



REPUBLIC OF CROATIA
MINISTRY OF FINANCE
TAX ADMINISTRATION

ANTI – CORRUPTION STRATEGY AND ACTION PLAN OF THE TAX ADMINISTRATION

for the period 2012 – 2016



Zagreb, december 2011



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Elaborated in Zagreb from June to October 2011 by the members of the Twinning Light Project „Strengthening of the Tax Administration in the fight against corruption“ between the Croatian Tax Administration and the Austrian Short Term Experts from Agency for European Integration and Economic Development (AEI).

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ANTI – CORRUPTION STRATEGY
OF THE TAX ADMINISTRATION
for the period 2012 – 2016

1. Introduction

The Anti-Corruption Strategy of the Croatian Tax Administration (CTA) is oriented on the NATIONAL ANTI-CORRUPTION STRATEGY. Also special demands and necessities of the CTA like

- > STRATEGY OF THE TAX ADMINISTRATION for the period 2011 – 2015
- > CODE OF ETHICS FOR CIVIL SERVANTS (Official Gazette 40/2011)
- > CODE OF PROFESSIONAL ETHICS FOR OFFICERS IN THE TAX ADMINISTRATION OF THE MINISTRY OF FINANCE (Official Gazette 76/2009)
- > Results from an IPA TWINNING PROJECT “Strengthening of the Tax Administration in the fight against corruption”

are considered.

Corruption involves a range of criminal offences and is defined as abuse of public authority for private gain. It is an act of illicit exchange between a tax official and another person or between tax officials committed for the purpose of acquiring an own advantage. It is any act, contrary to public interest, which violates morality and legal norms, and undermines the foundations of the rule of law. A major consequence of corruption is a lack of public trust in the work of the CTA.

It is very important to sensitize all tax payers and staff members of the CTA about the harmfulness of corruption. Relevant are concrete and detected corruptive cases which undermine the public confidence in the reliability and objectivity of the CTA and also the suspicion or the perception of corruption.

Tax officials should act in their official work as they would like to be treated as citizens and taxpayers by respecting the values of:

- 
- > **Integrity**
 - > **Transparency**
 - > **Objectivity**
 - > **Fairness.**

All tax officials - especially superiors - are responsible for implementation of these values in the daily work of CTA and for improvement of the reputation of CTA in the public sector, because employees of CTA are first of all citizens and taxpayers too.

CTA will not allow that good work and reputation of a majority will be destroyed by a minority.

2. Principles of the national and cta anti-corruption strategy

- > **The principle of the rule of law**, which obliges all competent authorities of the CTA to comply with legal procedures, principles and restrictions and provides legal remedies for tax payers whose rights have been violated.
- > **The principle of good practice**, which obliges all competent authorities of the CTA to align their policies with best practices required for the efficient suppression of corruption in all departments and offices of the CTA.
- > **The principle of responsibility**, which obliges all competent authorities of the CTA to take full responsibility for creating public policy and implementing it efficiently, including the implementation of this CTA Strategy and Action Plan.
- > **The principle of prevention**, which obliges all competent authorities of the CTA to adopt and implement measures for the systematic suppression of the causes of corruption, including the removal of all shortcomings which facilitate corruption.
- > **The principle of efficiency**, which obliges all competent authorities of the CTA to make constant progress in proposing and implementing measures for achieving visible results in fighting all forms of corruption.
- > **The principle of co-operation**, which obliges all bodies of CTA charged with the implementation of this CTA Strategy and Action Plan to co-operate in implementing measures in accordance with positive regulations. In developing co-operation, these bodies are required to set clear objectives, and identify the measures they will take to achieve them.
- > **The principle of transparency**, which obliges all competent authorities of the CTA to safeguard transparency in decision making processes and to provide tax payers with access to information, as required by law.
- > **The principle of co-operation with civil society**, which obliges all competent authorities of the CTA to improve co-operation with civil society.
- > **The principle of self-assessment**, which obliges all competent authorities of the CTA to consistently and regularly oversee the implementation of the Action Plan, assess the risk of corruption and to take appropriate measures.

The principle of the rule of law

The principle of good practice

The principle of responsibility

The principle of prevention

The principle of efficiency

The principle of co-operation

The principle of transparency

The principle of co-operation with civil society

The principle of self-assessment


3. Anti-Corruption Strategy of CTA

The Vision of CTA is to become the leading professional public sector organization providing taxpayers with high quality service standards.

