1. Introduction

Tax and customs administrations often are lightening rods for corruption in public sectors around the world. The measures these agencies use to control corruption vary but usually involve attempts to modernize through information systems and functional restructuring that change the nature of work performed and the organizations themselves. These codes are also part of the change process and represent one of the least empirically understood but potentially most useful mechanisms to lower the risk of corruption.

Moreover, ethical behavior and conduct are often perceived as a major factor in sustaining tax and customs administration reforms. The effectiveness of codes as a check on internal and external corruption is one reason for their ubiquitous appearance, beginning in the early 1990s, as a part of modernization efforts and as a complement to other, often national anti-corruption initiatives.

But many questions remain unanswered. What are the best ingredients of codes of ethics and conduct that can prevent or at least hinder corrupt practices? Also, are there benchmarks that can stimulate and promote best practice applications? Finally, how can these codes be enforced and through what mechanisms, especially in a climate where integrity breeches are commonplace?
To answer these questions the note reviews: codes from a contextual perspective; country applications of code structure and content; three case studies and assessment of best practice features; and recommended essentials for codes based on international practice.

2. Codes in Perspective

Codes as a part of modernization efforts

Reform of revenue administrations has become a staple of government efforts to restore economic stability and encourage private sector growth. Such reforms encompass an array of increasingly standard features, including: functional reorganization, business process reengineering, creation of integrated information systems and related architecture, renovating infrastructure (e.g., for tax, separate large taxpayer facilities; in customs, cargo inspection and clearance facilities), creating a dedicated taxpayer/trader client service and information function to facilitate payment and trade, respectively, a mutual focus on updating management techniques and tools, and overhauling human resources and training policies and practices, including pay structures.

Often the most difficult part of tax and customs reforms is the effort to deal with integrity issues. In fact, these reform features are all pointed in the direction of directly or indirectly confronting and significantly reducing both systemic (deep-seated, often criminal) and routine (petty) corruption.

Designing, promoting, and enforcing a formal code of ethics and conduct tailored to the conduct of business in tax and customs administrations now has become fundamental to any modernization effort. An increasing number of tax and customs agencies are in the process of redesigning or revising their code of conduct and ethics. Reviews of international experience that assess the design and application of such codes continue to represent a lacunae in the literature on integrity tools. For this reason, It is all the more
important to know how existing codes confront the integrity challenge for tax and customs agencies. The assumption is that recent practice of tax and customs agencies to develop, revise and promulgate codes of conduct and ethics should provide a compass indicating what basic orientations and code contours have been found to significantly lessen and ameliorate unethical behavior and breeches of conduct permeating these agencies in different integrity settings.

Codes as an integral part of an anti-corruption strategy

While codes of ethics and conduct in and of themselves are no panacea for the integrity problems that beset tax and customs administrations, they continue to move into the spotlight and constitute a part of the canon in the litany of anti-corruption measures. As an example, the United Nations Committee on Anti-corruption delineated the following standard reform measures. They bear a close resemblance to those recommended by the IMF and the World Customs Organization (WCO), respectively, for tax and customs reforms.

- Use merit-based systems of recruitment and promotion;
- Adopt, implement and enforce a code of conduct;
- Develop job rotation policy;
- Pay adequate salaries;
- Require cases of corruption to be reported;
- Implement education and training programs to enable employees to carry out their functions properly, in accord with prescribed standards and expectations; and
- Establish a department of internal control with remedies for breech of conduct.

The use of merit based pay, job rotation strategies, and adequate salaries are all part and parcel of human resource reforms in modernization efforts. The remaining measures pertain to the contents of the code of conduct: require cases of corruption to be reported,
install ethics training programs, and establish an internal control unit. All appear in the various guises of the international comparison of codes below.

Incorporating and expanding on items in the UN anti-corruption recommendations are the following 12 elements listed in the WCO’s Self-Assessment Guide, which are common to tax administration modernization as well:

- Minimum administrative regulation (streamlining);
- Transparency (clear rules of the game);
- Automation;
- Strategic segregation, rotation, and relocation (of staff);
- Management responsibility and accountability (leadership element and example);
- Auditing (internal and external);
- Morale and organizational culture (which will change);
- Recruitment and selection (elevating professional and ethical standards);
- *Code of Conduct*:
- Professional development; and
- Adequate remuneration, and (transparent and proactive) relationship with brokers and industry (taxpayers for tax administrations).

