- E. Evaluation

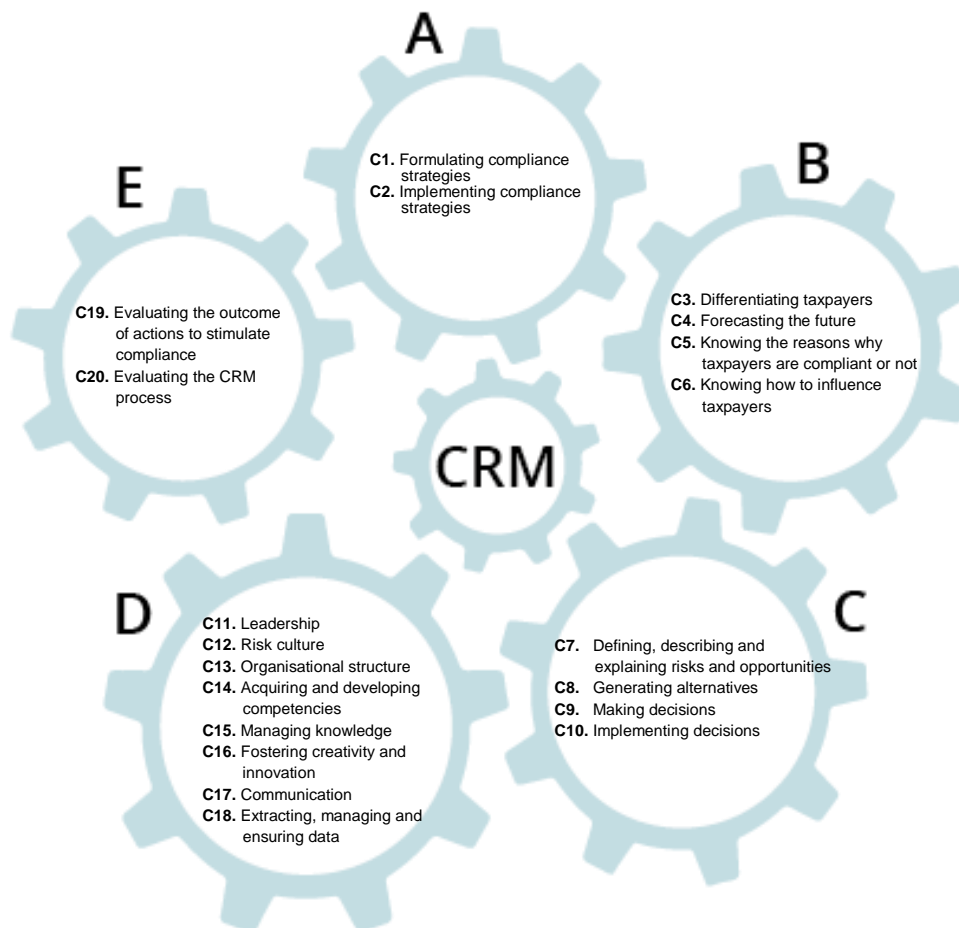


Figure 7: The five themes and the capabilities.

The themes group the most important capabilities needed to perform CRM effectively. Deciding to improve one capability can result in the need to improve another capability as well. Therefore, it is important to know how the themes and the capabilities are interconnected and how an improvement in one capability can

trigger a consequence or a need to define an action in another capability. Section 6.1 will give a brief explanation of the themes and how the capabilities relate to each other.

Section 6.2 will give a more detailed description of the respective themes and their capabilities. Amongst others the descriptions will give a deeper understanding of important concepts, the most prominent elements of the capabilities and the expected achievement from the capability.

6.1 How the themes and the capabilities connect

Since the capabilities are interconnected, they do not follow a strict sequence, that is, the CRM CMM has no start or end points. But, for the sake of explaining, we will start with the theme 'Strategy'.

Formulating compliance strategies (C1) relates to how to achieve compliance objectives in general. When formulating strategies, it is important to consider the most important long-term future external risks and opportunities and simultaneously consider internal capacity and resources. If the resources available when formulating the compliance strategies are deemed insufficient to meet the desired objectives and if the tax administration wants to maintain these objectives nevertheless, the compliance strategies should comprise of a plan to address shortages. To formulate compliance strategies is, amongst others, dependent on the capability to forecast the future developments (C4). Furthermore, compliance strategies are of no use if they are not implemented properly (C2). Therefore, employees must be involved in compliance strategies that, in turn, require their acceptance and understanding of the compliance strategies. Inter alia, the risk culture must be aligned (C12) with the values expressed by the compliance objectives and strategies. Here, communication (C17) will play an essential role.

Whether it is formulating compliance strategies (C1) or considering **actions to stimulate compliance** or to make benefit of opportunities supporting the compliance strategies, a tax administration will need information and knowledge. The ability: to differentiate taxpayers in risk areas (C3), to forecast the future (C4), to know the reasons why taxpayers are compliant or not (C5), to know how to influence taxpayer behaviour (C6), and to have access to data (C18) are important capabilities that provide relevant information and knowledge. In order to benefit from all the knowledge created through the CRM process, a tax administration must have a systematic process for managing knowledge, supported by technical tools (C15).

When deciding on compliance strategies or on actions supporting the strategies, the decisions should be based on reasoning (C9). **Rationality** imposes the utmost use of available knowledge and information (C3-C6, C18) while considering risks and uncertainties. To be a rational decision maker means to start from defined risks and opportunities (C7) and to have relevant alternatives to choose from on

Actions to Stimulate Compliance

Instruments for supporting the compliance strategies to reach expected outcomes as for example audits, information activities, letter campaigns and guidance with proactive (e.g. filing aids) or reactive (penalties) aims.

Rationality

To consider the most important values, available alternatives based on the information available.

how to treat risks and how to make use of opportunities (C8). A decision not well implemented (C10), the intended effects will not be achieved.

Furthermore, all the above must be supported by organisational capabilities: besides already mentioned risk culture (C12), managing knowledge (C15), communication (C17) and data (C18) there must be a capability to train, promote and support a leadership style in order to provide the right conditions for employees involved to perform an effective CRM (C11); to have an organisational structure promoting an effective CRM process that defines teams, functions, responsibilities, and relationships in a complementary way (C13); the capability to recruit, retain, educate, and train a sufficient number of employees so that they possess the necessary competencies performing the CRM process (C14); and, the capability to foster the creativity and innovation that is needed in several parts of the CRM process (C16).

Finally, performing relevant evaluations of the outcomes of actions to stimulate compliance and of the CRM process itself (C19, C20) will contribute to learning and understanding of how to better formulate compliance strategies (C1) and to make decisions on compliance strategies and the actions needed to support them (C9).

6.2 Descriptions of the themes

6.2.1 Strategy

Regarding CRM, a compliance strategy can be described as a general guide to reach compliance objectives. The compliance objectives describe what to achieve and the compliance strategies describe how to achieve them (Fiscalis Risk Management Platform, 2010). Furthermore, actions are the way strategies make objectives happen. Compliance strategies provide lead-time for planning responses on risks and opportunities. Choices on compliance strategies are therefore concerned with the perfect match between the tax administration and its external context (de Ruijter, 2014; Lindgren & Bandhold, 2009). A tax administration can have the best possible compliance strategies; however, if not implemented well, they are not worth much. These major elements form the basis for the capabilities: *Formulating compliance strategies* and *Implementing compliance strategies*.

Formulating compliance strategies (c1)

Formulating compliance strategies can be seen as a process that seeks to discover and invent new courses of action (Simon, 1993). Compliance strategies are methods that guide actions for the long run to avoid risks and take benefit of opportunities. However, compliance strategies also incorporate principles for ways of thinking to guide all employees in various situations (Fiscalis Risk Management Platform, 2010). Compliance strategies should reflect a good balance between selected external long-term future risks/opportunities and available internal capacity and resources in order to achieve the set of compliance objectives (Simon, 1993 referring to Ansoff 1965; Frigo, 2008). If no compliance

strategy exists, the tax administration will probably ‘tend to stumble from one problem to another’ (de Ruijter, 2014, p. 2). What really matters is the formulation of a strategy that evidently contributes to compliance objectives. When formulating compliance strategies, there must be knowledge and understanding about future development built on strategical analyses such as trend analysis and/or scenario analysis (Lindgren & Bandhold, 2009). To consider the future is to deal with uncertainty which amongst other means that compliance strategies must be developed before that full scientific information is available. By searching for and considering several **options** of compliance strategies to choose from the probability for success will increase (Simon, 1993). Discussion on how and why compliance strategies will contribute to the achievement of the compliance objectives are to be considered as proof of a higher maturity in performing the capability.

Implementing compliance strategies (c2)

Implementation of compliance strategies is about how to put a chosen strategy into action. To do that three elements are required: the employees’ **involvement** by gaining their **understanding** and **acceptance** of the compliance strategies (Raps, 2004; Aaltonen & Ikävalko, 2002; Miller et al., 2004; Bourgeois & Brodwin, 1984). Involvement means that employees contribute to the fulfillment of compliance strategies through actions, discussions, setting objectives, and ways of thinking. Understanding concerns employee knowledge about how compliance strategies are linked to achieving compliance objectives. Acceptance occurs when employees share the beliefs and values that the compliance strategies are built on. Having discussions about how and why the implementation of the compliance strategies will lead to the achievement of compliance objectives is an important criterion when evaluating the capability.

6.2.2 Knowledge of external context

Having **knowledge** about **external context** is probably the most crucial issue when performing CRM (Massingham, 2010). Knowledge can be defined as the necessary understanding an organisation possesses to make decisions about strategies and actions supporting those strategies (Davenport, 1998; Kaner & Karni, 2004; Choo, 1996). Knowledge about the most important external short- and long-term compliance risks and opportunities, knowledge about how to understand taxpayer behaviour, and knowledge about how to influence taxpayer behaviour is the foundation for making good decisions about how to effectively stimulate compliance and prevent non-compliance (Fiscalis Risk Management Platform, 2010). Lack of knowledge can lead to wrong actions on wrong compliance risks and/or on wrong opportunities. Sometimes we are inclined to believe that all kinds of knowledge are useful and the more, the better. However, knowing more does not guarantee that we understand better (Saaty, 2008). Knowledge must always be relevant to performing an effective CRM (Fischhoff et al., 1993). The acquisition of knowledge is therefore a matter of being able to prioritize. Deciding to provide new knowledge must relate to the benefits it is supposed to bring. Knowledge associated to human behaviour can be divided into four types:

Option

One of the two or more ways of achieving the same desired end, an objective or a new alternative.

Involvement in Compliance Strategies

Employees contribute to complete compliance strategies via acts, discussions, setting objectives, ways of thinking etc.

Understanding of Compliance Strategies

Employees know how the compliance strategies work to achieve the compliance objectives.

Acceptance of Compliance Strategies

Employees share the beliefs and values expressed by the compliance strategies.

Knowledge

Information combined with experiences, theories and data that gives an understanding in how to take effective action to achieve the compliance objectives.

External Context

Includes all interested parties including taxpayer as well as legal societies, technological, social behaviour of taxpayer, economic conditions, etc.

describing reality (what is happening, by whom and how), explaining why things happen, predicting the future (what will probably happen), and knowing how to define actions with the aim to change behaviour (Aronsson et al., 2018; Bryman, 2016). This subdivision forms the basis of four capabilities: *Differentiating taxpayers*, *Forecasting the future*, *Knowing the reasons why taxpayers are compliant or not* and *Knowing how to influence taxpayers*.

Differentiating taxpayers (c3)

Differentiating taxpayers, addresses taxpayer's important needs (for example: guidance and need of information) and compliance risks. It is not possible to describe each individual taxpayer. To be useful and understandable, the tax administration must reduce the knowledge of taxpayers to relevant categories.

Differentiation is a collective term for **segmentation** and **profiling**. Segmentation is the process of dividing taxpayers into groups and sub-groups with similar characteristics. A profile is a representation of an individual or a group of taxpayers; a profile can be, for example, a detailed description or a set of correlated data (Fiscalis Risk Management Platform, 2016). The differentiation is a prerequisite to define the most important risks and opportunities and/or in the end to generate ideas about new compliance strategies and actions supporting the strategies. To differentiate taxpayers, the tax administration will require different methods. For example, the Fiscalis Risk Management Platform (2016) mentions the top down and the bottom up approaches. The former means that strategic risks are identified at the senior level and broken down at the tactical level. The latter means that knowledge at the tactical and taxpayer level influence strategic risks, especially in the longer run. Calculating the **tax gap** and creating a **compliance map** (the level of assurance of the tax yield for different taxpayers) can also serve to segment taxpayers (Fiscalis Risk Management Platform (n.d.); Fiscalis, 2018). Having arguments for how and why activities differentiating taxpayers will help to address taxpayer's needs and compliance risks, is an important criterion when evaluating the capability.

Forecasting the future (c4)

By **forecasting** the future, the tax administration should address the most important short- and long-term compliance risks and opportunities to formulate compliance strategies (de Ruijter, 2014; Lindgren & Bandhold, 2009). Forecasting refers to the practice of predicting what will happen in the future by taking into consideration events in the past and present. Forecasting the future probably requires a **business intelligence tool** that is able to scan the external environment and conduct analysis built on both external and internal datasets related to econometrics, big data, statistics, etc. The analyses can be used to identify societal **trends** that in turn can be used to identify risks and opportunities. **Scenarios** are descriptions of possible future developments where important but uncertain trends often are used as a starting point (Lindgren & Bandhold, 2009). Having arguments on how and why the forecasting activities will serve to formulate compliance strategies is proof of higher maturity in performing the capability.

Differentiation

A collective term for segmentation and profiling.

Segmentation

To divide taxpayers into groups and sub groups with similar characteristics.

Profile

A representation of an individual or a group of taxpayers in the form of, for example, a detailed description or a set of correlated data.

Tax Gap

The difference between tax revenue as it 'should be' and as 'it is' collected, for a given period and in a given jurisdiction or region.

Compliance Map

The level of assurance of the tax yield for different taxpayers.

Forecasting

Predicting what will happen in the future by taking into consideration events in the past and present.

Business Intelligence Tool

Types of application software that collect and process large amounts of unstructured data from internal and external systems.

Trend

A prevailing inclination in the way that people are behaving.

Scenario

A description of possible future developments.

Knowing the reasons why taxpayers are compliant or not (c5)

Knowing the reasons why taxpayers are compliant or not is a prerequisite to understand how to support future compliance and prevent future non-compliance. If the root of the problem is not identified, then one is inclined to address the symptoms and the problem will continue to exist (Dogget, 2005). Describing and explaining taxpayer behaviour is a special field of research: '**tax compliance**' which in turn targets disciplines in social sciences as psychology, sociology, social psychology, and economics². As a field of research, tax compliance has generated **theories** explaining why taxpayers comply or don't comply. These theories can help to understand taxpayer behaviour in general and can serve as a starting point to generate hypotheses for examining specific taxpayer behaviour in specific situations. The selected hypothesis will decide which data is needed and by which **methods** these data can be collected and analysed. Discussion on how and why knowledge about taxpayer's behaviour will serve to understand how to support future compliance and prevent future non-compliance is considered an important asset in the capability.

Knowing how to influence taxpayers (c6)

By knowing how to influence taxpayer behaviour, the tax administration is able to create **alternatives** for how to treat risks and make use of opportunities in various situations. Social psychology examines how people affect one another's thoughts, feelings, and behaviours. For example, situational forces, social roles, and social norms have a strong influence on human behaviour (Aronsson et al., 2018; Fishbein & Ajzen, 2010). Influencing taxpayer behaviour is also part of the field of tax compliance, which has generated several theories. These theories can help when trying to influence taxpayers in general and serve as a starting point in learning how to influence taxpayers by **proactive** and/or **reactive methods** in special situations. Discussing how and why knowledge about influencing taxpayer behaviour will serve to provide effective ways for stimulating compliance is considered as a sign of quality performance of the capability.