The Mission of CTA is to provide the best possible collection of public revenues and good cooperation with the taxpayers.

In realizing this Vision CTA has to create and implement a positive and resistant climate against corruption, to communicate the consequences of corruptive behaviour and to sensitize the whole staff. With all its activities CTA makes a substantial contribution to the state budget in line with clear and transparency business processes able to prevent and reduce corruption risks.

The CTA Anti-corruption strategy is based on two important aspects:

- 
- > **Prevention** (f. e. with training and education, sensitizing for grey areas, transparent business processes, risk analysis and Code of Ethics)
 - > **Repression** (detection and punishment of corruptive cases)

The CTA Anti-Corruption Strategy follows the National Anticorruption Strategy. Activities of this programme which are carried out, such as awareness raising on the harmfulness of corruption, employees training and increasing transparency through the use of the Internet are also part of the CTA Anticorruption Strategy. CTA is responsible to implement certain measures from the National Action Plan within the Ministry of Finance and self-defined measures:

3.1. Create preconditions to prevent corruption at all levels

Preventing corruption at all levels is the key to a successful anti-corruption policy. It is necessary to create a framework for prevention of corruption which opens the possibility to define effective measures relating on the specific working field.

3.2. Create preconditions to prevent conflicts of interests

A further priority area is preventing conflicts of interests within the CTA.

A conflict of interests means a situation when the private and public interests of a tax official disagree, or when private interests influence or may influence the impartiality of a tax official in performing his service duties.

3.3. Establish an employee training program

CTA works with high qualified employees and therefore highest priority is the development of training programs for all working fields, especially in this case for professional ethics and corruption prevention.

Regarding to the actual strategy of CTA (3.4.1.) it is necessary to realize a CTA training centre

3.4. Responsibility of CTA superiors

CTA superiors shall ensure that their staff members fulfil their service obligations lawfully and in an economic manner. In this context, they shall guide their staff members, give them instructions to prevent and remove errors and deficiencies.

In the case of corruption prevention superiors have to sensitize their staff members and give them advice.

3.5. Communication

In order to be efficient, open and transparent in its work the CTA needs timely and substantial information and opportunities for information exchange.

The purpose of external communication is continuously influencing the awareness of citizens and tax payers about the harmfulness of corruption.

Internal communication should facilitate the exchange of relevant information, data and knowledge with the aim of preventing and suppressing corruption.

CTA will initiate partnerships and cooperation with internal and external stakeholders in order to jointly contribute to the fight against corruption and develop mutual trust.

3.6. The right of access to information

The freedom of information and therefore the right of access to information owned by public authority is a fundamental human right based on the Constitution of the Republic of Croatia and the European Convention on human rights and fundamental freedoms.

The principle of transparency is one of the core principles in the fight against corruption.

Openness and publicity of the work of CTA to the society in which it acts is one of the fundamental preconditions of democracy and modern society in the fight against corruption.

3.7. Integrity, responsibility and transparency in the CTA

Codes of conduct are of crucial importance for developing an organisational culture of integrity and intolerance to corruption. Therefore the CTA had elaborated the CODE OF PROFESSIONAL ETHICS FOR OFFICERS IN THE TAX ADMINISTRATION OF THE MINISTRY OF FINANCE. This code provides guidance to the tax officials on how to avoid potential conflicts of interest and corruptive behaviour.

The main focus of the CTA Code of Professional Ethics is on:



- > Strengthen the ethics competence of the tax officials by further developing anti-corruption training courses for the staff members – especially for superiors
- > Strengthen the responsibility and transparency in the operations of tax officials and tax payers
- > Strengthen the ethics framework through permanent reviews of the application of the codes of ethics and propose improvements in key risk areas
- > Design and implement a permanent system for integrity auditing and implement risk management approaches

For achieving abovementioned goals it is essential that the tax officials will be trained according to following key topics of the CODE OF ETHICS FOR CIVIL SERVANTS and the CODE OF PROFESSIONAL ETHICS FOR OFFICERS IN THE TAX ADMINISTRATION OF THE MINISTRY OF FINANCE:

- > Tax Officials shall act in accordance with the constitution of the Republic of Croatia and its acts, their rules of the profession and as instructed by the head of their institution or superior officer
- > Tax Officials shall act responsible and treat as confidential all data and information revealed in the course of their work and shall not use these data or information for private purpose or contrary to regulations
- > Tax Officials shall exercise due diligence and respect in regards to tax payers, superior or subordinate officers
- > Tax Officials shall be professional, friendly, fair, objective, patient, interested and transparent and shall not discriminate

against another officer or tax payer because of ethnicity, sex, race, religious views or for any other reason contradictory to the constitution or the rights and freedoms prescribed

- Tax Officials shall be exempt from a situation in which a potential conflict of interest may arise
- Tax Officials shall refuse gifts, advantages and other offers, regardless of value, for the purpose of a more favourable resolution of a case and they shall inform their superior about that.
- Tax Officials shall not abuse their authority with the purpose of material or other personal gain, they shall not use official information for personal gain and shall not use their position in order to influence a decision for personal gain or for obtaining a privilege.
- Tax Officials shall take care to protect their reputation and the reputation of the CTA.
- Tax Officials shall refrain from exercising their office duties in any case that may be suspicious of their full impartiality which could jeopardize confidence of the general public in the work of CTA.

3.8. Raise public awareness of the harmfulness of corruption

It is important to raise public awareness of the harmfulness of corruption and to define activities to suppress corruption. Initiate active cooperation and partnerships between all competent authorities and also between tax officials and tax payers. Promotional materials are necessary concerning the dangers and harmfulness of corruption and measures aimed at suppressing it.

3.9. Efficient and systematic suppression of corruption

An efficient and systematic suppression of corruption is based on legal and institutional framework. It should be guaranteed that this framework will be evaluated and adapted periodically.

Important measures for suppression of corruption are for example:

- Revised Code of professional ethics for officers in the tax administration of the ministry of finance
- Determination of adequate tasks for the ethics commissioner
- Appointment of an ethics committee within the CTA

3.10. Efficiency in detecting and prosecuting criminal acts of corruption

CTA also needs preventive actions for criminal acts of corruption, for example:

- Clear regulations for superiors how to deal with suspicious cases of corruption
- Defined procedures and obligations – especially for superiors – for detecting corruptive cases
- Standards for treatment of citizen's complaints against the work of employees
- Guidelines for improving communication and reporting of possible corruption cases between Central Office, Regional Offices and Branch Offices
- Guidelines for reporting of possible corruption cases to prosecution bodies
- Public relation measures for reporting of possible corruption cases
- Further development and implementation of PIN system
- Further development and implementation e-tax project.

3.11. Enhance national cooperation in combating corruption

Improving co-operation with other public institutions and with civil society organisations, f. e. standardized procedures for exchange of information with USKOK and the Ministry of the Interior.

3.12. Legal and institutional Framework

The preconditions for success in the fight against corruption are guaranteed in legal and institutional framework, regarding UN Convention against Corruption, and relevant documents from the Council of Europe and the European Union.

In the fight against corruption within the CTA the following acts are relevant:

- The Criminal Code of the Republic of Croatia (OG 110/97, 27/98, 50/00, 129/00, 51/01, 111/03, 190/03, 105/04, 84/05, 71/06, 110/07)

- > The Criminal Procedure Act of the Republic of Croatia (OG 110/97, 27/98, 58/99, 112/99, 58/02, 143/02, 62/03, 115/06, 152/2008, 76/2009, 80/2011)
- > The Act on the Office for the Suppression of Corruption and Organised Crime (OG 88/01, 12/02, 33/05, 48/05, 76/07, 76/09, 116/10, 57/11)
- > The Witness Protection Act (OG 163/03, 18/11)
- > The Act on the Right of Access to Information (OG 172/03, 144/10, 38/11, 77/11)
- > The Civil Service Act (OG 92/05, 142/06, 77/07, 107/07, 27/08, 49/11)

3.13. "Zero tolerance approach for Corruption within the CTA"

All members of the CTA and especially superiors should act decisively against all and any form of corruption. It is their responsibility and service duty to implement prevention measures and to react in any case of corruptive suspicion.

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Introduction

Due to Anti-Corruption Strategy the Tax Administration of the Republic of Croatia (CTA) professes its aim to prevent, detect and combat corruption in all hierarchic levels and all organizations of CTA.

As it is described in the CTA Anti-Corruption Strategy for the period 2012 - 2016, corruption is an act of illicit exchange between a tax official and another person, committed for the purpose of acquiring an own advantage. It is any act, contrary to public interest, which violates morality and legal norms, and undermines the foundations of the rule of law.