The codes especially relate to and affect morale and organizational culture, management responsibility and accountability, e.g., setting a good example, transparency of procedures where the rules of the game are known and codified, recruitment and selection of competent and trustworthy staff. They also reinforce and amplify the features of codes that are intended to buttress each one of these integrity elements. How do these become structured into codes of ethics and conduct?

**Basic Elements of Codes of Conduct and Ethics**

The structure of Codes of Ethics and Conduct should, and often do, follow the outline delineated below (recommended by the Ethics Resource Council, May 2003, pp. 32-35):
• a credo or statement of beliefs;
• guidelines for decision-making when faced with ethical dilemmas;
• code provisions or specific rules that prohibit certain actions and require others;
• definitions, rationales, and illustrations; and
• resources and hotline information.

Codes may be entitled “ethics” or “conduct” or both. Often there is a blurring of distinctions in “vision” and “mission” statements, which may incorporate both ethical principles and behavioral norms. Frequently, codes import or cross-reference statutes and regulations from public service codes while still others develop a more tailored approach from the inside to emphasize behaviors desired or that need changing.

Codes may be formulated as “aspirational,” elucidating high moral and ethical principles in the framework of religious, philosophical, or civic standards of conduct, or compliance/prescriptive expectations, with explicit prohibitions against certain types of behavior. Often, the aspirational and prescriptive are combined into one credo. Note that the mere reiteration of high principles will not be enough to affect or deter deviant behavior. For that reason, such statements need to be reinforced with concrete examples of expected behavior and what occurs if normative guidelines are not adhered to.

The following review illustrates how the aspirational and prescriptive elements have been incorporated into codes in different country and agency environments and how each element of the code can complement and reinforce the other.

3. Country applications of code structure and content

Vision and mission. Most codes begin with either a “vision” statement or a delineation of “ethical principles” (occasionally both). For example, Bolivia’s Code of Ethics (Administrative Resolution No. 05-0575-97, June 6, 1997) begins with seven “ethical” principles: maintaining confidentiality, being loyalty, working in the public
interest, institutional solidarity, protecting the institutional image, avoiding conflicts of interest, and promoting transparency in agency transactions by following prescribed procedures. Similarly, the Costa Rican code specifies desirable characteristics of loyalty, efficiency, integrity, responsibility, confidentiality, and impartiality, among others.

The code of ethics for the US tax agency evolved from seminars conducted by an independent Government Ethics Center. The five ethical principles that grew out of the seminars are: (a) public office should be viewed as a public trust; (b) officials should exercise independent, objective judgment not influenced by political considerations; (c) employees are accountability for their actions; (d) the principles and spirit of representative democracy should be honored and respected; and (e) employees should personify respectability and fitness for office.

The Mexican tax administration code incorporates a vision and mission statement as a preamble to its code. The vision is to constitute a modern tax administration, which is professional and honest, and conveys an attitude of service, the result of which engenders a high degree of confidence from the general public. The mission statement is a reflection of current “reform” motifs: namely, to collect with quality and efficiency the federal tax contribution necessary to finance public expenditures, guaranteeing the correct and equitable application of fiscal legislation, and thus promoting voluntary and timely fulfillment of tax obligations.

The mission is then delineated. The Service mission focuses on being motivated to serve society but especially taxpayers. Finally, Excellence pertains to developing and maintaining an organizational culture to improve, modernize, and tailor the procedures of the tax agency to the expectations of citizens, including maintaining a positive attitude, being friendly, and showing respect and sensitivity. It also calls on officials to continuously and systematically promote quality and update knowledge, skills, and training, which are considered-indispensable to proper work performance.
Mexico’s code, published in March 2000, is specifically oriented to the overall performance of the individual as well as the agency. The code is used in evaluating employee performance to obtain the necessary quality in the tax career stream and for use in determining promotions. Its Code of Ethics for the Fiscal Career embodies principles of the Constitution of the Country, the Federal Law of Responsibilities of Public Servants, and specific tax and customs legislation, plus related legal decrees. Procedures are governed by the Law of Responsibilities of Public Servants (Article 27), Internal Control of the Tax Administration. In Peru Tax officers are nominated for annual recognition who have performed their duties with dedication and total commitment to service—including having supported, promoted and demonstrated ethical behavior based on agency norms.