6.2.3 Decision making

Whether it is about to decide on compliance strategies or on actions supporting the compliance strategies, decisions can be considered as the capability to rank alternatives according to what you want and then act consistently with this ranking. This presupposes not only the decision itself but also how to structure the decision-making process, as to define the problem and generate alternatives, which in turn is influenced by what the organisation values as important and the level of **risk appetite** and **risk tolerance**. In reality decisions also have to do with culturally influenced mechanisms. Whether this is good or bad depends on the extent to which the organisation has succeeded in integrating culture with the official objectives and strategies stated (see risk culture, section 6.2.4).

Tax Compliance as a Field of Research

Field of multidisciplinary research essentially explaining why taxpayers behave as they do.

Theory

Systematic explanations of underlying reasons for a phenomenon or behaviour.

Method

Technique for collecting data and creating knowledge.

Alternative

One of the two or more ways of achieving the same desired end, an objective or a new alternative.

Proactive Methods

Acting in anticipation by causing change.

Reactive Methods

Reacting to change when it happens.

Risk Appetite

A general level of risk that an organisation is willing to pursue or retain given objectives and resources.

Risk Tolerance

The degree of variance from its risk appetite that an organisation is willing to pursue or retain for each risk.

² For a compilation of articles targeting the field of tax compliance see Ahmed et al., (n.d.).

With regard to CRM, there are two main ways to effectively stimulate compliance or to prevent non-compliance. The first is to decide which opportunities generated by external context to make use of, and the second is to decide which compliance risks to treat and how. Because tax administrations have scarce resources, they must **prioritize** and **decide** which **choices** really matter and focus efforts on these only, deferring other risks and opportunities. Knowing that different decisions will lead to different outcomes, decisions must have a purposeful influence (Dean & Sharfman, 1995; Keeney, 2013). By controlling and deciding when, which, and how to deal with risks and opportunities, a tax administration can influence the achievement of the compliance objectives (Keeney, 1994). Everything a tax administration does to stimulate compliance or to prevent non-compliance should be the result of a deliberate decision no matter at what organisational level the decisions are made (Saaty, 2008). That also means that different decisions relate and affect each other, and the tax administration must make decisions resulting in a mix of various actions (Schwartz, 2016). The quality of the decisions determines how successful a tax administration will be. To be as rational as possible, the only thing the tax administration can do is to use the available knowledge and information and to consider various alternatives; however, always with the ambition to reduce **uncertainties** by providing new knowledge and information. **Prescriptive decision theory** states that there are some major steps in decision making: define the problem, create alternatives, describe the consequences of each alternative, **analyse** pros and cons for how well each alternative meets the objectives, including considering risks and uncertainties with each alternative, and, finally, determine which alternative is the best (Keeney, 2004; Hansson, 1994; Peterson, 2017). These major steps form the basis for the capabilities: *Defining, describing and explaining risks and opportunities, Generating alternatives, Making decisions and Implementing decisions*.

Defining, describing and explaining risks and opportunities (c7)

To **define**, **describe** and **explain** risks and opportunities starts with considering facts from multiple sources simultaneously having relevant preferences in mind expressed by tax administration's compliance objectives, compliance strategies, etc. According to Keeney, 'The first element of figuring out a decision problem is to define it carefully, that is, to frame it' (Keeney, 2004, p. 200). Further on, the definition 'determines the options and **consequences** to be considered and the kinds of information and uncertainty to be taken into account' (Fischhoff et al., 1993, p. 9). Defining what the problem is 'goes a long way to determining what the answer will be.' (Fischhoff et al., 1993, p. 44). To have a clear and unambiguous definition of risks and opportunities will be the basis from which to generate alternatives of how to treat risks or of how to benefit from opportunities. Poorly-defined risks and opportunities will make it difficult to describe and explain them and, ultimately, will lead to difficulties to make a rational decision and to understand and implement it. A common method to describe and explain something in order to cover its relevant aspects is to answer the questions *who, what, where, when, why, how* with respect to the values that a tax administration

Prioritization

Arrange something in order of importance to deal with the most important first.

Decision

A choice made between alternative courses of action and commitment to act.

Choice

An opportunity to select.

Uncertainty

A situation where the current state of knowledge is unknown, the consequences, extent, or magnitude of circumstances, conditions, or events is unpredictable.

Prescriptive Decision Theory

Prescribes methods for making optimal decisions.

Analysis

Systematic approach to addressing and evaluating alternatives. The objective of a decision analysis is to discover the most advantageous alternative.

Define

Setting a boundary that controls what is relevant and important.

Description

Tells what something is or what someone is like.

Explanation

Clarifies the causes and consequences why something is or someone is.

Consequence

A result of a chosen alternative. Can be both a negative and a positive result (outcome) and can include both effects on taxpayer behaviour perspective and resource costs from a tax administration perspective.

really cares about. Discussion on how and why definitions, descriptions, and explanations will serve as a way to agree on facts and as a starting point, generating alternatives is an important criterion when evaluating the capability.

Generating alternatives (c8)

Generating alternatives to treat risks and/or take benefit of opportunities is limited by compliance objectives: only alternatives relevant to the compliance objectives should be considered. Keeping in mind that different decisions will lead to different outcomes, having more than one alternative to choose from will increase the probability of a successful decision (and high outcome). Alternatives must be described by pros and cons relevant to the compliance objectives (Keeney, 1996) and by using several sources of information (Fiscalis Risk Management Platform, 2010). Furthermore, the more mutually exclusive the alternatives are from each other the easier it is to make a decision. Generating alternatives must start with identifying the most important compliance objectives impacted by the risk and/or opportunity at hand. The search for alternatives is not just a search for ready-made solutions. It also seeks to discover and invent new courses of action (Simon, 1993) and in best case alternatives, pay attention to elimination of the root of the problem (Dogget, 2005). ‘...the payoff from seeking good, new creative, alternatives can be extremely high.’ (Hammond et al., 1999, p. 47). Idea generation techniques can be useful: brainstorming, constructing **decision trees** (see figure 8) and mind mapping (Proctor, 2004; Von Winterfeldt, 1980). Discussion on how and why the activities of generating alternatives will serve as a way to increase the probability for a successful decision is considered an asset for this capability.

Making decisions (c9)

Making decisions is to choose one of several alternatives. If there is only one alternative there is no decision-situation. Furthermore, decisions should rely on rational reasons only. Rational reasoning means evaluating and comparing alternatives by considering the consequences (see figure 8) with respect to some criteria derived from the compliance objectives and by taking into account established principles as for example how to deal with uncertainties. All based on the information available at the time when the decision is made (Peterson, 2017; Shiloh & Rotem, 1994). Just as in determining the choices of risks and opportunities to care about, decisions about how to treat these risks or take benefit from these opportunities contain an inevitable degree of uncertainty. Indeed, the future is always uncertain – not all available alternatives are known nor are the consequences of each alternative or their probabilities. Therefore, a tax administration should have some **principles** in place for how much uncertainty and which risks it is willing to accept or not (known as risk appetite and risk tolerance). Having descriptions about how and why the decisions effectively stimulate compliance will be considered proof of a higher maturity in performing the capability.

Decision Tree

A flow chart that visualize different alternatives of actions, events that the tax administration does not control, and consequences (outcome, resource costs etc.).

Principles

Predefined rules as for example how much uncertainty and which risks should be accepted.

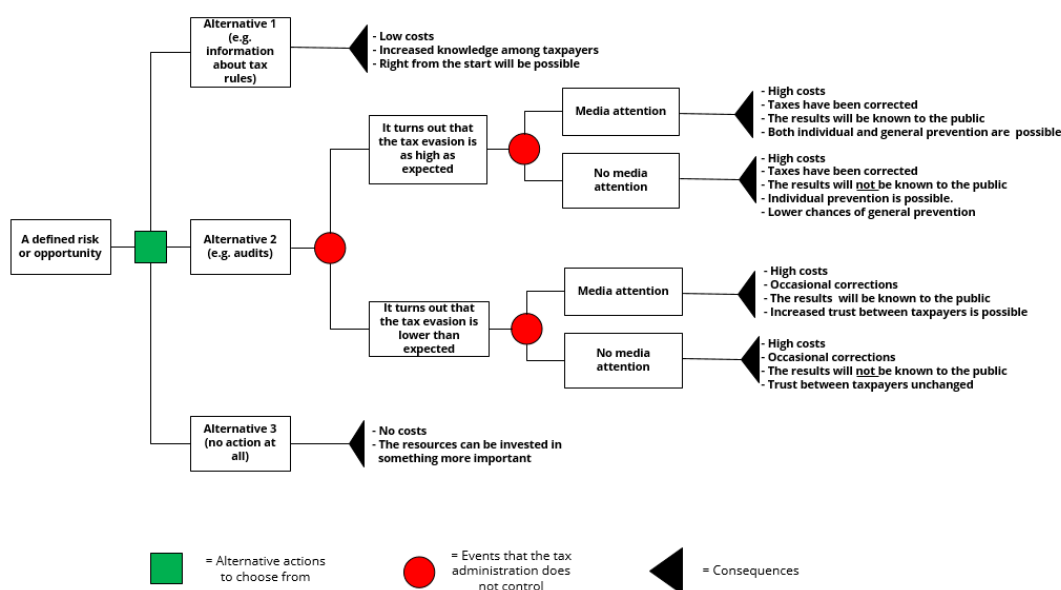


Figure 8: A decision tree is a flow chart which serves as a basis for rational reasoning when to make decisions. The figure is somewhat simplified and presupposes that an important risk or opportunity has been identified and described, some alternatives are identified, and that key events the tax administration does not control (uncertainties) are identified and described by their estimated probabilities. The final step is to estimate the consequences weighted with the probability that they will occur and decide which alternative to choose (how to construct a decision tree see for example Hammond et al., 1999). Unfortunately, decisions in a tax administration are more complex than the figure shows. Sometimes it can be best to combine different activities and often other decisions must be taken into account etc.

Implementing decisions (C10)

Implementing the decisions should generate the outcome expected by the decision. Keeping in mind that many decisions fail because of poor implementation, it is important to implement decisions in a structured way. By having an **implementation process**, an **implementation plan**, and cooperation between the decision-maker and the decision-implementers, the probability of successful implementation will increase (Borges et al., 2005). Discussions about how and why implementation activities will serve to achieve the intended outcome are considered an important criterion when assessing the capability.

6.2.4 Organisation

When performing an effective CRM, allocation of human and other resources must be made accordingly to the selected risks and opportunities and not the other way around. Compliance strategies and treatment actions should not be based on the current availability of staff included their competences. Compliance strategies should be based on prioritized risks and knowledge, and the allocation of staff and its competencies will need to adapt to this over the course of time (Fiscalis Risk Management Platform, 2010). As prerequisites, the tax administration's *leadership*, promoted by the **management**, must serve as a driver of the central aspects of CRM and the *risk culture* must be aligned with the

Implementation Process

A sequence of recurrent interdependent steps to implement a decision.

Implementation Plan

List of actions, resources, costs, expected difficulties and schedules that are required to achieve the objectives in prioritised order related to a decision made by the tax administration.

Management

A function at the highest organisational level related to organising, timing, delegation, communication and to inspire and motivate their teams.

values expressed by the compliance objectives, compliances strategies, policies, etc. Employees must have the required *competencies* to perform CRM work. Furthermore, the *organisational structure* and the *leadership* must support CRM work, *creativity* and *innovation* must be promoted, and *knowledge* must be *managed* in a proper way. A tax administration must also be able to *communicate* all CRM related issues internally. And finally, a tax administration must have the capability to *extract, manage, and ensure available and relevant data* from various internal and external original sources. All these capabilities adhere to the theme of organisation. In summary there are eight capabilities related to 'Organisation'; they are all required to ensure an effective CRM process in a tax administration.

Leadership (c11)

Leadership as a capability should, in this context, be understood as the ability to motivate employees to perform an effective CRM work by focusing on the most central aspects of CRM. Studies indicate that leadership and effective strategies are positively related and that leadership is the driver of organisational culture (O'Regan et al., 2005). To have a leadership capable of stimulating an effective CRM process, the management needs to define how leadership serves as the driver of the central aspects of CRM, such as achieving the desired risk culture, formulating and implementing compliance strategies, developing and nurturing CRM competences, promoting creativity and innovation, managing digital activities related to CRM, and controlling CRM performances in general (OECD, 2019). Having descriptions of how to train, promote and support a leadership style in order to provide the right conditions for employees involved to perform an effective CRM work are considered as proof of higher maturity in performing the capability.

Leadership

All persons in the organisation, responsible for one or more teams on all levels of hierarchy having skills to motivate employees and provide them with the right conditions so that effective CRM work can be performed.

Risk culture (c12)

Risk culture is the system of values and behaviour present in a tax administration that will shape decision making. What the tax administration values as important will influence what to consider a risk and which treatment to choose. However, the employees' ideas, ways of behaving and communicating must be aligned to the values (Sullivan et al., 2002; Douglas 1992; Lupton 2013). To achieve the desired risk culture, that is that employees behave and communicate in line with the values expressed by the compliance objectives and strategies, the tax administration must have good communication and education programs. A common language used throughout the organisation should be part of this. This is especially true when it comes to value-laden concepts or words, and an important pre-condition is that the tax administration has already clearly expressed its values. These values will evoke expectations from the desired risk culture (Sullivan et al., 2002; Treven et al., 2008). Having descriptions about how and why communication and education activities will help align employee behaviour with the desired risk culture is an important criterion when evaluating the capability.

Risk Culture

The system of values and behaviour, present in a tax administration. Can also be expressed as a system of ideas and ways of behaving and communicating.

Organisational structure (c13)

Organisational structure has an impact on organisational performance (Maduenyi et al., 2015). CRM **organisational structure** can be defined as the division of work among employees in a tax administration and the coordination of activities related to CRM. To have an appropriate organisational structure, a tax administration should define and structure **teams, functions, responsibilities and relations** in a **complementary** way that all support effective CRM work. Structuring will depend on individual tax administration specifics. However, it always seems important to define clearly roles and responsibilities and to clarify the relations between the functions (Association of Internal Auditors Norway, 2015). Furthermore, it is important that employees behave in ways consistent with professional role expectations (Dozier, 1992). Having descriptions about how and why the chosen CRM organisational structure was made to promote the CRM process is considered as a sign of quality performance of the capability.

Acquiring and developing competencies (c14)

To have employees with the required **competencies** to perform CRM work, the tax administration must recruit, retain, educate, and train employees so that they can perform an effective CRM. To begin with, employees must understand the tax administration's compliance objectives and strategies. Involved employees also must understand the essence of CRM, ensuring that the tax administration 'does the right thing'. To have a strong risk culture, employees need training to understand CRM and in the end, how to make educated risk-related decisions. Important fields of knowledge relevant for **education** can be the theoretical fields of tax compliance (included tax laws), statistics, sociology, social psychology, psychology³, as well as the knowledge to use analytic and technical tools. Important tasks that need **training** can be defining and solving problems; using various research methods; analysing, prioritizing/deciding; evaluating; formulating and implementing compliance strategies; differentiating taxpayers; describing the causes of taxpayer behaviour; setting up/operating and interpreting hypotheses; applying business intelligence; writing reports, presenting, formulating conclusions by mastering logical induction and deduction; and transforming poorly-defined risks into a clearer and more understandable definition. Having descriptions about how and why recruitment, education, and training will contribute to an effective CRM process is considered an important asset performing the capability.

Managing knowledge (c15)

Managing knowledge is about making the right knowledge available to the right people. It is about making sure that an organisation can learn, retrieve, and use its knowledge assets in current applications as they are needed, driving decisions

Organisational Structure

Division of work among employees in a tax administration and the coordination of the activities related to CRM.

