

## EXECUTIVE SUMMARY

The Inland Revenue Department as one of the main revenue collector of the government, has contributed 38.05% to the total government revenue in year 2016. Around fourteen types of taxes enacted under different Acts are administered by IRD and collect taxes through self assessment system.

Knowledge on tax legislation is vital in determining accurate tax liability in a self assessment system. Complexity and inconsistency of the tax law leads to misinterpretation and thereby tax evasion and avoidance. Secretariat branch of the Department is responsible for issue interpretations to any person who finds an ambiguity in tax law. As per the relevant provisions of the Inland Revenue Act, No. 24 of 2017, ruling should be issued within ninety days from the date of receipt of the request for an interpretation. However, as the procedure adopted for issuance of rulings is manual it finds difficult to issue interpretations within the stipulated time.

SWOT analysis and root cause analysis was carried out to evaluate the reasons for delay and to develop a solution for the problem. Accordingly, in order to address the issue, it is proposed to streamline the process of interpretations. Based on the literature review, it was found out that information technology plays a vital role in improving tax administrations. Many countries around the world has adopted autonomous or semiautonomous systems to make tax administrations more effective and efficient. Training and development of employee is necessary to improve the capabilities and to ensure that employees are equipped with right knowledge and skills.

The main objective of this management field project is to develop a process to increase the efficiency in order to minimize the delays in interpretations. Accordingly, it is proposed to process improvement, automation and training for officers who involve in ruling process.

Finally, in this management field project recommendations are given to implement a semiautonomous process using MIS, introduce a specific application form and comprehensive data base on interpretations. Thereby expected to increase the efficiency of interpretation process and to provide better service to taxpayers.