The ethical principles governing individual behavior in Mexico’s code concentrate on tax official-taxpayer relations. Under integrity, employees are expected to not yield to personal, political, or economic pressures; probity is described as protecting and preserving federal property not taking bribes, denouncing fraud and corruption when encountered, and not profiting financially from privileged information. Impartiality emphasizes adhering to agency laws, legal norms, instructions and decrees, not proselytizing on behalf of political parties, and guaranteeing the rights of taxpayers with respect to the tax laws; taking the initiative to correct personal or institutional mistakes and to refrain from taking advantage of taxpayer mistakes or lack of knowledge.
Incorporation of Civil Service Codes. The Costa Rican code derives from the Independent Regulation of Services of the Ministry of Finance (June 14, 1996). It also draws on the Labor Code, the General Law of Public Administration, the General Law of Customs, the Tax Code of Norms and Procedures (May 1971), the Tax Court Law in the Civil Service Statute and its regulations, and other related laws. The internal regulations of the Costa Rican tax agency elaborates the ethics of public service: public service should inspire confidence of citizens so as to strengthen the credibility of the government and its institutions. The ethical principles of public service are meant to develop this confidence and to facilitate their application.

There are regulations as well that govern tax administration management, collection, and auditing (Decree 25049-H, March 26, 1996). For the latter, articles pertain to applying tax laws justly and maintaining confidentiality. Other chapters and laws relate to sections of the General Law of Public Administration that govern the role of public servants.

Sanctions for Corrupt Behavior. China’s pocket-size handbook, the so-called “Book of Prohibitions” (1995), is carried by tax officials and consulted as a “ruler” for tax officials to measure their conduct. It is also used as a means to supervise and discipline the activities of tax officials. The prohibitions generally relate to paternalistic attitudes deep in China’s history of social relations and structure.

A few of the prohibitions illustrate the point: don’t accept taxpayers’ invitations to banquets, celebrations, or visits to foreign countries, don’t claim reimbursement from subordinate units for personal expenses; don’t use one’s position to buy goods at below market prices, don’t make excuses [for tax behavior] on behalf of family members, relatives or friends, and don’t use public funds to pay for club memberships or luxurious entertainment activities (Li, Jinyan. International Bureau of Fiscal Documentation. Bulletin, November 1997, pp. 490-91).
There are five increasingly severe forms of sanctions prescribed in the book for violating the “prohibitions.” Some variation on the sanctions can be found in both civil service and tax human resource regulations. They include standard warnings for first time offenders; “black marks” or “big black marks” for granting illegal exemptions or benefiting from commercial transactions with taxpayers; demotion to a lower position, when the amount of personal gain is deemed significant; demotion to a lower post; and last, dismissal. As long as the first two sanctions apply, promotion is not possible. Application of the next three preclude working in the same position.

In the case of Canada, disciplinary measures, unlike other codes that include such statements or statutes, are considered corrective rather than punitive, in the interest of voluntary compliance with agency standards of “conduct.” As in the China example, the range of penalties includes verbal reprimands, financial penalty, suspension, and termination, based on Public Service guidelines.

In Costa Rica, disciplinary actions are incorporated into the code. Within the tax administration several breaches of conduct can lead to imprisonment: unauthorized access to information, unauthorized use of tax administration computers and databases, giving persons outside the tax administration the code and key to access or use the tax information systems, and helping taxpayers avoid their tax obligations (e.g. three to five years in prison). Title IV pertains to expectations regarding following tax administration procedures, warnings about the general use of tax information, verification and determination of tax obligations, revealing confidential information, and prohibiting tax officials from holding other jobs.

Li observes that sanctions will not be effective if tax laws and procedures are ambiguous and provide too much discretion to tax officials. This is an important point that should be borne in mind when ethical codes are being drafted. She notes that because the Chinese cherish personal connections, officials will find ways to trade favors for gifts and bribes—concluding that developing a tax administration based on the rule of
law, as well as instilling a sense of civic virtue, will be the only effective means of stemming the “trade” (Ibid, p. 492).