Team

Two or more people who work together to achieve a common objective. A team can have one or more functions.

Function

Action or activity performed with a specific purpose.

Responsibility

A duty or obligation to perform or complete a task.

Relation

Various connections in which persons are brought together.

Complementary Relationship

Two or more different things (as teams, functions, responsibilities and relations) improve or emphasize each other's qualities.

Competency

Capability, ability, skill, aptitude, knowhow, experience, expertise.

Education

Aims to broaden individual knowledge of employees and to develop their intellect, which is a lifelong process.

Training

To gain or improve a specific skill to better perform a particular job.

Knowledge Management

Making the right knowledge available to the right people.

³ Psychology explains behaviour in terms of individual character traits. Social psychology explain behaviour in terms of the power of the social situation. Sociology analyse groups, institutions, or society at large.

to create value. To manage knowledge, a tax administration needs to have an appropriate process in place and tools supporting it. A systematic process to manage knowledge can consist of the following steps: create, store, share, use, and update knowledge. A technical tool, as any kind of IT system, should offer the following functionalities: storing, sharing, and the possibility of searching for knowledge. The most important element of managing knowledge is that it creates possibilities for employees in a tax administration to use existing knowledge as for example to continually fostering innovation (Pasher & Ronen, 2011) and, by doing so, to create new knowledge (Ruggles, 2009; Kamara et al., 2002). Managing knowledge is usually of high maturity when there are explanations on how and why the need for effective use of managing knowledge can enhance the performance of CRM.

Fostering creativity and innovation (c16)

Creativity is about the ability to create new ideas and concepts while **innovation** is the process of transforming new ideas into concrete things as a new or improved process (OECD, 2018). To create value is an implicit objective of innovation. Creativity and innovation are needed in several parts of the CRM process; for example, when identifying risks and opportunities and methods for analysing risks or how to evaluate the effects of CRM. But creativity and innovation is particularly needed when providing ideas in how to best deal with risks and how to make the best of opportunities in order to influence compliance in a positive way. Creativity and innovation cannot arise without a certain degree of theoretical and practical knowledge based on many interactions in knowledge creation (Von Krogh et al., 2000), use of technology, learning processes, and ongoing problem-solving activities. Adequate human relation conditions, adequate organisational structure (Cosh et al., 2010) and specific expertise are needed to foster creativity and innovation but also require theoretical and practical knowledge about important fields related to CRM. Having descriptions about how and why the use of creativity and innovation can enhance the performance of CRM is an important criterion when evaluating the capability.

Communication (c17)

Communication is about exchanging and transmitting information successfully through effective channels. CRM related communication can be used to give all concerned parts of the administration insight and to stimulate an employee's behaviour change in accordance to the understanding of compliance strategies and other important CRM aspects (Government Communication Network, 2009). Therefore, internal communication must be regarded as important. 'The ability to obtain, assimilate, analyse and communicate information is critical to organisational success.' (Giri & Santra, 2008). To have a successful internal communication, a tax administration must have a communication strategy and have an understanding of the factors that influence employees' consciousness and behaviour. Anyone working in communication with the aim to influence behaviour should understand the main theories of change, as well as be able to explain behaviour and its implications for communication (Aronsson et al., 2018).

Creativity

A process of thinking about new ideas and concepts.

Innovation

Process of transforming creative thoughts into concrete features.

Communication

Exchanging and transmitting information successfully by using effective channels.

In practice, a **communication strategy** typically consists of pre-structured and on regular basis planned programs, campaigns, and actions, as well as more ad hoc and reactive responses to urgent issues and stakeholder concerns (Cornelissen, 2004). By adjusting and balancing, perceptions of the external and internal context requires continuous flexibility in internal communication. Having descriptions about how and why internal communication activities can give insights and understanding in order to stimulate employees' consciousness in accordance to the compliance strategies and other important CRM aspects will be considered as proof of a higher maturity in performing the capability.

Communication Strategy

Typically consists of prestructured and on regular basis planned programs, campaigns and actions, as well as more ad hoc and reactive responses to urgent issues and stakeholder concerns.

Extracting, managing and ensuring data (C18)

To support the different steps in the CRM process with relevant data, it is important to **extract, manage**, and ensure data from various internal and external sources and make it available for the employees involved in CRM (NOESIS, 2017). It is necessary to have a collection of structured and unstructured large volume data (big data such as taxpayer files) that may be analysed to reveal and understand patterns, trends, and associations within the data to provide value to the CRM process. This requires identification of the most relevant sources of the main relevant sectors for CRM, that data is updated continuously and easily accessible to employees. Having descriptions on how and why the data that is extracted, managed and made available support the steps in CRM process is considered an important asset performing the capability.

Extract Data

Retrieve data from various sources.

Manage Data

Integrate, store, prepare etc. data for analytics.

6.2.5 Evaluation

Related to CRM, performance **evaluation** is the way to learn and understand how to make better decisions in the future to effectively stimulate compliance and prevent non-compliance. Besides, that it is not possible to know what would have happened if the tax administration had decided differently two important questions arise: Have the best possible actions been chosen to stimulate compliance?; Is the CRM process organised in the best possible way to guarantee the best possible decision making?

Evaluation

Assessment of on-going or completed actions in relation to its own previously stated objectives.

There are two ways to answer these questions: one is to make an outcome measurement for one or more actions to verify if the intended outcome has been achieved, and the second is to evaluate the CRM process to verify if decisions have been made in an optimal way (Fiscalis Risk Management Platform, 2020). When deciding whether to perform an outcome evaluation of actions or to perform an evaluation of the CRM process, a tax administration must consider the fact that its resources are limited, both quantitatively and qualitatively (Australian Government, 2016). The tax administration must therefore select which evaluations to perform, considering: 1) the costs performing the evaluation, 2) how robustly the causal link between the outcome and the method used must be, and 3) how certain the probability will be that the evaluation will yield useful information that will contribute to learning and understanding in how to make better decisions in the future. In other words, the evaluations must be relevant so that the results of the evaluation will influence future decisions. Having a

process in place, including criteria for how to choose can be an effective way to prioritize the most important evaluations (Fiscalis Risk Management Platform, 2020).

Both an outcome evaluation of actions and an evaluation of the CRM process require standardized processes describing how to perform such evaluations and providing practical guidance. The process always starts with an evaluation plan and ends with the understanding of and acting upon the results. Another important step in this process of performing evaluations is to choose the most adequate **evaluation method** as a way to establish if the action or the CRM process has led to the desired outcome.

Various methods exist based on how robustly the causal link between the outcome and the action must be. Many are internationally recognized methods and/or are based on published scientific articles. A tax administration can also develop its own methods or adapt existing methods to suit its own purpose. But regardless of the origin of the method, the method chosen must always be validated: the tax administration must establish beforehand that the method will indeed measure what it is intended to measure (Fiscalis Risk Management Platform, 2020).

The two ways of evaluation, form the basis for two capabilities: *Evaluating the outcome of actions to stimulate compliance* and *Evaluating the CRM process*.

Evaluating the outcome of actions to stimulate compliance (C19)

An **outcome evaluation** focuses on whether the intended outcome (be it a single action or several actions) has been achieved or not. The result of the outcome evaluation of an action will be an indicator for whether the right choice regarding the treatment of a risk has been made or not (Fiscalis Risk Management Platform, 2020). Having arguments for how and why the chosen evaluation, with its method, will serve as a way to learn and understand how to make better decisions in the future to effectively stimulate compliance and prevent non-compliance will be considered as proof of a high maturity in performing evaluations.

Evaluating the CRM process (C20)

A **process evaluation** focuses on the implementation and the effectiveness of the CRM process, or parts of it, and attempts to determine how successful the CRM process is in delivering good decisions. Process evaluations also allow making the important distinction between implementation failure and theory failure (Fiscalis Risk Management Platform, 2020). Implementation failure is the lack of expected results due to poor implementation of the action. To be **effective** is to do the right things typically associated with the extent to which improved outcomes are being achieved (OECD, 2010). Theory failure occurs when the action, although correctly implemented, fails to deliver the expected outcome, meaning that the theory upon which the activity was based was incorrect. To be **efficient** is to reduce the use of resources to produce a given level of outputs (OECD, 2010) regardless if the job is the right one to be done or not. Having arguments for how and why the

Evaluation Method

A way to establish if the action of the tax administration has indeed led to achieving the intended outcome.

Outcome Evaluation

Focuses on measuring if the intended outcome is achieved.

Process Evaluation

Focuses on the implementation of the CRM process or parts of it and attempts to determine how successfully the decisions are made by the CRM process.

Effective

Do the right things achieving an expected result.

Efficient

Do the right job achieving an intended result with the least possible effort.

chosen evaluation, with its method, will serve as a way to learn and understand how to make better decisions in the future to effectively stimulate compliance and prevent non-compliance will be considered as proof of a high maturity in performing evaluations.

7. The electronic product

The Electronic Product is a tool designed for using the CRM CMM.

The Electronic Product (EP) provides two assessment modes – Structured and Personalized. The Structured assessment allows the user to assess maturity levels for all capabilities following the structure of the themes and capabilities as implemented in the EP. With the Personalized mode, users can assess the maturity level of each capability independently. In that case, the evaluation can be done in any order. It can be useful first to scan through the maturity paths of all capabilities to identify troubling areas that need some background study before performing the full assessment.

One way to use the tool is, first, make quick assessments of the capabilities and then do a more thorough assessment of the capabilities scored in the first round with a low maturity. Another option is to do it the other way around: focus on the high scores to make sure they are justified. The latter way will confirm confidence in the quality of the assessment on highly scored capabilities before considering which capabilities to improve and how.

When a user wants to start an assessment, she/he opens the file, and all necessary questionnaires are presented to determine where a tax administration is now and where it wants to be. The arguments underlying decisions and discussions around the assessment are more important than the scores. Once the assessment is complete, the user can view the results through analytical or general reports. The EP also provides additional information consisting of a glossary, an online guideline, and an acronyms list.

The EP is self-guided and is created with Microsoft PowerPoint Macro. (Therefore the EP only work with access to Microsoft PowerPoint).

Glossary

Acceptance of Compliance Strategies

Employees share the beliefs and values expressed by the compliance strategies.

Actions to Stimulate Compliance

Instruments for supporting the compliance strategies to reach expected outcomes as for example audits, information activities, letter campaigns and guidance with proactive (e.g. filing aids) or reactive (penalties) aims.

Ad Hoc Something is done for a special and immediate purpose or for a weak purpose without previous planning.

Alternative One of the two or more ways of achieving the same desired end, an objective or a new alternative.

Analysis Systematic approach to addressing and evaluating alternatives. The objective of a decision analysis is to discover the most advantageous alternative.

As Is Current state of CRM maturity.

Attitude A predisposition towards a certain idea, object, person, or situation. Attitudes often determine what we do.

Awareness Employees perceive the fact that the capability is important.

Business Intelligence Tool Types of application software that collect and process large amounts of unstructured data from internal and external systems.

Capability The ability of an organisation to collectively deliver organisation objectives.

Capability Maturity Model A tool to assess how capable an organisation is regarding a defined subject (e.g. CRM) and to improve

the capabilities needed to perform the subject.

Capacity A specific ability measured in term of quantity and/or quality over a delimited period.

Choice An opportunity to select.

Communication Exchanging and transmitting information successfully by using effective channels.

Communication Strategy Typically consists of prestructured and on regular basis planned programs, campaigns, and actions, as well as more ad hoc and reactive responses to urgent issues and stakeholder concerns.

Competency Capability, ability, skill, aptitude, knowhow, experience, expertise.

Complementary Relationship Two or more different things (as teams, functions, responsibilities and relations) improve or emphasize each other's qualities.

Compliance Willingness of taxpayers to fulfil their tax obligations related to registering, filing, correct declarations and payment.

Compliance Map The level of assurance of the tax yield for different taxpayers.

Compliance Objectives A formal statement detailing a desired outcome related to compliance.

Compliance Risk The threat or probability that an action or event will adversely affect the ability to achieve the compliance objectives.

Compliance Risk Management A systematic process for making substantiated choices about how to effectively stimulate compliance and prevent non-compliance.

Compliance Risk Management Model

Shows the steps in the CRM process, set in context, compliance objectives and strategies.

Compliance Risk Management Process

Shows the different steps in the in the decision making cycle.

Compliance Strategy A general guide to help reduce and eliminate risks and to make use of opportunities in order to reach compliance objectives.

Consciousness Employees have a complete understanding of the capability and its relation to other capabilities and how capabilities relate to perform an effective CRM.

Consequence A result of a chosen alternative. Can be both a negative and a positive result (outcome) and can include both effects on taxpayer behaviour perspective and resource costs from a tax administration perspective.

Creativity A process of thinking about new ideas and concepts.

Criteria The decisive characteristics determining the maturity level.

Decision A choice made between alternative courses of action and a commitment to act.

Decision Tree A flow chart that visualize different alternatives of actions, events that the tax administration does not control, and consequences (outcome, resource costs etc.).

Define Setting a boundary that controls what is relevant and important.

Description Tells what something is or what someone is like.

Differentiation A collective term for segmentation and profiling.

Documentation To archive and register something so that the information not will be lost. Usually a document is written but a document can also be made with pictures, videos and sound.

Education Aims to broaden individual knowledge of employees and to develop their intellect, which is a lifelong process.

Effective Do the right things achieving an expected result.

Efficient Do the right job achieving an intended result with the least possible effort.

Elements Characteristics representing a capability reflecting how to transform an input to an output as efficiently as possible. For example by the use of certain actions processes, technologies and methods. All supported by attitudes and behaviour in line with desired risk culture.

Evaluation Assessment of on-going or completed actions in relation to its own previously stated objectives.

Evaluation Method A way to establish if the action of the tax administration has indeed led to achieving the intended outcome.

Evidence Presentation of documents, records, testimony, and other such items to prove the level of maturity.

Explanation Clarifies the causes and consequences why something is or someone is.

External Context Includes all interested parties including taxpayer as well as legal societies, technological, social behaviour of taxpayer, economic conditions, etc.

Extract data Retrieve data from various sources.

Forecasting Predicting what will happen in the future by taking into consideration events in the past and present.

Function Action or activity performed with a specific purpose.

Help Question Aims to facilitate discussions and communications and to align thoughts when assessing the 'as is' and deciding the 'to be'.

Implementation Plan List of actions, costs, expected difficulties, and schedules that are required to achieve the objectives in prioritized order related to a decision made by the tax administration.

Implementation Process A sequence of recurrent interdependent steps to implement a decision.

Innovation Process of transforming creative thoughts into concrete features.

Intuitive Something is done on the basis of personal experiences, feelings or beliefs, not on the basis of proven best practices, scientific findings, or other objective arguments.

Involvement in Compliance Strategies

Employees contribute to complete compliances strategies via acts, discussions, setting objectives, ways of thinking, etc.

Knowledge Information combined with experiences, theories and data that gives an understanding in how to take effective action to achieve the compliance objectives.

Knowledge Management Making the right knowledge available to the right people.

Leadership All persons in the organisation, responsible for one or more teams on all levels of hierarchy having skills to motivate employees and provide them with the right conditions so that effective CRM work can be performed.

Manage Data Integrate, store, prepare etc. data for analytics.

Management A function at the highest organisational level related to organising, timing, delegation, communication and to inspire and motivate their teams.

Maturity Level Consist of predefined criteria as indicators, positions or stages on a scale of quantity, extent, or quality related to a capability.

Maturity Path Describes the path to improvement based on predefined criteria that must be fulfilled to achieve a certain maturity level.

Method Technique for collecting data and creating knowledge.

Monitoring Supervising actions, processes etc. in progress to ensure they are on course and on schedule in meeting the objectives and performance objectives.