The Anti-Corruption Strategy has to be developed by CTA into specific measures within this Action Plan to strengthen the fight against corruption.

It is very important to sensitize all tax payers and staff members of the CTA about the harmfulness of corruption and to strengthen the public trust in the work of the CTA.

The philosophy of CTA Anti-Corruption Strategy means that tax officials should act in their official work as they would like to be treated as citizens and taxpayers and they will respect the values **Integrity, Transparency, Objectivity and Fairness**.

All tax officials - especially superiors - are responsible for implementation of these values in the daily work of CTA and for improvement of the reputation of CTA in the public sector, because employees of CTA are first of all citizens and taxpayers too.

The Action Plan follows in general the structure of CTA Anti-Corruption Strategy and treats the most relevant elements identified in the CTA Anti-Corruption Strategy as key aspects for the fight against corruption.

- > Principles of the national and CTA Anti-Corruption Strategy
- > Preconditions to prevent corruption at all levels
- > Preconditions to prevent conflicts of interests
- > Employee training program
- > Responsibility of CTA superiors
- > Communication
- > Right of access to information

- Integrity, responsibility and transparency in the CTA
- Public awareness of the harmfulness of corruption
- Suppression of corruption
- Detection and prosecution of criminal acts
- National cooperation in combating corruption

Regarding the Vision of the CTA Strategy a positive and resistant climate against corruption has to be created and implemented.

Therefore the CTA Anti-Corruption Strategy is based on two applicable pillars:

- Corruption Prevention with serious training and education measures (including Code of Ethics), permanent sensitization of the whole staff, transparent business processes and risk analysis.
- Efficient repression measures to investigate, detect and punish corruptive cases.

No.	ANTI – CORRUPTION STRATEGY	ANTICORRUPTION – ACTION PLAN MEASURE	IMPLEMENTATION – PERIOD	RESPONSIBILITY FOR IMPLEMENTATION
1a	Raising awareness of tax officials regarding harmfulness of corruption and the principles of CTA Anti-Corruption Strategy and the values Integrity, Transparency, Objectivity and Fairness	Elaborate a revised Code of professional ethics for officers in the tax administration of the Ministry of Finance, based on the revised Code of ethics for civil servants	Start and finish within 6 months	Ethic commissioner
1b	Raising awareness of tax officials regarding harmfulness of corruption and the principles of CTA Anti-Corruption Strategy like Rule of law, Good practice, Responsibility, Prevention, Efficiency, Co-operation within the organization and with civil society, Access to information, Self-assessment	Brochure with relevant examples from daily work, f. e. <ul style="list-style-type: none"> Identifying Corruption Risk Areas (Weak Points and Indicators) How to deal with corruption suspicion Everybody's Contribution to Prevent Corruption 	Start within 6 months Finish within 18 months	Internal Control
2	Preconditions to prevent corruption and conflicts of interests at all levels	Based on the defined key processes in the different working fields of CTA 1. Corruption risk analysis to identify risk areas have to be elaborated and 2. Guidelines and necessary measures for corruption prevention have to be developed	Start within 6 months Finish within 18 months	Initiation by Internal Control – implementation of departments from risk areas (appointed team)
3a	Establish an employee training program for tax officials in all working fields, regarding the purpose of this Action Plan for anti-corruption and professional ethics.	<ul style="list-style-type: none"> Training Strategy – especially for professional ethics and corruption prevention - has to be implemented Standards for Training and Seminars – especially training plans and target groups must be defined 	Start within 18 months Finish 2016	Initiation by Internal Control – implementation of Personnel and Human resources management and development Department
3b	Program and contents for corruption prevention and integrity seminars have to be worked out	Design and content for anti-corruption seminars for CTA employees will be developed	Start and finish within 6 months	Initiation by Internal Control – implementation of Personnel and Human resources management and development Department
3c	Establish an employee training program - regarding the actual strategy of CTA (3.4.1.) a establishment of CTA training centre is prescribed	<ul style="list-style-type: none"> A “train the trainer – program” has to be developed As long as CTA lacks a training centre “In-house seminars” and co-operation with existing training institutions are needed E-learning has to be encouraged 	Start within 6 months Finish within 18 months Training centre 2016	Initiation by Internal Control – implementation of Personnel and Human resources management and development Department
3d	Special training and seminar program for superiors	Training contents regarding the special responsibilities and duties of superiors have to be elaborated and implemented	Start within 6 months Finish within 18 months	Initiation by Internal Control – implementation of Personnel and Human resources management and development Department
4	Responsibility of CTA superiors in the fight against of corruption - they should monitor that their staff members legally fulfil their service obligations and in the case of suspicion of corruption, they should act immediately and take all appropriate measures. Superiors have to sensitize their staff and give them adequate advice.	Decree on procedures in case of corruption or suspicion of corruption (detecting, reporting , cooperation)	Start within 6 months Finish within 18 months	Internal Control