In Trinidad and Tobago, the ensuing rules of conduct are not considered all-inclusive and point to general dangers of compromising the integrity of the agency. The lengthy code warns that typist’ work stations and messenger service areas need to be safeguarded as breaches of confidentiality in the tax agency can easily occur there. Rules of Personal Conduct for the agency express concern about unsavory personal associations that could reflect badly on the agency, and activities such as gambling and betting, use of alcohol and drugs, lending and borrowing money, indebtedness, employee compliance with tax laws, and misuse of tax agency credentials. Procedures and guidelines for reporting violations of the rules of conduct and enforcement measures. Breaches of the code are categorized as bribery, unethical conduct by tax practitioners, assaults, threats or forcible interference against employees of the Tax Division. The Public Service Commission Regulations (1966), Chapter VIII, Discipline is attached to the foregoing Rules for reference by agency officials.

*Computerization and Automation.* One of the few codes to mention computer passwords is Canada’s: providing access to tax agency computer systems must also be held in strictest confidence by safeguarding computer passwords.

*Internal Control Units.* The Peruvian Ethics Code (August 1996) delineates the organizational arrangements for dealing with corrupt actions through an Ethics Committee, which is an integral part of the agency. This committee consists of the head of the Tax Administration, the Director General of Administration, the Director of Internal audit, the head of Human Resources, the head of Legal Affairs, and the Director of Organization. The committee is chaired by the Commissioner of Revenue, with the head of Human Resources and the recording secretary. If necessary, the committee can convene any director, the heads of Internal Revenue as well as Customs officials to participate in meetings and analyze cases of officials below the supervisory level and where there is presumption of misconduct.
The roles and responsibilities of the Committee include: developing communication guidelines related to the manner and transmission of information about cases of administrative irregularities thought to tax administration employees; and studying reports and statistics about transgressions of agency ethical norms. The Committee also recommends approaches to take with officials suspected of illegal activities, and proposes alternative courses of action before official announcement or actual punishment in cases of presumed corruption, or before action in cases of tax officials who transgress the stated norms of ethical behavior.

The Indonesian tax administration also has an internal control unit with a special Code of Conduct Committee to adjudicate code infractions.

Stakeholder participation. Italy’s interagency approach for developing the code is unique among those surveyed, and provides an example of involvement in the preparation process as well as the use of this code by the revenue administration. It was prepared through a consensus-building process that included public sector representatives from agencies of State as well as union representatives. A Council of Ministries, Department of Public Functions, is responsible for convening representatives from the respective state agencies when modifications to the existing code need to be discussed and also for reviewing disciplinary matters. Each government agency, including the tax administration, bears responsibility for interpreting and applying the code, with enforcement responsibility down to the level of department director. But every four years the presidency of the council of ministers is required to take into consideration suggestions from each public administration, unions, and users or consumer associations, for the purpose of modifying and integrating the norms contained in the Code.

Integrating codes into reform efforts. Simply drafting and disseminating a Code of Conduct is not enough to produce any results. It must be part of a more comprehensive HRM and anti-corruption strategy. The example of Morocco customs demonstrates how the introduction of a Code of Conduct forms an integral part of a comprehensive effort to reduce corruption.
The four key aspects of the Morocco reform were to: (i) simplify procedures and selective controls, (ii) increase use of information technology, (iii) improve management of customs procedures, and (iv) enhance transparency and partnerships with the private sector. Additionally, basic World Customs Organization reform principles were adopted, including the establishment of a code of conduct and implementation of new rules governing professional ethics.

For implementation, a small reform unit was set up to implement reform objectives and motivate staff, which included developing new performance bonus for customs officers based on objective evaluations, which were credited with helping to reduce corruption. (World Bank, PREM Notes, April 2002, Number 67.)

4. Three Case Studies and Assessment of Best Practice

The three following summary cases—Pakistan, Tanzania, and Bosnia-Herzegovina—reflect not only regional differences but organizational and cultural differences as well as types of behavioral ethical and conduct problems encountered by these agencies. All three examples in some measure incorporate in varying degrees the recommended structure and content of codes delineated above.

Pakistan. One of the most recent codes of conduct is that of the Pakistan’s Central Board of Revenue, published in March 2004. It was prepared by the Member, Human Resources Management Department and his team, with the assistance of a consultant and input from the Director of Administration. A message from the CEO (Chairman) also appears in the code.

It begins by listing the CBR’s vision, mission, and values: The vision is to be a modern, progressive, effective, autonomous, and credible organization for optimizing revenue by providing quality service and promoting compliance with tax and related laws. The mission is to enhance the capability of the tax system to collect due taxes through
application of modern techniques, providing taxpayer assistance and creating a motivated, satisfied and dedicated and professional workforce. Values include: integrity, professionalism, teamwork, courtesy, fairness, transparency, and responsiveness.