Opportunity An exploitable set of circumstances in the environment as a chance for improvement and progress.

Option One of the two or more ways of achieving the same desired end, an objective or a new alternative.

Organisational Structure Division of work among employees in a tax administration and the coordination of the activities related to CRM.

Outcome Something that follows as a result or consequence from an output.

Outcome Evaluation Focuses on measuring if the intended outcome is achieved.

Output What is produced.

Prescriptive Decision Theory Prescribes methods for making optimal decisions.

Principles Predefined rules as for example how much uncertainty and which risks should be accepted.

Prioritization Arrange something in order of importance to deal with the most important first.

Proactive Attitude A predisposition to act in advance rather than to wait for something to happen.

Proactive Methods Acting in anticipation by causing change.

Process A collection of related, structured actions to convert inputs into outputs.

Process Evaluation Focuses on the implementation of the CRM process or parts of it and attempts to determine how successfully the decisions are made by the CRM process.

Profile A representation of an individual or a group of taxpayers in the form of, for example, a detailed description or a set of correlated data.

Rationality To consider the most important values, available alternatives based on the information available.

Reactive Methods Reacting to change when it happens.

Relation Various connections in which persons are brought together.

Relevance/Relevant Significant, important, and sufficient to support the cause in question.

Responsibility A duty or obligation to perform or complete a task.

Reviewing An account of the strengths, weaknesses, and the relevant developments related to expected objectives.

Risk The threat or probability that an action or event will adversely affect an organisation's ability to achieve its objectives.

Risk Analysis Most important aspects are investigated as frequency (the number of risks/risky taxpayers), likelihood and consequence. Risk analysis also involves the 'why' question: what is the reason for non-compliant behaviour.

Risk Appetite A general level of risk that an organisation is willing to pursue or retain given objectives and resources.

Risk Assessment Determines possible compliance risks, their likelihood and consequences, and the tolerance for such events.

Risk Culture The system of values and behaviour, present in a tax administration. Can also be expressed as a system of ideas and ways of behaving and communicating.

Risk Tolerance The degree of variance from its risk appetite that an organisation is willing to pursue or retain for each risk.

Scenario A description of possible future developments.

Segmentation To divide taxpayers into groups and sub groups with similar characteristics.

Tax Compliance as a Field of Research Field of multidisciplinary research essentially explaining why taxpayers behave as they do.

Tax Gap The difference between tax revenue as it 'should be' and as 'it is' collected, for a given period and in a given jurisdiction or region.

Team Two or more people who work together to achieve a common objective. A team can have one or more functions.

Theory Systematic explanations of underlying reasons for a phenomenon or behaviour.

To Be The desired state of CRM maturity.

Training To gain or improve a specific skill to better perform a particular job.

Trend A prevailing inclination in the way that people are behaving.

Uncertainty A situation where the current state of knowledge is unknown, the consequences, extent, or magnitude of circumstances, conditions, or events is unpredictable.

Understanding Employees comprehend why a capability is important.

Understanding of Compliance Strategies Employees know how the compliance strategies works to achieve the compliance objectives.

Value What one consider as important, desirable, or worthwhile. Values are the ends deciding how to formulate objectives, strategies and decide how to act.

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Appendix 1 – A case study

An example in how to use the CRM CMM and its outcome

The following text is a fictional story and an example of a situation how to use the CRM CMM.

Background

The tax administration in Country XX has recently launched a new long-term compliance strategy for the period 2022-2030 one of which objective is to decrease the tax gap. The strategy is based mainly on the intent to create a balanced mix between audits (enforced compliance) and guidance (voluntary compliance) to affect taxpayer attitudes and behaviours toward taxes. A balanced mix is supposed to lead to a higher perception of fairness, trust, and understanding (why pay taxes, etc.) to a more positive attitude towards paying taxes and, in the end, to a positive change in behaviour leading to higher voluntary compliance. By adopting this strategy and by the fact of limited resources, the tax administration recognized significant challenges when deciding how to turn the strategy into action. In reality, the tax administration must pay attention to risks and opportunities related to tax-compliance in a constantly and increasingly fast-changing world (globalization, digitalization, etc.); uncertainty in facts about the tax gap – its components, causes, and consequences; what type of actions make sense; and have a self-awareness of the limitations that exist internally when implementing the decisions eventually made to fulfil the strategy.

Within the framework of the strategy aiming to decrease the tax gap, the tax administration must make rational decisions related to the resources and capacity available (CRM in a nutshell). That means the tax administration maximizes effects for the least cost, given the available information when the decisions are taken. By extension, that also means that the tax administration must have the information to be able/to consider how to implement the decisions and, finally, to evaluate the decisions to be able to make even better decisions in future.

The tax administration supposes that the capabilities needed to make rational decisions related to risks and opportunities have a major impact on how well it succeeds in following the strategy and ultimately decrease the tax gap (the major compliance objective). The question is: what makes the tax administration a good decision-maker, and how can it improve its decision-making?

To be able to implement a solution, the tax administration considered examining the most important capabilities related to rational decision-making given compliance objectives and compliance strategy. For each one of those capabilities, the tax administration must assess its current maturity state, define the desired one, and how to fill the gap between them.

Workshop

The tax administration identified the CRM CMM as a tool to solve the task. The main reason for this was that the CRM CMM already contains a proposal on the most important capabilities and defines the necessary achievements from low to high maturity.

The tax administration chose to apply the tool during a senior risk management workshop (WS). To lead it, the tax administration appointed an experienced WS facilitator. Representatives from management, leadership and employees involved in CRM from relevant parts of the organisation were appointed as participants.

In preparation of the WS, the tax administration asked the participants to consider the question 'What defines a high performing tax administration when making decisions related to risks and opportunities for realizing the tax administration's compliance strategy?' The WS facilitator was asked to read the CRM CMM and its guide in advance to become familiar with it. Furthermore, it was assumed that the participants in the WS have the knowledge needed of CRM.

Agenda

The WS began with a presentation and a discussion of the meaning of the tax administration's new strategy. The meeting also discussed the qualities needed to make rational decisions to realize the tax administration's new strategy. All this was a preparation to be able to make comparisons between the original ideas of the tax administration strategy and the content of the CRM CMM.

The next step was to introduce the concept of a Capability Maturity Model and how the use of the CRM CMM would allow the tax administration to better understand current capabilities and identify areas to improve. The tax administration used the guide as an aid to understand how to use the CRM CMM in assessing where the tax administration was, where it wanted to be, and how to get there. The participant of the WS would then understand that it was all about how to identify necessary improvements to be more capable to make rational decisions related to risks and opportunities. This discussion and review took several hours.

To run the CRM CMM, the tax administration divided the WS participants into two groups, each with a balanced mix of experiences covering different parts of the tax administration. The groups had a chairperson who had also read the CRM CMM and its guide in advance.

Once in groups, the participants read the described capabilities and their maturity paths. Each group worked through all parts of the CRM CMM included to discuss the capability descriptions and the maturity paths. Furthermore, they assessed the current level of performance and the desired level of performance. All to increase probability of fulfilling the strategy (2022-2030). To facilitate the creation of a common understanding, the tax administration used the help questions retrieved from the CRM CMM guide. Sometimes, the tax administration dwelled on the lack of evidence to prove where they were (level of maturity). The tax administration

decided to validate the most significant assessments with some sort of evidence later on. This was a bit difficult because they realized that in some cases they have to move on without further evidence and sometimes they have to gather more information. After completing their assessment, the groups were able to identify the capabilities with the highest priority for improvement considering the tax administration objectives.

After a day of discussions, each group presented their results in a plenary. First the groups stated that the guide of CRM CMM had provided information about important concepts, which facilitated the common understanding which in turn led the groups being able to focus on the capabilities and 'the is' and 'the to be'. Furthermore, the discussions that followed led towards an agreement on the areas where improvements were most needed.

Next step

More work followed in validating the results of the WS. Evidence gathered by interviews and questionnaires in different parts of the organisation led the tax administration to adjust assessments. Concurrently, the tax administration discussed in detail how to make improvements with the aim to achieve the desired levels of maturity. The CRM CMM descriptions for those areas to improve indicated the required types of improvement work.

An improvement plan was established. By adding a time frame to actions related to the improvement plan, the tax administration realized that it was not realistic to achieve all the desired levels of maturity previously outlined within that time-frame. The tax administration began to make some adjustments until everything fell into place in a realistic improvement plan.

However, it did not end with the implementation of improvements. The application of a Capability Maturity Model is not a one-time exercise. The tax administration found it important to measure progress toward the desired state to be. Reapplying the CRM CMM provides a coarse indication that they are heading in the right direction. Change in strategy, milestones, and measures should be reflected in the usage of CRM CMM.

Outcomes/finding

1. Using the CRM CMM generated productive discussions that probably would have not taken place otherwise. The tax administration increased its knowledge about what is required for making rational decisions and arrived at common views on some very important issues. The WS was an ideal forum in which to do this: attendees responded to comments and questions and they could converge on a level that the majority agreed with.
2. Of course, the aim with the CRM CMM was not only to point out improvement areas, but it also highlighted particular areas where the tax administration was already performing well.

3. The primary challenge in the self-assessment approach was to maintain the confidentiality of individual findings. The quality of the information provided in these interviews could indeed be skewed if staff members were not comfortable sharing negative information with other staff members. The self-assessment approach can also suffer from an inherent bias toward a higher level of maturity as no employees like to hear (or admit) that they are at a lower maturity.
4. When working out the improvement plan, the tax administration realized that the objective was not to achieve the highest level in all areas. The time frame and the efforts needed to improve were not always in relation to achieving a higher level. The tax administration also realized that it might be inappropriate to always strive to a higher level, especially when the needs could be met at a lower level of maturity.
5. Although the work was demanding, the tax administration gained the insight that making rational decisions according to CRM is probably one of the most important concerns in a tax administration.
6. The tax administration also experienced that the boundaries between different levels of maturity are not always clear and that compromises are inevitable. However, most important was that the CRM CMM forced the tax administration to start to discuss these matters and to create a common understanding on what is required to make rational decisions regarding to compliance risks and opportunities. The tax administration was sure that the result of the discussions and the implementation of the improvement plan would lead to decisions that are more rational and that this, in the end, would lead to effectively fulfill the compliance objectives.
7. Equally important was that the WS resulted in an improvement plan. Through the work done, it was easy to motivate and explain – both to the collaborators and to the external stakeholders – why the tax administration must implement the improvement plan and what it would result in, all with the aim to take steps forward to make better decisions on how to use their resources in the best way in line with the strategy.
8. The CRM CMM is not only a way to understand and provide a common basic view about CRM and the capabilities to improve, but to understand that these issues needs deep thinking and time to create awareness and unity. The tax administration also concluded that the CRM CMM is best used as a tool to promote discussion across different parts of organisation. The best part was that the CRM CMM elicited discussions, thoughts, and ideas that one would probably never have had otherwise. The CRM CMM allowed bridging of different backgrounds and provided a common language across the tax administration.
9. In summary, the CRM CMM can be used as a learning tool, communication tool, and a means of organising thoughts.

Appendix 2 – The CRM CMM

Themes	No	Capabilities	Level 1	Level 2	Level 3	Level 4	Level 5
Strategy	C1	Formulating compliance strategies					
	C2	Implementing compliance strategies					
Knowledge of external context	C3	Differentiating taxpayers					
	C4	Forecasting the future					
	C5	Knowing the reasons why taxpayers are compliant or not					
	C6	Knowing how to influence taxpayers					
Decision making	C7	Defining, describing and explaining risks and opportunities					
	C8	Generating alternatives					
	C9	Making decisions					
	C10	Implementing decisions					
Organisation	C11	Leadership					
	C12	Risk culture					
	C13	Organisational structure					
	C14	Acquiring and developing competencies					
	C15	Managing knowledge					
	C16	Fostering creativity and innovation					
	C17	Communication					
	C18	Extracting, managing and ensuring data					
Evaluation	C19	Evaluating the outcome of actions to stimulate compliance					
	C20	Evaluating the CRM process					

Strategy – Formulating compliance strategies

The capability to formulate compliance strategies by taking into account the external long-term future risks /opportunities and the possible future internal capacity/ resources in order to achieve compliances objectives.

Level 1	Level 2	Level 3	Level 4	Level 5
<p>There is little or no awareness among management/ leadership about the importance and the way to formulate compliance strategies.</p> <p>This is reflected by the fact that attempts to formulate compliance strategies are only made ad hoc or not at all.</p> <p>If there are some attempts, there are no signs that these strategies are linked to compliance objectives.</p>	<p>Awareness starts to spread among management/ leadership, although with limited understanding about the way to formulate compliance strategies.</p> <p>This is reflected by the fact that there are regular efforts to formulate compliance strategies, but the relation between these strategies and the compliance objectives rely on intuitive thoughts only.</p> <p>Furthermore, the compliance strategies cover some of the four risk genres: registering, filing, correct declaration and payment.</p>	<p>Awareness and understanding of the importance and the way to formulate compliance strategies are clear among management/leadership but still incomplete among the employees involved.</p> <p>This is reflected by the fact that compliance strategies are based on discussions, taking into account external long-term future risks/opportunities and possible future internal capacity/resources in order to achieve compliance objectives.</p> <p>Furthermore, some compliance strategies rely on new digital techniques and the strategies cover all four risk genres: registering, filing, correct declaration and payment.</p>	<p>Consciousness and understanding of the importance and the way to formulate compliance strategies are reaching high levels among management/leadership and all employees involved.</p> <p>This is reflected by the fact that there is a process in place describing how to formulate compliance strategies.</p> <p>Furthermore, the choice for how to finally formulate the compliance strategies rely on a documented analysis of several proposals, balancing external long-term future risks/opportunities and possible future internal strategic capacity, in order to select the best possible strategies to achieve the compliance objectives.</p> <p>The formulated compliance strategies have a focus on prevention and rely on up-to-date digitalization techniques.</p> <p>Finally, the activities related to formulating compliance strategies, and the strategies themselves, are monitored and reviewed regularly.</p>	<p>The way to formulate compliance strategies is constantly improved by learning from past experience and by involving external experts and sources.</p> <p>This is reflected by the facts that compliance strategies have a focus on future technologies and that they are formulated not only to increase taxpayer compliance but also serve as a driver to bring the tax administration to higher capacity levels, in an ongoing attempt to improve and adjust.</p> <p>Finally, all of this is supported by a proactive attitude, meaning that management/ leadership and involved employees engage in proposing improvements regarding the process and the activities to formulate compliance strategies.</p>

Help questions:

1. Can you describe the current compliance strategies? What are they focused on, which areas do they cover and how are they linked to the compliance objectives?
2. Can you describe the current process and activities related to formulating compliance strategies?
3. Can you describe the underlying analysis used to formulate compliance strategies? For example, in what way do the compliance strategies rely on trends and scenario analysis and/or in what way do the compliance strategies take external long-term future risks and opportunities into account?
4. Can you describe how the tax administration monitors, reviews and improves the process of formulating compliance strategies?
5. How frequently are the compliance strategies updated?
6. Can you describe the existing signs indicating that employees involved in the CRM process understand the background of compliance strategies?

Strategy - Implementing compliance strategies

The capability to implement compliance strategies by gaining employee involvement, acceptance and understanding in order to turn the strategies into actions and thus achieve the compliance objectives.