No.	ANTI – CORRUPTION STRATEGY	ANTICORRUPTION – ACTION PLAN MEASURE	IMPLEMENTATION – PERIOD	RESPONSIBILITY FOR IMPLEMENTATION
5a	Communication – Internal communication should facilitate the exchange of relevant information, data and knowledge with the aim of preventing and suppressing corruption.	Internal Communication – <ul style="list-style-type: none"> • Yearly Report on corruptive cases • Trainings and internal meetings between superiors and employees • Intranet – “Integrity page” 	Start within 6 months Finish within 18 months	Initiation by Internal Control Implementation by Information System Department
5b	Communication - External communication is continuously influencing the awareness of citizens and tax payers about the harmfulness of corruption.	Initiation of partnerships and cooperation with internal and external stakeholders in order to jointly contribute to the fight against corruption and develop mutual trust.	Start within 6 months Finish within 18 months	High management of CTA
6	Right of access to information The principle of transparency is one of the core principles in the fight against corruption.	<ul style="list-style-type: none"> • Organization of registration and coordination of requests of information • Appointment of an “Information officer” will be helpful 	Start within 6 months Finish within 18 months	General Director of CTA
7	Enhancement of integrity, responsibility and transparency Codes of ethics provide guidance to the tax officials on how to avoid potential conflicts of interest and corruptive behaviour	Strengthen the ethics framework through permanent reviews of the application of the codes of ethics	Start within 6 months Finish within 18 months	Ethical Commissioner
8	Raise public awareness of the harmfulness of corruption Promotional materials are necessary concerning the dangers and harmfulness of corruption	Establish and implement widespread communication through promotional materials, Web page and project e-Tax	Ongoing measure	Initiation by Internal Control Implementation by Information System Department, General affairs, legal and accounting Department
9	Efficient and systematic suppression of corruption is based on legal and institutional framework, which should be evaluated and adapted periodically	<ul style="list-style-type: none"> • Determination of adequate tasks for the ethics commissioner • Appointment of an Ethics committee within the CTA 	Start and finish within 6 months	General Director of CTA
10a	Efficiency in detecting and prosecuting criminal acts of corruption	Creating Guidelines for treatment of citizen's complaints against the work of tax officials	February 2012	Twinning partner AEI and CTA project team
10b		Creating Guidelines for improving communication and reporting of possible corruption cases between Central Office, Regional Offices and Branch Offices;	February 2012	Twinning partner AEI and CTA project team
10c		Creating Guidelines for improving communication and reporting of possible corruption cases to prosecution bodies (State Attorney Office, USKOK etc)	February 2012	Twinning partner AEI and CTA project team
10d		Creating Guidelines for improvement of CTA procedures regarding public relations in terms of reporting of possible corruption cases	February 2012	Twinning partner AEI and CTA project team
10e		Continuation of implementation of OIB which is instrument in fight against corruption	Ongoing	Personal Identification Number Department
11	Enhance national cooperation in combating corruption	Improvement of co-operation with other public institutions and with civil society organisations	Ongoing	High management of CTA

Conclusion

The Proposal for the CTA Anti-Corruption Action Plan includes 20 concrete measures (some with sub items) for the 12 defined areas of the CTA Anti-Corruption Strategy.



implementation period

Regarding **implementation period** it has to be stressed that

- 7 measures will start and finish within 6 months
- 9 measures will start within 6 months and finish within 18 months
- 1 measures will start within 18 months and finish in a longer period
- 3 measures are ongoing measures.



responsibility for implementation

Regarding **responsibility for implementation** it has to be pointed out that

- 4 measures will implemented by Twinning partner AEI and CTA project team
- 7 measures will initiated by Internal Control and implemented by other Departments
- 2 measures will be initiated and implemented by Internal control
- 1 measure is in process of implementation of PIN Department
- 2 measures will be initiated and implemented by Ethic commissioner
- 4 measures will be initiated and implemented by high management of CTA