The preface points out that “integrity management” has been identified generically as a major challenge of revenue reforms. It goes on to state that there is a crucial need to educate and reinforce the code of conduct requirements. The 1964 Government Service Rules concerning conduct of public servants plus occasional new regulations and instructions were the guidelines currently in place. But there was a recognition that not all staff actually had read all these rules and regulations or internalized them. It was because of that perception that the Code of Conduct for the Central Board of Revenue was prepared in a simple and easily understandable format. The code does not replace the Government Service rules but rather cross-references and tailors them to the CBR context.

Additionally, all employees are required to read the contents of the code--which is in the form of a booklet that will fit in the pocket--and sign a statement that they understand the contents and will abide by them. The signature page, in each booklet, is cut out and placed in the personal file of all professionals (grades 17 and above) and in a general dossier of staff in grades 16 and below. There is also a form for declaring assets, liabilities and net worth in the booklet, pertaining the grades 17 and above, that includes a statement of basic pay and a statement of all sources of income, among other details (such as foreign travel, whether staff receive a housing allowance, and the like).

The introduction to the code provides examples of situations that staff might be in that could promote potentially compromising behavior. Examples are:

- Should I accept a gift or other favor from taxpayers;
- Should I borrow money from a client of the CBR;
- What do I do when caught up in an ethical dilemma;
• What if a conflict of interest occurs between official obligations and personal interests.

Behavioral norms are then delineated and protocols recommended pertaining to areas such as: handling taxpayers complaints, disclosure of official identity, conflict of interest, and off-duty conduct. In addition, there are guidelines concerning the work environment. These include areas such as cleanliness, proper attire, behavior and attitude, and punctuality.

Personal conduct is then discussed relative to accepting gifts, personal fund raising, lending and borrowing, private employment, use of government accommodations, political activities, expressing political views, and membership in associations, among others.

Definitions are then given for misconduct (referencing civil service rules), types of penalties (found in the 1964 Conduct Rules), and a seven-step protocol about what to do if someone offers a bribe. There is a recommendation for employees to seek guidance from “higher authorities,” the HRM or administrative wing of the CBR when in doubt about a given situation.

A four-page list of references is then given citing all government rules and regulations that are incorporated in the CBR Code of Conduct.

Tanzania. A quite different approach was taken by the Tanzania Revenue Authority. Its Code of Conduct (circ. 2000) draws heavily on and cites the specifics of the Security of Employment Act of 1964, sections 19 and 20. A matrix delineates the Disciplinary Code which lists infractions, and then gives “Permissible penalties,” with five levels of offense or breach of conduct. For example, if an employee is late or for work or absent, the sequence of five penalties, in order of severity, are written warning, reprimand, severe reprimand, fine, and finally summary dismissal. Some conduct is punishable by immediate summary dismissal, including: commits an unjustifiable assault.
or brawls at threw place or in the course of work, use of drugs, immorality, repeated insubordination, conviction by a court of fraud, or conveys without authority any information of any technical, trade, or confidential matter to the prejudice of the employer.

The tax administration code of conduct divides the Schedule of Offences and Penalties into minor, serious, and very serious offences. It is duly noted that the Customs Preventative Service will follow the separate Customs Act and Regulations, which is attached to the tax regulations.

The code, unlike many others, includes a section on internal control, i.e., the administrative level responsible for taking disciplinary action, which corresponds to the severity of the offense. For example, the immediate supervisors provides a “verbal warning”: a written warning is at the level of the Head of Department, Regional Revenue Officer, District Coordinator, or Director of Regional Office; a reprimand and fine is administered by the Head of Department, Regional Manager/Human Resources Division; Demotion and Termination is handled by the Human Resources and Administration Department on the recommendation of a Disciplinary Committee and approval by the Commissioner General.

The Disciplinary Committee is comprised of the members reflecting the grade and seniority of the individual against who disciplinary action is taken. There is also an internal appellate body comprised of members of equivalent rank and standing of the plaintiff. Finally there is definition of a quorum (50%) and detailed explanation of disciplinary procedures, disqualification factors, and the handling of different levels of offenses.