Level 1	Level 2	Level 3	Level 4	Level 5
<p>There is little or no awareness among management/leadership about the importance and the way to implement compliance strategies.</p> <p>This is reflected by the fact that attempts to implement compliance strategies are only made ad hoc or not at all.</p> <p>If there are some attempts, there are no signs that the implementing activities address the employees' involvement, understanding and acceptance.</p>	<p>Awareness starts to spread among management/leadership, although with limited understanding about the way to implement compliance strategies.</p> <p>This is reflected by the fact that there are regular efforts to implement compliance strategies, but they rely only on intuitive assumptions on how to do it.</p> <p>Furthermore, most of the implementation activities rely on a one-way communication rather than a two-way-communication between management/leadership and employees.</p>	<p>Awareness and understanding of the importance and the way to implement compliance strategies are clear among management/leadership but still incomplete among the employees involved.</p> <p>This is reflected by the fact that the implementing activities are based on discussions, taking into account how to gain the employees' involvement, understanding and acceptance.</p> <p>Furthermore, the implementation activities rely on a two-way communication and are adjusted to the various employees' specific needs and/or their role in the implementation.</p>	<p>Consciousness and understanding of the importance and the way to implement compliance strategies are reaching high levels among management/leadership and all employees involved.</p> <p>This is reflected by the fact that the choice for how to implement the compliance strategies rely on a documented analysis of several proposals, in order to select the best possible activities to gain the employees' involvement, understanding and acceptance.</p> <p>Furthermore, the two-way communication relies on up-to date digital techniques and the know-how to examine and close the gap between the values underpinning the compliance strategies on one hand, and attitudes and values held by the employees (acceptance) on the other hand.</p> <p>Finally, the activities to implement the compliance strategies are regularly monitored and reviewed.</p>	<p>The way to implement compliance strategies is constantly improved by learning from past experience and by involving external experts and sources.</p> <p>This is reflected by the fact that regular activities (for example surveys) monitor the employees' involvement, understanding and acceptance regarding the compliance strategies.</p> <p>Finally, all of this is supported by a proactive attitude, meaning that management/leadership and involved employees engage in proposing improvements regarding the activities to implement compliance strategies.</p>

Help questions:

1. Can you describe the activities for implementing compliance strategies?
2. Can you describe how the tax administration monitors, reviews and improves how well the implementation will lead to executing the compliance strategies?
3. Can you describe how the tax administration communicates the compliance strategies to various employees?
4. Can you describe the way employees understand how compliance strategies are linked to achieving compliance objectives?
5. Can you describe in what way the employees share the beliefs and values on which the compliance strategies are built on (in other words acceptance)?
6. Can you describe in what way the employees contribute to the fulfilment of the compliance strategies through actions, discussions, setting objectives, and ways of thinking (involvement)?
7. How does the tax administration take the employees' feedback, needs and roles into account in order to improve the process of implementing the compliance strategies?

Knowledge of external context - Differentiating taxpayers

The capability to differentiate taxpayers, by using relevant methods, in order to address taxpayer needs and compliance risks.

Level 1	Level 2	Level 3	Level 4	Level 5
<p>There is little or no awareness among management/leadership about the importance and the way to differentiate taxpayers.</p> <p>This is reflected by the fact that attempts to differentiate taxpayers are only made ad hoc or not at all.</p> <p>If there are some attempts, there are no signs that the method used to differentiate taxpayers addresses taxpayers needs or the observed compliance risks.</p>	<p>Awareness starts to spread among management/ leadership, although with limited understanding about the way to differentiate taxpayers.</p> <p>This is reflected by the fact that there are regular efforts to differentiate taxpayers, but they rely only on intuitive assumptions of how these differentiations address both the taxpayers' needs and the observed compliance risks.</p>	<p>The awareness and understanding of the importance and the way to differentiate taxpayers are clear among management/leadership but still incomplete among the employees involved.</p> <p>This is reflected by the fact that the method to differentiate taxpayers is based on discussions, taking into account literature or documents produced by tax administrations (for example FPG/055 and FPG/32) or well proven experience, to support that this method is relevant to address both the taxpayers' needs and the observed compliance risks.</p> <p>Furthermore, digital tools and data models are in place, as well as the know-how to use them.</p>	<p>Consciousness and understanding of the importance and the way to differentiate taxpayers are reaching high levels among management/ leadership and all employees involved.</p> <p>This is reflected by the fact that the choice for how to differentiate taxpayers rely on documented analysis of several proposals, in order to select the best possible way to differentiate taxpayers and to address both the taxpayers' needs and the observed compliance risks.</p> <p>Furthermore, the principles defining the rules differentiating taxpayers, and the problems associated with differentiating taxpayers (such as overlaps and unclear boundaries) are documented and made transparent for all employees involved.</p> <p>Finally, the activities are regularly monitored and reviewed.</p>	<p>The way to differentiate taxpayers is constantly improved by learning from past experience and by involving external experts and sources.</p> <p>This is reflected by the fact that up-to-date digital techniques are available and mastered as a precondition for facilitating and visualizing the differentiating work.</p> <p>Finally, all of this is supported by a proactive attitude, meaning that management/ leadership and involved employees engage in proposing improvements regarding the activities to differentiate taxpayers.</p>

Help questions:

1. Can you describe the current activities to differentiate taxpayers?
2. In what way do the activities to differentiate taxpayers address the taxpayers' needs and the observed compliance risks?
3. Can you describe the digital tools and the 'know-how' to handle big data and the way digital techniques are used for facilitating and visualizing the differentiating work?
4. Can you describe the underlying analysis to differentiate taxpayers? What data, methods, best practices and references (as compliance strategies and objectives) are used to differentiate taxpayers?
5. Can you describe how the tax administration monitors, reviews and improves the activities used to differentiating taxpayers?
6. Can you describe the existing signs indicating that employees involved in activities of differentiating taxpayers understand the problems associated with it (as inevitable overlaps and unclear boundaries)?

Knowledge of external context - Forecasting the future

The capability to forecast the future by using relevant analytic methods & business intelligence tools in order to formulate compliance strategies addressing long-term future risks and opportunities & to adjust existing compliance strategies to medium- and short-term future risks and opportunities.

Level 1	Level 2	Level 3	Level 4	Level 5
<p>There is little or no awareness among management/leadership about the importance and the way to forecast the external future development.</p> <p>This is reflected by the fact that attempts to forecast the future are only made ad hoc or not at all.</p> <p>If there are some attempts, there are no signs that these forecasting activities address long-term future compliance risks and opportunities in order to formulate compliance strategies.</p>	<p>Awareness starts to spread among management/leadership, although with limited understanding about the way to forecast the external future development.</p> <p>This is reflected by the fact that there are regular efforts to forecast the future, but the focus of these efforts rely on intuitive assumptions only.</p> <p>Furthermore, the intelligence gathering information are done without making use of digital techniques such as to scan the Internet.</p>	<p>The awareness and understanding of the importance and the way to forecast the external future development are clear among management/leadership but is still incomplete among the employees involved.</p> <p>This is reflected by the fact that the activities to forecast the future are based on discussions, taking into account what the intelligence should focus on and which analytic methods/business intelligence tools to use, to support that these activities are relevant to address long-term future compliance risks and opportunities.</p> <p>Furthermore, the forecasting activities address the following areas: economy, demography, globalization and digitalization.</p> <p>Finally, business intelligence tools and the use of scenario analyses, trend analyses, consequences trees and similar, are in place.</p>	<p>Consciousness and understanding of the importance and the way to forecast the future are reaching high levels among management/leadership and all employees involved.</p> <p>This is reflected by the facts that there is a process in place describing how to forecast the future and that activities to forecast the future are based on a documented analysis of several proposals in order to decide what to focus the intelligence on and select the best possible methods and tools for forecasting the future.</p> <p>Furthermore, this documented analysis highlights the key uncertainties in forecasting the future by taking different competing future scenarios into account.</p> <p>Finally, the activities to forecast the future are regularly monitored and reviewed.</p>	<p>The way to forecast the future is constantly improved by learning from past experience and by involving external experts and sources.</p> <p>This is reflected by the fact that indicators are being developed to monitor whether reality is developing as predicted, and to learn from it.</p> <p>Furthermore, there is an overall readiness to change and consider alternative views of the future.</p> <p>Finally, all of this is supported by a proactive attitude, meaning that management/leadership and involved employees engage in proposing improvements regarding the process and the activities to forecast the future.</p>

Help questions:

1. Can you describe the current process and activities of forecasting the future?
2. Can you assess the degree to which the process and activities of forecasting the future address long-term future compliance risks and opportunities and its influence on formulating compliance strategies?
3. Can you describe the underlying analysis of forecasting the future? What data, methods, tools, techniques are used to forecast the future?
4. Can you describe the main areas covered by the intelligence work?
5. Can you describe how the tax administration monitors, reviews and improves the process of forecasting the future? How does it responds to the results?
6. Can you describe the existing signs indicating that employees involved understand different ways in how to forecast the future?

Knowledge of external context - Knowing the reasons why taxpayers are compliant or not

The capability to describe and explain the reasons why taxpayers are compliant or not by using relevant information, methods, theories and expertise in order to understand how to support future compliance and prevent future non-compliance.

Level 1	Level 2	Level 3	Level 4	Level 5
<p>There is little or no awareness among management/leadership about the importance and the way to describe and explain why taxpayers are compliant or not.</p> <p>This is reflected by the fact that attempts to describe and explain why taxpayers are compliant or not, are only made ad hoc or not at all.</p> <p>If there are some attempts, there are no signs that this knowledge has been used to improve future compliance.</p>	<p>Awareness starts to spread among management/leadership, although with limited understanding about the way to describe and explain why taxpayers are compliant or not.</p> <p>This is reflected by the fact that there are regular efforts to describe and explain why taxpayers are compliant or not, but these efforts rely only on intuitive assumptions on how to create this knowledge and how to use this knowledge to improve future compliance.</p> <p>Furthermore, there is the know-how for collecting, analysing and transforming data into knowledge.</p>	<p>The awareness and understanding of the importance and the way to describe and explain why taxpayers are compliant or not, are clear among management/leadership but still incomplete among the employees involved.</p> <p>This is reflected by the fact that the activities to describe and explain why taxpayers are compliant or not are based on discussions, taking into account validated methods and compliance theories explaining the underlying causes of taxpayers' behaviour.</p> <p>Furthermore, the descriptions and explanations are used as an input for formulating compliance strategies and for generating alternatives in how to treat risks.</p>	<p>Consciousness and understanding of the importance and the way to describe and explain why taxpayers are compliant or not, are reaching high levels among management/leadership and all employees involved.</p> <p>This is reflected by the fact that there is a process in place, describing how to create knowledge in different CRM situations with the help of validated methods.</p> <p>Furthermore, the activities to describe and explain why taxpayers are compliant or not, are based on a documented analysis of several proposals for how to acquire reliable data, what methods to choose and how to categorize and analyse the material, in order to transform data and information into knowledge.</p> <p>Finally, methods are mastered to examine the underlying causes why taxpayers are compliant or not through theories (deductive) and data acquisition (inductive). Uncertainties are highlighted in a transparent way and the activities are regularly monitored and reviewed.</p>	<p>The way to describe and explain why taxpayers are compliant or not is constantly improved by learning from past experience and by involving external experts and sources.</p> <p>This is reflected by the fact that there is an awareness of knowledge gaps and that the tax administration has an idea in which order to fill them, included a readiness to adjust current knowledge and methods when needed.</p> <p>Furthermore, prejudices among employees regarding the reasons behind non-compliance behaviour, are identified and managed.</p> <p>Finally, all of this is supported by a proactive attitude, meaning that management/leadership and involved employees engage in proposing improvements both regarding the process and the activities to describe and explain why taxpayers are compliant or not.</p>

Help questions:

1. Can you describe the current process and activities by which the tax administration analyses the reasons why taxpayers are compliant or not?
2. Can you describe how you choose the methods to collect and categorize data and information, how you make use of existing theories and the ways the material is analysed to transform data and information into knowledge?
3. Can you assess the degree to which the knowledge is taken into account in the compliance strategies formulation?
4. Can you describe how the tax administration monitors, reviews and improves the process and methods through which it tries to know the reasons why taxpayers are compliant or not? How does it respond to the results?
5. Can you describe the existing signs indicating that employees involved in the CRM-work understand the importance of and methods/processes to provide knowledge about why taxpayers are compliant or not?

Knowledge of external context - Knowing how to influence taxpayers

The capability to know how to influence taxpayer behaviour by using relevant information, methods, theories and experts in order to stimulate taxpayer compliance.

Level 1	Level 2	Level 3	Level 4	Level 5
<p>There is little or no awareness among management/leadership about the importance and the way to influence taxpayers' behaviour.</p> <p>This is reflected by the fact that attempts to influence taxpayers' behaviour are only made ad hoc or not at all.</p> <p>If there are some attempts, there are no signs that these have improved the compliance.</p>	<p>Awareness starts to spread among management/leadership, although with limited understanding about the way to influence taxpayers' behaviour.</p> <p>This is reflected by the fact that there are regular efforts to influence taxpayers' behaviour, but they rely only on intuitive assumptions about the relation between activities and their expected impact on taxpayers' behaviour.</p> <p>Furthermore, the primary idea is that taxpayers' behaviour can only be impacted by deterrence, audits and sanctions.</p> <p>Finally, there is the know-how for collecting, analysing and transforming data into knowledge.</p>	<p>The awareness and understanding of the importance and the way to influence taxpayers' behaviour are clear among management/leadership but still incomplete among the employees involved.</p> <p>This is reflected by the fact that the choice of methods to influence taxpayers' behaviour is based on discussions, taking into account deliberately chosen theories on how to effectively impact taxpayers' behaviour.</p> <p>Furthermore, efforts to influence taxpayers rely on a mix of activities, such as nudging, increasing awareness and deterrence.</p> <p>Finally, the ways to influence taxpayers' behaviour make use of digital techniques but proactive methods are still not the predominating choice.</p>	<p>Consciousness and understanding of the importance and the way to influence taxpayers' behaviour are reaching high levels among management/leadership and all employees involved.</p> <p>This is reflected by the fact that the choice for how to influence taxpayers' behaviour rely on a documented analysis of several proposals, in order to select the best possible way to improve the compliance.</p> <p>Furthermore, the tax administration masters competencies in the fields of social and human sciences focusing on general ways and up to date models to change human behaviour in the desired way.</p> <p>Finally, proactive methods are used whenever possible. The activities are regularly monitored and reviewed.</p>	<p>The way to influence taxpayers' behaviour is constantly improved by learning from past experience and by involving external experts and sources.</p> <p>This is reflected by the fact that the outcome of these activities is evaluated and used to improve future activities.</p> <p>Finally, all of this is supported by a proactive attitude, meaning that management/leadership and involved employees engage in proposing improvements regarding the activities to influence taxpayers' behaviour.</p>

Help questions:

1. Can you describe the current activities through which the tax administration tries to learn how to influence taxpayers?
2. Can you describe the underlying analysis used to influence taxpayers? What data, methods, tools, (digital) techniques, and theories (fields of psychology and social psychology) are used to know how to influence taxpayers?
3. Can you assess the degree to which the knowledge of how to influence taxpayers is taken into account in the compliance strategies formulation and implementation?
4. Can you describe how the tax administration monitors, reviews and improves activities through which it tries to learn how to influence taxpayers? How does the tax administration respond to the results of these evaluations?
5. Can you describe the existing signs indicating that employees involved in the CRM-work understand the importance of having knowledge in how to influence taxpayers and are engaged in learning how to influence taxpayers?

Decision making - Defining, describing and explaining risks and opportunities

The capability to define, describe and explain risks and opportunities by using multiple internal and external sources in order to agree on facts and as a base to generate alternatives in how to treat risks and how to make use of opportunities.

Level 1	Level 2	Level 3	Level 4	Level 5
<p>There is little or no awareness among management/leadership about the importance and the way to define, describe and explain risks and opportunities.</p> <p>This is reflected by the fact that attempts to define, describe and explain risks and opportunities are only made ad hoc or not at all.</p> <p>If there are some attempts, there are no signs that the definitions, descriptions and explanations are relevant to generate alternatives for actions to treat risks or to make use of opportunities.</p>	<p>Awareness starts to spread among management/leadership, although with limited understanding, about the way to define, describe and explain risks and opportunities.</p> <p>This is reflected by the fact that there are regular efforts to define, describe and explain risks and opportunities, but they rely only on intuitive assumptions on how they will generate alternatives for actions to treat risks or to make use of opportunities.</p> <p>Furthermore, only internal sources of information are used to define, describe and explain risks and opportunities.</p>	<p>Awareness and understanding of the importance and the way to define, describe and explain risks and opportunities are clear among management/leadership but still incomplete among the employees involved.</p> <p>This is reflected by the fact that the way risks and opportunities are defined, described and explained are based on discussions, leading to an agreement on the facts to use as a base generating alternatives for actions to treat risks or to make use of opportunities.</p> <p>Furthermore, both internal and external sources are used to define, describe and explain risks and opportunities. The compliance objectives have a prominent significance in the discussions.</p>	<p>Consciousness and understanding of the importance and the way to define, describe and explain risks and opportunities are reaching high levels among management/leadership and all employees involved.</p> <p>This is reflected by the fact that there is a process in place describing how to define, describe and explain risks and opportunities.</p> <p>Furthermore, the definition, description and explanation of the risks and opportunities is supported by a documented analysis focusing on which compliance objectives are at risk or could be better attained by making use of the opportunities.</p> <p>Finally, the activities to define, describe and explain risks and opportunities are regularly monitored and reviewed.</p>	<p>The way to define, describe and explain risks and opportunities is constantly improved by learning from past experience and by involving external experts and sources.</p> <p>This is reflected by the fact that all the definitions, descriptions and explanations start with identifying the relevant compliance objectives and highlighting the key uncertainties.</p> <p>Furthermore, all of this is supported by a proactive attitude, meaning that both management/leadership and involved employees engage in proposing improvements regarding both the process and the activities to define, describe and explain risks and opportunities.</p>

Help questions:

1. Can you describe how your tax administration currently defines, describes and explains risks and opportunities?
2. How do you think the work impact the possibilities to generate alternatives for how to treat risks/take advantage of opportunities (and in the end to choose the best one to achieve compliance objectives)?
3. Can you describe the signs indicating that the way to define, describe and explain risks and opportunities is influenced by which compliance objectives are at risk?
4. Can you describe the underlying analysis leading to the description and explanation of risks and opportunities? Which sources of information are used (internal and / or external), how does the tax administration choose the sources and in what way are they combined?
5. In what way do the descriptions and explanations consider and calculating uncertainty about facts?
6. Can you describe how the tax administration monitors, reviews and improves the way it defines describes and explains risks and opportunities, and the degree to which it contributes to generate alternatives for actions?
7. How frequently are the activities of defining, describing and explaining risks and opportunities updated/reviewed?
8. Can you describe the existing signs indicating that employees involved in the CRM process understand the importance and the way to define describe and explain risks and opportunities?

Decision making – Generating alternatives

The capability to generate alternatives to treat risks and/or take advantage of opportunities relevant to the compliance objectives, based on information obtained by multiple internal and external sources and idea generation techniques, in order to increase the probability of choosing the most successful action.

Level 1	Level 2	Level 3	Level 4	Level 5
<p>There is little or no awareness among management/leadership about the importance and the way to generate alternatives to treat risks and/or take advantage of opportunities.</p> <p>This is reflected by the fact that attempts to generate alternatives are only made ad hoc or not at all.</p> <p>If there are some attempts, there are no signs that these alternatives have a link with the compliance objectives.</p>	<p>Awareness starts to spread among management/leadership, although with limited understanding about the way to generate alternatives.</p> <p>This is reflected by the fact that there are regular efforts to generate alternatives, but the relation between these alternatives and the compliance objectives rely on intuitive thoughts only.</p> <p>Furthermore, the alternatives are all made up of reactive actions.</p>	<p>Awareness and understanding of the importance and the way to generate alternatives are clear among management/leadership but still incomplete among the employees involved.</p> <p>This is reflected by the fact that alternatives are generated through discussions, using idea generation techniques and relevant sources of information resulting in an agreement of the pros and cons of each alternative in relation to the compliance objectives.</p> <p>Furthermore, these alternatives are a mix of reactive and proactive actions and some of the alternatives rely on new digital techniques.</p>	<p>Consciousness and understanding of the importance and the way to generate alternatives are reaching high levels among management/leadership and all employees involved.</p> <p>This is reflected by the facts that there is a process in place describing how to generate alternatives in general and that several idea generation techniques are mastered.</p> <p>Furthermore, the generated alternatives are supported by a documented analysis specifying the estimated outcome of each alternative and the key uncertainties, and verifying why and how each alternative will increase the probability of attaining the compliance objectives.</p> <p>Most of these alternatives are problem-oriented and focusing on eliminating or reducing the effects or causes of these problems.</p> <p>Finally, the activities to generate alternatives are regularly monitored and reviewed.</p>	<p>The way to generate alternatives are constantly improved by learning from past experience and by involving external experts and sources.</p> <p>This is reflected by the fact that the tax administration masters the way to discover, invent, and design new courses of actions.</p> <p>Furthermore, the alternatives make use of up-to-date digital techniques whenever possible.</p> <p>Finally, all of this is supported by a proactive attitude, meaning that both management/leadership and involved employees engage in proposing improvements both regarding the process and the activities to generate alternatives.</p>

Help questions:

1. Can you describe how your tax administration currently generates alternatives to treat risks/take advantage of opportunities?
2. Can you describe the underlying analysis specifying the estimated outcome of each alternative taking into account the compliance objectives, strategies and the key uncertainties?
3. In what way do the alternatives focus on eliminating or reducing the effects or causes of these problems?
4. Are both readymade solutions and attempts to use innovative courses of actions taken into account when generating alternatives in order to take the appropriate action in the end?
5. What kind of techniques (e.g., brainstorming, constructing decision-trees, mind mapping, digital techniques) are used to generate alternatives to treat risks/take advantage of opportunities?
6. Can you describe how the tax administration monitors, reviews and improves the way it generates alternatives to treat risks/take advantage of opportunities, and the degree to which it contributes to achieve the compliance objectives?
7. Can you describe the existing signs indicating that employees involved in the CRM process understand the importance and the way of generating alternatives to treat risks/take advantage of opportunities?

C9

Decision making - Making decisions

The capability to evaluate, compare and make a choice among several relevant alternatives, guided by facts and values and taking uncertainties and risk appetite/tolerance into account, in order to effectively stimulate compliance.

Level 1	Level 2	Level 3	Level 4	Level 5
<p>There is little or no awareness among management/leadership about the importance and the way to evaluate, compare and make a choice among several alternatives.</p> <p>This is reflected by the fact that attempts to evaluate, compare and make a choice among several alternatives are only made ad hoc or not at all.</p> <p>If there are some attempts, there are no signs that these choices are linked to compliance objectives.</p>	<p>Awareness starts to spread among management/ leadership, although with limited understanding, about the way to evaluate, compare and make a choice among several alternatives.</p> <p>This is reflected by the fact that there are regular efforts to make choices, but the relation between these choices and the compliance objectives rely on intuitive thoughts only.</p> <p>Furthermore, most choices are focused on reactive actions, not proactive actions. Choices address symptoms rather than root causes.</p>	<p>Awareness and understanding of the importance and the way to evaluate, compare and make a choice among several alternatives are clear among management/leadership but still incomplete among the employees involved.</p> <p>This is reflected by the fact that choices are the result of discussions, taking into account facts, compliance objectives, key uncertainties, expected outcome, costs and risk appetite/tolerance.</p> <p>Furthermore, the tax administration masters different 'decision-making-techniques' (e.g. decision-trees).</p> <p>Finally, most choices address root causes.</p>	<p>Consciousness and understanding of the importance and the way to evaluate, compare and make a choice among several alternatives are reaching high levels among management/ leadership and all employees involved.</p> <p>This is reflected by the fact that there is a process in place describing how to make choices including, among others, defined principles for deciding how much uncertainty and risks to accept.</p> <p>Furthermore, the choices themselves are based on a documented analysis specifying the key uncertainties, the values that really matter in the specific choice situation, the link to other decisions, the arguments for how and why these choices will effectively stimulate compliance, and the arguments for choosing a certain alternative instead of another.</p> <p>Finally, some employees master the field of decision-theory and the activities are regularly monitored and reviewed.</p>	<p>The way to make choices is constantly improved by learning from past experience and by involving external experts and sources.</p> <p>This is reflected by the fact that the tax administration considers facts and values that really matter, key uncertainties, risk appetite/tolerance and links to other decisions in a balanced way.</p> <p>Furthermore, the tax administration is planning ahead by making choices with different timelines, taking the probability for successful implementation into account.</p> <p>Finally, all of this supported by a proactive attitude, meaning that both management/leadership and involved employees engage in proposing improvements both regarding the process and the activities to make choices.</p>

Help questions:

- Can you describe how your tax administration currently evaluates, compares and makes a choice among the available / generated alternatives?
- Can you describe the underlying analysis to evaluate, compare and make a choice among several alternatives? What principles are used for deciding which uncertainties and risks to address and accept?
- Describe the role the compliance objectives have when doing choices? Do discussions about choices start from the compliance objectives or alternatives as such?
- In what way are choices based on reactive or proactive actions (e.g., do they focus on symptoms or on root causes)?
- What kind of techniques (e.g., decision trees) are used to evaluate, compare and make a choice among several alternatives?
- Can you describe how the tax administration monitors, reviews and improves the way it evaluates, compares and makes a choice among several alternatives including if relevant arguments exist supporting why and how the chosen alternatives will effectively stimulate compliance?
- Can you describe the existing signs indicating that employees involved in the CRM process understand the importance and the way of evaluate, compare and make a choice among several alternatives?

Decision making - Implementing decisions

The capability to implement decisions in a structured way by having an implementation process and plan and cooperation between the decision makers and the decision implementers in order to generate the intended outcome.

Level 1	Level 2	Level 3	Level 4	Level 5
<p>There is little or no awareness among management/leadership about the importance and the way to implement decisions.</p> <p>This is reflected by the fact that attempts to implement decisions are made only ad hoc or not at all.</p> <p>If there are some attempts, there are no signs that the implementations are corresponding to the decision maker's intentions.</p>	<p>Awareness starts to spread among management/leadership, although with limited understanding, about the way to implement decisions.</p> <p>This is reflected by the fact that there are regular efforts to implement decisions, but the relation between these efforts and the decision maker's intentions rely on intuitive thoughts only.</p> <p>Furthermore, in what order things are carried out to implement decisions rely on intuitive thoughts only. The interaction between decision makers and implementers rely on intuitive initiatives only.</p>	<p>Awareness and understanding of the importance and the way to implement decisions are clear among management/leadership but still incomplete among the employees involved.</p> <p>This is reflected by the fact that the way to implement a decision is the result of a discussion, leading to a structured implementation plan based on arguments supporting how and why the implementation plan will generate the expected outcome.</p> <p>Furthermore, the implementation plan is accepted by both the decisions makers and the implementers.</p> <p>Finally, there is an ongoing interaction between the decision makers and the implementers during the time of the implementation plan.</p>	<p>Consciousness and understanding of the importance and the way to implement decisions are reaching high levels among management/leadership and all employees involved.</p> <p>This is reflected by the fact that there is a process in place as an overall guide for how to implement decisions in general.</p> <p>Furthermore, the implementations are supported by a document specifying objectives, activities, timelines, resources, capacity needed and expected difficulties. This is complemented by an analysis of how and why the activities will generate the intended outcome.</p> <p>Finally, the activities to implement decisions are regularly monitored and reviewed.</p>	<p>The way to implement decisions is constantly improved by learning from past experience and by using external experts and sources.</p> <p>This is reflected by the fact that the tax administration is prepared to adjust decisions or implementation plans when new important circumstances emerge during the process of implementation.</p> <p>Finally, all of this is supported by a proactive attitude, meaning that both management/leadership and involved employees engage in proposing improvements both regarding the process and the activities to implement decisions.</p>

Help questions:

1. Can you describe the current activities to implement decisions?
2. Can you describe how the decision makers communicate their decisions and how they interact with the implementers?
3. If there is an implementation plan in place, how is it elaborated, who is involved and how does it describe different roles?
4. Can you describe how the tax administration monitors, reviews and improves the degree to which the implementation work corresponds to the decision makers' intention and to the implementation plan? What actions are taken to correct possible gaps? Moreover, which argument exist that the implementation activities will generate the expected outcome?
5. Can you describe the existing signs indicating that the employees involved understand how to implement decisions in accordance to the decision maker intentions?

C11

Organisation - Leadership

The capability to train, promote and support a leadership style in order to provide the right conditions for employees involved to perform an effective CRM work.

Level 1	Level 2	Level 3	Level 4	Level 5
<p>There is little or no awareness among the management of the tax administration about the importance and the way to acquire leadership serving as a driver to perform an effective CRM.</p> <p>This is reflected by the fact that attempts to train leadership to serve as a driver are made ad hoc or not at all.</p> <p>If there are some attempts, there are no signs that they are improving the CRM effectiveness.</p>	<p>Awareness starts to spread among the management of the tax administration, although with limited understanding about the way to acquire leadership serving as a driver to perform an effective CRM.</p> <p>This is reflected by the fact that the management has an intuitive idea of which aspects of leadership are important when it comes to serve as a driver.</p> <p>Furthermore, there are regular efforts to train leadership to serve as a driver in order to perform an effective CRM but these efforts rely on intuitive thoughts only.</p>	<p>Awareness and understanding of the importance and the way to acquire leadership serving as a driver to perform an effective CRM is clear among management but still incomplete among the leaders involved.</p> <p>This is reflected by the fact that the desired leadership competencies are the result of a discussion, based on arguments supporting how and why these competencies will improve the CRM effectiveness.</p> <p>Furthermore, there are activities in place to train leadership in how to motivate and support the employees involved and to provide the right conditions for them in order to perform an effective CRM.</p> <p>Finally, the management/leadership regularly clarifies the compliance strategies and objectives to the employees involved.</p>	<p>Consciousness and understanding of the importance and the way to acquire leadership serving as a driver to perform an effective CRM is reaching high levels among management.</p> <p>This is reflected by the fact that the choice for which leadership competencies are needed and the way to acquire them, is based on a documented analysis, comparing several options of leadership regarding how to motivate and support the employees and to provide the right conditions for them in order to perform an effective CRM.</p> <p>Furthermore, leadership masters all the steps in the CRM process and understands how they all relate to each other. They know how to motivate and support the employees.</p> <p>Finally, the leadership style, regarded as a driver to perform an effective CRM, is regularly monitored and reviewed.</p>	<p>The way the leadership provides the right conditions for the employees to perform an effective CRM by motivating, promoting and supporting the employees involved, is constantly improved by learning from past experience and by involving external experts and sources.</p> <p>This is reflected by the fact that the leadership provides opportunities and encourages the employees to proactively engage in continuous self-development and learning, adapted to the development of CRM.</p> <p>Finally, all of this is supported by a proactive attitude, meaning that management/leadership and involved employees engage in proposing improvements for how leadership can serve as a driver to perform an effective CRM.</p>

Help questions:

1. Can you describe the current leadership style and how this serves as a driver to perform an effective CRM?
2. What activities are in place to bridge the gap between the needed competencies and skills for leadership compared to the existing ones, in order to serve as a driver to perform an effective CRM? For example, is there any kind of leadership training for how to motivate and support the employees involved and to provide the right conditions for them in order to perform an effective CRM, and thus close the gap?
3. Can you describe how the tax administration monitors, reviews and improves the degree to which its leadership serves as a driver to perform an effective CRM?
4. Can you describe the existing signs indicating that employees involved in CRM activities understand the importance to have a leadership serving as a driver to perform an effective CRM?
5. In what way does the tax administration develop its program to train, promote and support the management to acquire the necessary leadership skills and can thus provide the right conditions for employees involved to perform an effective CRM work?

C12

Organisation – Risk culture

The capability to align employee behaviour to the desired risk culture by communication and education, including providing a common language in order to 'reinforce' the compass to act and decide in all situations in the CRM process.

Level 1	Level 2	Level 3	Level 4	Level 5
<p>There is little or no awareness among management/leadership about the importance and the way to define a desired risk culture and to align employee behaviour with it.</p> <p>This is reflected by the fact that attempts to define a desired risk culture and to align employee behaviour with it are only made ad hoc or not at all.</p> <p>If there are some attempts, there are no signs that these are directing the employees to act and decide in accordance with the compliance strategies.</p>	<p>Awareness starts to spread among management/ leadership, although with limited understanding about the way to define a desired risk culture and to align employee behaviour with it.</p> <p>This is reflected by the fact that management/leadership has an intuitive idea about what the desired risk culture should look like. This is expressed by describing and communicating the values of the tax administration, its risk appetite/ tolerance, its approach to risks, and the desired attitudes for the employees.</p> <p>Furthermore, there are regular efforts to align employee behaviour with the existing compliance strategies and objectives, but these efforts rely on intuitive thoughts only.</p>	<p>Awareness and understanding of the importance and the way to define a desired risk culture and to align employee behaviour with it are clear among management/leadership but still incomplete among the employees involved.</p> <p>This is reflected by the fact that the desired risk culture is the result of a discussion, based on arguments supporting how and why this culture will contribute to the compliance objectives.</p> <p>Furthermore, there are activities in place, such as communication and education, including to provide a common language, as a result of discussions based on arguments supporting that these activities will serve to align employee behaviour with the well-founded desired risk culture.</p> <p>There is a standard compliance risk management taxonomy in place, explaining key vocabulary.</p> <p>Finally, management/leadership has identified and removed barriers preventing the employees to align with the desired risk culture.</p>	<p>Consciousness and understanding of the importance and the way to define a desired risk culture and to align employee behaviour with it are reaching high levels among management/leadership and all employees involved.</p> <p>This is reflected by the fact that the choice for how to align employee behaviour with the desired risk culture is based on a documented analysis, comparing several options for how to make use of communication, education and common language, in order to fill the gap between the desired risk culture and the existent behaviour and attitudes regarding CRM.</p> <p>Furthermore, the tax administration is able to apply the theories on how to influence employees' attitudes and behaviour in order to achieve the desired risk culture.</p>	<p>The way to align employee behaviour with the desired risk culture is constantly improved by learning from past experience and by involving external experts and sources.</p> <p>This is reflected by the fact that the gap between the current risk culture and the desired one is continually examined and adjusted to reinforce the compass for the employees to act and decide correctly in all situations in the CRM process.</p> <p>Finally, all of this is supported by a proactive attitude, meaning that both management/leadership and involved employees engage in proposing how to adjust cultural performance to the desired performance.</p>

Help questions:

1. Can you describe the current risk culture?
2. Can you describe the underlying reasons of the desired risk culture?
3. Can you describe the current activities to have a CRM adequate risk culture?
4. Can you describe how current risk culture reflects and communicates the values of the tax administration, its risk appetite/tolerance and its approach to risks? Moreover, how does the current risk culture contribute to achieving the compliance objectives?
5. Has any desired risk culture been expressed? Can you describe it?
6. Can you describe the way the employees' behaviour is aligned with the desired risk culture? For example, is there a management taxonomy in place, explaining key vocabulary and facilitating a common language?
7. Can you describe how the tax administration monitors, reviews and improves the way the employees' behaviour is aligned with the risk culture and contributes to the compliance objectives?
8. Can you describe the existing signs indicating that employees involved in CRM activities understand the importance and the way to define a desired risk culture and to align their behaviour with it?

C13

Organisation – Organisational structure

The capability to have an organisational structure by defining teams, functions, responsibilities and relations in a complementary way to promote an effective CRM process.

Level 1	Level 2	Level 3	Level 4	Level 5
<p>There is little or no awareness among management/leadership about the importance and the way to have an organisational structure that promotes an effective CRM process.</p> <p>This is reflected by the fact that attempts to define teams, functions, responsibilities and relations in a complementary way are only made ad hoc or not at all.</p> <p>If there are some attempts, there are no signs that these are promoting an effective CRM process.</p>	<p>Awareness starts to spread among management/ leadership, although with limited understanding about the way to have an organisational structure that promotes an effective CRM process.</p> <p>This is reflected by the fact that the management/ leadership understands the concepts of functions, teams, responsibilities and relations but has intuitive thoughts only of how these concepts can be connected in a complementary way.</p> <p>Furthermore, there are regular efforts to define teams, functions, responsibilities and relations in order to promote an effective CRM process. However, these efforts rely on intuitive thoughts only.</p>	<p>Awareness and understanding of the importance and the way to have an organisational structure that promotes an effective CRM process is clear among management/leadership but still incomplete among the employees involved.</p> <p>This is reflected by the fact that there is an organisational structure in place based on discussions on how to define teams, functions, responsibilities and relations in a complementary way in order to promote an effective CRM process.</p> <p>Furthermore, there is an organisational chart (organogram) in place which is communicated to all employees involved.</p> <p>Finally, management/leadership has identified and removed some organisational barriers preventing the tax administration to perform an effective CRM process.</p>	<p>Consciousness and understanding of the importance and the way to have an organisational structure that promotes an effective CRM process is reaching high levels among management/ leadership and all employees involved.</p> <p>This is reflected by the fact that the choice for how to organise the structure is based on a documented analysis, comparing several options for how to organise structure with defined teams, functions, responsibilities and relations, and the way they complement each other in order to promote an effective CRM process.</p> <p>Furthermore, management/leadership is able to apply the essential parts of organisational theory regarding the organisation of an effective structure.</p> <p>The employees involved in the CRM process accept their roles and understand the relationship between functions, teams and responsibilities, and how they complement each other.</p> <p>Finally, the organisational structure is regularly monitored and reviewed.</p>	<p>The way to organise a structure promoting an effective CRM process is constantly improved by learning from past experience and by involving external experts and sources.</p> <p>This is reflected by the fact that the management/ leadership continually checks if the organisational structure is still adapted to the developments in the CRM process.</p> <p>Finally, all of this is supported by a proactive attitude, meaning that both management/leadership and involved employees engage in proposing improvements regarding the organisational structure in order to support an effective CRM process.</p>

Help questions:

1. Can you describe how the current organisational structure promotes an effective CRM process?
2. Can you describe the current activities to promote an adequate CRM organisational structure?
3. Can you describe the underlying analysis to the current organisational structure? What teams, functions, responsibilities and relations are considered in the organisational structure? In what way do they interconnect? For example, is there an organisational chart in place describing the teams, functions, responsibilities and the inter-relations between them?
4. Can you describe how the tax administration monitors, reviews and improves the way the organisational structure promotes an effective CRM process?
5. Can you describe the existing signs indicating that employees involved in CRM activities understand the importance and the way to have an organisational structure that promotes an effective CRM process?

C14

Organisation – Acquiring and developing competencies

The capability to acquire employees with adequate competencies regarding relevant fields and tasks in the CRM process, by recruiting, retaining, educating and training a sufficient number of employees, in order to perform an effective CRM.

Level 1	Level 2	Level 3	Level 4	Level 5
<p>There is little or no awareness among management/leadership about the importance and the way to build or acquire relevant competencies to perform an effective CRM.</p> <p>This is reflected by the fact that attempts to acquire employees with the adequate competencies are only made ad hoc or not at all.</p> <p>If there are some attempts, there are no signs that these competencies are improving the CRM effectiveness.</p>	<p>Awareness starts to spread among management/leadership, although with limited understanding about the way to build or acquire relevant competencies to perform an effective CRM.</p> <p>This is reflected by the fact that management/leadership has intuitive ideas about which competencies are needed to perform an effective CRM.</p> <p>Furthermore, there are regular efforts to acquire employees with the adequate competencies, but these efforts rely on intuitive thoughts only and it is not clear that they improve the CRM effectiveness.</p> <p>Finally, there are some CRM relevant training and/or education programs in place.</p>	<p>Awareness and understanding of the importance and the way to build or acquire relevant competencies to perform an effective CRM are clear among management/leadership but is still incomplete among the employees involved.</p> <p>This is reflected by the fact that activities to recruit, retain, educate and train employees to perform CRM are in place as the result of discussions, based on arguments supporting how and why these activities are relevant to perform an effective CRM.</p> <p>Furthermore, there exists a document describing the competencies needed for different CRM roles and there are training sessions (or e-learning) to explain those competencies to the employees involved.</p>	<p>Consciousness and understanding of the importance and the way to build or acquire relevant competencies to perform an effective CRM are reaching high levels among management/leadership and all employees involved.</p> <p>This is reflected by the fact that there are processes in place to recruit, retain, educate and train employees to perform CRM. The processes are based on a documented analysis, comparing several options for competencies needed for different CRM roles.</p> <p>Furthermore, the tax administration has defined the gap between the competencies needed to perform an effective CRM and the available competencies, and has a plan on how to bridge that gap. The tax administration is able to use e-learning as a way to educate and train the employees involved.</p> <p>Finally, the activities and processes are regularly monitored and reviewed.</p>	<p>The way to build or acquire relevant competencies to perform an effective CRM is constantly improved by learning from past experience and by involving external experts and sources.</p> <p>This is reflected by the fact that the competencies are regularly adapted to the development of CRM.</p> <p>Finally, all of this is supported by a proactive attitude, meaning that management/leadership and involved employees engage in proposing improvements both regarding the processes and the activities to build or acquire the necessary competencies.</p>

Help questions:

1. Can you describe the degree to which your tax administration has employees with the adequate competencies to perform an effective CRM?
2. Can you describe the current activities to build or acquire employees with the adequate competencies to perform an effective CRM?
3. Can you describe how the tax administration monitors, reviews and improves the processes and activities to recruit, retain, educate and train employees in order to improve CRM effectiveness?
4. Can you describe the existing signs indicating that employees involved in CRM activities understand the importance to have the adequate competencies to perform an effective CRM?
5. What activities does the tax administration develop in order to bridge the gap between the needed competencies to perform an effective CRM and the available ones? For example, does the tax administration develop e-learning training sessions to educate and train the involved employees and thus close the gap?

C15

Organisation - Managing knowledge

The capability to manage knowledge related to CRM through a systematic process (create, store, share, use and update knowledge) supported by technical tools (to store, share and search knowledge) in order to enhance performance doing CRM.

Level 1	Level 2	Level 3	Level 4	Level 5
<p>There is little or no awareness among management/leadership about the importance and the way to manage CRM related knowledge.</p> <p>This is reflected by the fact that attempts to manage CRM related knowledge are only made ad hoc or not at all.</p> <p>If there are some attempts, there are no signs that these attempts are improving the CRM performance.</p>	<p>Awareness starts to spread among management/ leadership, although with limited understanding about the way to manage CRM related knowledge.</p> <p>This is reflected by the fact that there are regular efforts to manage CRM related knowledge but the expectation that these efforts will improve the CRM performance relies on intuitive thoughts only.</p> <p>Furthermore, some tools for storing and sharing CRM related knowledge are available.</p>	<p>Awareness and understanding of the importance and the way to manage CRM related knowledge is clear among management/leadership but still incomplete among the employees involved.</p> <p>This is reflected by the fact that there is a knowledge management in place as the result of discussions, based on arguments supporting which type of knowledge to take into account in order to improve the CRM performance.</p> <p>Furthermore, the tax administration is supported by relevant software(s) to cover the different aspects of the knowledge management process (create, store, share, use & update).</p> <p>Finally, management/leadership masters the essentials of the scientific field of knowledge management.</p>	<p>Consciousness and understanding of the importance and the way to manage CRM related knowledge are reaching high levels among management/leadership and all employees involved.</p> <p>This is reflected by the fact that there is a knowledge management process in place, based on a documented analysis, comparing several options for how to create, store, share, use and update knowledge.</p> <p>Furthermore, the tax administration has a view on which knowledge is still missing and has a plan for how to close the gap.</p> <p>The usefulness of managing knowledge, and the way to do it, is documented and communicated to all employees involved.</p> <p>Finally, the process and the tools to manage CRM related knowledge are regularly monitored and reviewed.</p>	<p>The way to manage knowledge is constantly improved by learning from past experience and by involving external experts and sources.</p> <p>This is reflected by the fact that the system of knowledge management, using up-to-date software, continually contributes to adapt the knowledge to changing circumstances.</p> <p>Finally, all of this is supported by a proactive attitude, meaning that management/leadership and involved employees engage in proposing improvements both regarding the process and the activities related to the creation, storing, sharing, using and updating the CRM knowledge.</p>

Help questions:

1. Can you describe the current activities your tax administration performs to have an adequate CRM knowledge management? Moreover, which knowledge related to CRM is created, stored, shared and used?
2. Can you describe the underlying analysis behind the CRM knowledge management, included the way knowledge management is expected to improve the CRM performance?
3. Can you describe how the tax administration monitors, reviews and improves the degree to which its CRM knowledge management contributes to improve the CRM performance?
4. What kind of techniques and tools (e.g., specific software) are used to manage knowledge? Do they cover all aspects of the CRM knowledge management process (e.g., create, store, share, use & update)?
5. Can you describe the existing signs indicating that employees involved in CRM activities understand the importance to manage CRM knowledge in order to improve the CRM performance?
6. Can you describe how your tax administration communicates and spreads CRM knowledge within the organisation (to all employees involved in CRM)?

C16

Organisation – Fostering creativity and innovation

The capability to have a creative and innovative environment by providing the necessary HR conditions - expertise, creative and innovative thinking skills - in order to support an effective CRM.

Level 1	Level 2	Level 3	Level 4	Level 5
<p>There is little or no awareness among management/ leadership about the importance and the way to foster a creative and innovative environment.</p> <p>This is reflected by the fact that attempts to generate creative and innovative ideas in order to support an effective CRM are only made ad hoc or not at all.</p> <p>If there are some attempts, there are no signs that these attempts are supporting an effective CRM.</p>	<p>Awareness starts to spread among management/ leadership, although with limited understanding about the way to foster a creative and innovative environment.</p> <p>This is reflected by the fact that there are regular efforts to provide the conditions needed to be creative and innovative, but the expectation that these conditions will generate creative and innovative ideas supporting an effective CRM, rely on intuitive thoughts only.</p> <p>Furthermore, the tax administration allows and encourages involved employees to occasionally spend time on creative and innovative activities, but on a voluntary basis.</p>	<p>Awareness and understanding of the importance and the way to foster a creative and innovative environment is clear among management/ leadership but still incomplete among the employees involved.</p> <p>This is reflected by the fact that there are conditions for a creative and innovative environment in place as the result of discussions, taking into account how to organise activities like brainstorming sessions and workshops as a way to identify new thoughts and to transform them into concrete actions to support an effective CRM.</p> <p>Furthermore, management/leadership masters the concepts of creativity and innovation and the major ways to promote the skills of creativity and innovation. The involved employees are trained to acquire creative and innovative skills. However, management/leadership understands that creativity and innovation cannot arise without a certain degree of theoretical and practical knowledge in topics that arise doing CRM.</p> <p>Finally, there is a technical tool in place to collect and prioritize creative and innovative ideas and to give feedback on these ideas.</p>	<p>Consciousness and understanding of the importance and the way to foster a creative and innovative environment are reaching high levels among management/leadership and all employees involved.</p> <p>This is reflected by the fact that the chosen conditions to provide a creative and innovative environment are based on a documented analysis, comparing several options for how to encourage, organise and reward creativity and innovation in order to support an effective CRM.</p> <p>Furthermore, the management/leadership can apply the theories on how to successfully provide a creative and innovative environment. The involved employees have the necessary skills and participate in creative and innovative activities on a regular and organised basis.</p> <p>Finally, there is a process in place for how to collect, examine, select and make use of ideas that emerge from these activities. The conditions for having a creative and innovative environment are regularly monitored and reviewed.</p>	<p>The way to foster a creative and innovative environment is constantly improved by learning from past experience and by involving external experts and sources.</p> <p>This is reflected by the fact that creative and innovative thinking and behaviour is cultivated as a natural feature of CRM work.</p> <p>Furthermore, all of this is supported by a proactive attitude, meaning that management/leadership and involved employees engage in proposing improvements regarding activities related to provide a creative and innovative environment.</p>

Help questions:

1. Can you describe the current activities your tax administration performs to foster a creative and innovative environment? For example: brainstorming sessions or workshops? Is feedback on ideas and activities given to the employees? What is the frequency of these activities?
2. Can you describe the underlying analysis behind the development of a creative and innovative environment, included the way creativity and innovation are expected to support an effective CRM?
3. Can you describe how the tax administration monitors, reviews and improves the degree to which it promotes a creative and innovative environment, and the way it contributes to support an effective CRM? For example: which ideas resulted in implemented innovations and what impact did they have?
4. Can you describe the existing signs indicating that employees involved in CRM activities understand the importance to have a creative and innovative environment to support an effective CRM?
5. What kind of technical tools are used to promote a creative and innovative environment? For example, having a shared file for collecting ideas?
6. Is there any reward system for promoting creative and innovative ideas?

Organisation – Communication

The capability to communicate the compliance strategies, objectives and outcomes by addressing relevant information to the different parts of the administration, using appropriate communication channels and frequencies in order to create understanding and insight of these aspects within the entire tax administration.

Level 1	Level 2	Level 3	Level 4	Level 5
<p>There is little or no awareness among management/leadership about the importance and the way to communicate the compliance strategies, objectives and outcomes.</p> <p>This is reflected by the fact that attempts to communicate are made only ad hoc or not at all.</p> <p>If there are some attempts, there are no signs that these communications are creating understanding and insight in the compliance strategies, objectives and outcomes among the involved employees.</p>	<p>Awareness starts to spread among management/leadership, although with limited understanding about the way to communicate the compliance strategies, objectives and outcomes.</p> <p>This is reflected by the fact that there are regular efforts to communicate about CRM, but the expectation that these efforts will create understanding and insight in the compliance strategies, objectives and outcomes among the involved employees rely on intuitive thoughts only.</p> <p>Furthermore, the tax administration has identified different groups of employees, decided which type of information each group should receive and which communication channels to use, but this relies on intuitive thoughts only.</p>	<p>Awareness and understanding of the importance and the way to communicate the compliance strategies, objectives and outcomes are clear among management/leadership but still incomplete among the employees involved.</p> <p>This is reflected by the fact that the communication activities are the result of discussions, taking into account communication theories for how to address relevant information, using the appropriate communication channels and frequency to each specific group of employees.</p> <p>Furthermore, the communication is seen as a way to stimulate the employees' behaviour, in accordance with the compliance strategies and objectives and the core values underpinning them.</p> <p>Finally, there is a communication strategy in place which gives rise to a concrete communication plan on regular basis.</p>	<p>Consciousness and understanding of the importance and the way to communicate the compliance strategies, objectives and outcomes are reaching high levels among management/leadership and all employees involved.</p> <p>This is reflected by the fact that the communication activities are based on a documented analysis, comparing several options for how to address relevant information, using the appropriate communication channels and frequency to each specific group of employees, in order to create understanding and insight in the compliance strategies and objectives.</p> <p>Furthermore, communication gaps are identified and solved by communicating the missing information to the group(s) of employees who need it, in an adequate way by using an appropriate mix of channels and frequencies.</p> <p>The employees involved in the communication work know how to use communication as a way to influence the employees' behaviour and they are also able to use the latest electronic possibilities for communication purposes (apps, e-mails, SMS, webinar, etc.).</p> <p>Finally, the communication activities are regularly monitored and reviewed.</p>	<p>The way to communicate the compliance strategies, objectives and outcomes is constantly improved by learning from past experience and by involving external experts and sources.</p> <p>This is reflected by the fact that the communication strategy is flexible enough to continuously adjust to an evolving external and internal context.</p> <p>Finally, all of this is supported by a proactive attitude, meaning that management/leadership and involved employees engage in proposing improvements regarding the activities to communicate the compliance strategies, objectives and outcomes.</p>

Help questions:

1. Can you describe the current activities your tax administration performs to communicate CRM work internally? To which degree do those activities create understanding and insight in the compliance strategies, objectives and outcomes among the involved employees?
2. Can you describe the underlying analysis behind the communication of CRM internally, included how the communication is expected to stimulate the employees' behaviour in a desired way?
3. Is there any communication plan in place to communicate CRM work internally? What is its format and frequency, and to which audience is it targeted? Is there a differentiated strategy for different group of employees? Which communication channels are used? For example, does they use the latest electronic possibilities, like e.g. apps, e-mails, SMS, webinar, etc.?
4. Can you describe how the tax administration monitors, reviews and improves the internal communication activities regarding CRM?
5. Can you describe the existing signs indicating that employees involved in CRM activities understand the importance to communicate the compliance strategies, objectives and outcomes?

Organisation – Extracting, managing and ensuring data

The capability to manage data by extracting relevant data from various internal and external sources and to ensure its quality and availability in order to support all the steps in the CRM process

Level 1	Level 2	Level 3	Level 4	Level 5
<p>There is little or no awareness among management/leadership about the importance and the way to manage data.</p> <p>This is reflected by the fact that attempts to manage data in order to support the CRM process are only made ad hoc or not at all.</p> <p>If there are some attempts, there are no signs that the managed data is useful for the CRM process.</p>	<p>Awareness starts to spread among management/leadership, although with limited understanding about the way to manage data.</p> <p>This is reflected by the fact that there are regular efforts to provide the tax administration with data from internal and external sources, covering the main sectors (e.g. Tax data, Economic data, third party information and Information from the internet) but the expectation that these data will support the CRM process relies on intuitive thoughts only.</p> <p>Furthermore, computer hardware and software to meet the basic requirements to manage big data are available.</p>	<p>Awareness and understanding of the importance and the way to manage data are clear among management/leadership but still incomplete among employees involved.</p> <p>This is reflected by the fact that the tax administration possesses large volumes of data as the result of discussions about which data can support the CRM process, taking in to account various internal and external sources and the levels of data quality and availability.</p> <p>Furthermore, there is an adequate IT architecture for data management in place, including a data access management. There is a taxonomy available for all databases. Every responsible in the process of data management is identified and has the necessary skills.</p> <p>Finally, all needed data from the most critical applications are extracted and made available as scheduled.</p>	<p>Consciousness and understanding of the importance and the way to manage data are reaching high levels among management/leadership and all employees involved.</p> <p>This is reflected by the fact that there are documented policies and standards in place, setting the framework for how to manage data, included how to ensure their consistency, quality and availability.</p> <p>Furthermore, these policies and standards are based on a documented analysis, comparing several options for how to manage data efficiently in order to obtain data with good quality and supporting the CRM process.</p> <p>Finally, all data management activities are regularly monitored and reviewed.</p>	<p>The way to manage data is constantly improved by learning from past experience and by involving external experts and sources.</p> <p>This is reflected by the fact that the tax administration is constantly examining the need for data required to perform an effective CRM process, taking into account an evolving external and internal context.</p> <p>Finally, all of this is supported by a proactive attitude, meaning that management/leadership and involved employees engage in proposing improvements regarding activities to manage data.</p>

Help questions:

1. Can you describe the current activities to manage data? On what policies and standards are they based? To what degree do those activities support the CRM process?
2. Can you describe the underlying analysis behind data management? For example, which internal and external sources have been used (e.g., Tax data, Economic data, Third party information and Information from the internet) to support all steps in the CRM process?
3. Can you describe the current IT architecture for data management? For example, does it includes data access management or a taxonomy for databases? Is this architecture adequate for the data defined as important for effective CRM work? Is this architecture able to deal with big data?
4. Can you describe how the tax administration monitors, reviews and improves the activities of data management?
5. Can you describe the existing signs indicating that employees involved in CRM activities understand the importance to manage data in order to support the CRM process?

Evaluation - Evaluating the outcome of actions to stimulate compliance

The capability to perform relevant evaluations of the outcome of actions by using a valid process of outcome measurement, including valid methods, in order to learn and understand in how to make better choices in future to effectively stimulate compliance.

Level 1	Level 2	Level 3	Level 4	Level 5
<p>There is little or no awareness among management/leadership about the importance and the way to evaluate the outcome of actions.</p> <p>This is reflected by the fact that attempts to evaluate the outcome of actions are made only ad hoc or not at all.</p> <p>If there are some attempts, there are no signs that these evaluations are used to learn and understand how to improve compliance in the future.</p>	<p>Awareness starts to spread among management/leadership, although with limited understanding about the way to evaluate the outcome of actions.</p> <p>This is reflected by the fact that there are regular efforts to evaluate the outcome of actions, but the expectation that these efforts will produce valid and reliable information in order to improve compliance in the future relies on intuitive thoughts only.</p> <p>Furthermore, the selection of the actions to evaluate is based on intuitive thoughts only.</p>	<p>Awareness and understanding of the importance and the way to evaluate the outcome of actions are clear among management/leadership but still incomplete among the employees involved.</p> <p>This is reflected by the fact that management/leadership masters the most important concepts of outcome measurement.</p> <p>Furthermore, the selection of the actions to evaluate and the methods to use for these evaluations are the result of discussions, taking in to account the methodologies for conducting outcome measurement (e.g. document on outcome measurement, FPG 084), in order to produce valid and reliable information in order to learn and understand how to improve compliance in the future.</p> <p>Finally, the tax administration has indicators in place for deciding if the intended outcome of an action has been attained or not.</p>	<p>Consciousness and understanding of the importance and the way to evaluate the outcome of actions are reaching high levels among management/leadership and all employees involved.</p> <p>This is reflected by the fact that there is an evaluation process in place and that the selection of actions to evaluate is based on a documented analysis, comparing several options and the possibilities to produce valid and reliable information. These analyses ensure that the evaluations are relevant to the learning and understanding of how to improve compliance in the future, and that the available resources and estimated costs of performing the evaluations are taken into account.</p> <p>Furthermore, the employees involved can apply the methodologies of outcome measurement and are able to design adequate evaluations (methodology, sample size, data collection, data analysis, etc.) producing valid and reliable information and to learn and understand how to improve compliance in the future.</p> <p>Finally, the activities of selecting which actions to evaluate, the evaluation process and the evaluation methods are regularly monitored and reviewed.</p>	<p>The way to evaluate the outcome of actions is constantly improved by learning from past experience and by involving external experts and sources.</p> <p>This is reflected by the fact that the tax administration is measuring the outcomes of the actions, thus to learn and understand how to continually improve compliance considering an ever changing external and internal context.</p> <p>Finally, all of this is supported by a proactive attitude, meaning that management/leadership and involved employees engage in proposing improvements regarding the selection of actions to evaluate, evaluation processes and on the methodology to perform outcome measurement.</p>

Help questions:

1. Can you describe the current activities to evaluate the outcome of actions? What improvements in compliance are expected to result from those activities in the future?
2. Can you describe the underlying analysis behind the evaluation of the outcome of actions? Which actions are selected to evaluate and why? Which methods are used to measure the outcome and to evaluate it and why? Furthermore, in what way do the analysis take into account the theories of outcome measurement and the available resources and the estimated costs to measure and evaluate?
3. Can you describe how the tax administration monitors, reviews and improves the activities of evaluating the outcome of actions?
4. Are there any indicators in place for deciding if the intended outcome of an action has been attained or not?
5. Can you describe the existing signs indicating that employees involved in CRM activities understand the importance and the ways of evaluating the outcome of actions?

Evaluation – Evaluating the CRM process

The capability to perform relevant evaluations of the CRM process by using a valid process, including valid methods, in order to learn and understand how to improve the CRM process.

Level 1	Level 2	Level 3	Level 4	Level 5
<p>There is little or no awareness among management/leadership about the importance and the way to evaluate the CRM process.</p> <p>This is reflected by the fact that attempts to evaluate the CRM process are made only ad hoc or not at all.</p> <p>If there are some attempts, there are no signs that the result of the evaluations is used to improve the CRM process.</p>	<p>Awareness starts to spread, although with limited understanding about the way to evaluate the CRM process.</p> <p>This is reflected by the fact that there are regular efforts to evaluate parts of the CRM process but the expectation that these efforts will produce valid and reliable information to improve the CRM process relies on intuitive thoughts only.</p> <p>Furthermore, the selection of the parts of the CRM process to evaluate is based on intuitive thoughts only.</p>	<p>Awareness and understanding of the importance and the way to evaluate the CRM process are clear among management/leadership but still incomplete among the employees involved.</p> <p>This is reflected by the fact that management/leadership masters the concepts of effectiveness and efficiency and knows how to incorporate this into the evaluations.</p> <p>Furthermore, the selection of the parts of the CRM process to evaluate and the methods to use for these evaluations are the result of discussions, taking in to account the methodologies for conducting evaluations (e.g. OECD documents), in order to produce valid and reliable information in order to improve the CRM process.</p> <p>Finally, the tax administration has indicators in place in beforehand for deciding if the (parts of the) CRM process are effective and efficient.</p>	<p>Consciousness and understanding of the importance and the way to evaluate the CRM process are reaching high levels among management/leadership and all employees involved.</p> <p>This is reflected by the fact that there is an evaluation process in place and that the selection of the parts to evaluate is based on a documented analysis, comparing several options and the possibilities to produce valid and reliable information. These analyses ensure that the evaluations are relevant to the learning and understanding of how to improve the CRM process in the future, and that the available resources and estimated costs of performing the evaluations are taken into account.</p> <p>Furthermore, the employees involved can apply evaluation methodologies and are able to design adequate evaluations (methodology, sample size, data collection, data analysis, etc.) producing valid and reliable information to improve the CRM process.</p> <p>Finally, the activities for selecting parts of the CRM process to evaluate, the evaluation process and the evaluation methods are regularly monitored and reviewed.</p>	<p>The way to evaluate the CRM process is constantly improved by learning from past experience and by involving external experts and sources.</p> <p>This is reflected by the fact that the tax administration is continuously examining the effectiveness of the ongoing CRM process by evaluating its effectiveness and efficiency, thus to learn how to optimize the CRM process in an ever changing external and internal context.</p> <p>Finally, all of this is supported by a proactive attitude, meaning that management/leadership and involved employees engage in proposing improvements regarding the selection of the parts to evaluate, the evaluation process and on the methodology to perform measurement.</p>

Help questions:

- Can you describe the current activities to evaluate the CRM process?
- What have you learned from evaluations related to making decisions about how to treat risks or to make benefit of opportunities in order to effectively stimulate compliance? What improvements to the CRM process has the learning resulted in?
- Can you describe the underlying analysis behind evaluating the CRM process? Which parts of the CRM are selected to evaluate and why? Which methods are used to do the evaluation and why? In what way do you take into account the possibilities to measure effectiveness and efficiency in the CRM process measurement in a valid way, the available resources for measurement and the estimated costs to measure?
- Can you describe how the tax administration monitors, reviews and improves the activities for evaluating the CRM process?
- Are there any indicators in place in beforehand for deciding if the (parts of the) CRM process are effective and efficient or not?
- Can you describe the existing signs indicating that employees involved in CRM activities understand the importance and the ways to evaluate the CRM process?