A grievance procedure specifies the protocol that employees should follow if they have complaints about other employees, starting with immediate supervisor and moving up the organizational ladder until the grievance is addressed.
Bosnia-Herzegovina. The new Tax Administration of the Federation of Bosnia and Herzegovina Employee Rules of Conduct (circa. 2004) states its values on the title page as ethics, pride, integrity, and professionalism. The code was prepared by an international consultant drawing on a “best practice” format. The content of the preamble by the CEO differs from others in that it is in the form of a general exhortation to uphold the standards of the agency, which are based on ethics, pride, integrity, and professionalism.

The code constitutes three succinct chapters: one provides rules concerning specific employee conduct but which also begins with a general statement of expected employee behavior, and defines the scope and mission of the Internal Control and indicates the role of the Ethics Officer. This is followed by rules of conduct concerning such things as responding to questions by taxpayers or their representatives, reporting allegations of is conduct, and reporting bribes or attempts to bribe, clothing and personal appearance, work discipline, and what to do in the presence of overly aggressive taxpayers.

Chapter two describes and defines prohibited employee activity. This is similar to Pakistan’s personal conduct section. It begins with a prohibition of carrying firearms except as provided by law, with a further prohibition of large knives in the tax administration premises. It goes on to more routine matters, such as the requirement of employees to file accurate tax returns themselves, accountability for official property, outside business activities, use of alcohol, acceptance of gifts, money or other favors, confidentiality of tax information, falsification of official records, non-discrimination (increasingly common in codes), gambling, political parties, and responsibility for personal finances.

The third and final chapter discusses conflict of interest, which is a vital part of any code. It includes circumstances under which an employee must disqualify him/herself from specific assignments, recommending attorneys and accountants, transactions with
taxpayers or representatives. Purchase of seized goods, and association with persons connected with illegal activities.

**Assessment of the Codes**

These case studies reflect the often dramatic differences in how codes are prepared, how content can differ, and how major challenges confronting the agency at the time the code was developed become distinguishing features of codes. They also suggest the evolutionary nature of codes, which will need to change over time to fit the changing external and internal environment of the agency in its country, regional, and global circumstances.

Pakistan’s tax administration historically is quite old and incorporates many features of the British colonial model, now currently being modernized. It draws extensively on the public service code, though its general features are those found in most modern codes. This code is in booklet form and can be easily carried by staff. The code incorporates the essential features recommended by the Ethics Resource Council, namely: a credo or statement of beliefs; code provisions or specific rules that prohibit certain actions and require others; definitions, rationales, and illustrations; guidelines for decision-making when faced with ethical dilemmas; and institutional resources. There is no hotline information provided.

In the case of Pakistan code development was lead by a team from HRM and top management but input from staff in general and eternal stakeholders seems limited—although the contents exemplify best practice

Tanzania’s code, also drawing on its civil service rules and regulations, concentrates on delineating infractions and penalties in great detail, suggesting that there are basic behavioral issues to be resolved that are unique to the cultural and organizational environment. In addition, though, there are protections for the rights of employees implicit in the due process procedures structured by staff level that also receive
considerable attention. For Tanzania, the consultation with staff and stakeholders appears quite limited as the code is based on sanctions and appeals procedures, many of which are based on civil service and labor codes.

Finally, in Bosnia-Herzegovina, the code was prepared by a consultant to reflect the basic “conduct” needs of the new tax administration, including a vision and mission statement, in three succinct chapters: basic definitions, norms of behavior, and an entire chapter devoted to defining what constitutes conflict of interest, again suggesting organizational areas needing special emphasis. The Bosnia-Herzegovina code was developed by an international consultant in consultation with management zeroing in on key integrity issues, which appear related to conflict of interest given the lengthy treatment of the subject in the code. There is no information on institutional resources available to the employee to deal with perceived infractions by staff nor is there a hotline given.

5. Recommended Essentials for Codes based on International Practice

- **Mission and Vision Statement**—agency mission and vision statements are sometimes missing from Codes of Conduct, but generally are accompanied by a delineation of ethical principles followed by a discussion of behavioral norms governing individual employees as well as the agency itself, sometimes referring to the role of the agency in society as a steward of public revenues. Such statements are often found in Civil Service Codes, but should be tailored specifically for the agency as well, especially during general reforms.

- **Conduct**—behavioral expectations, i.e., conduct, of agency employees translate vision and mission into the actual functional operational environment of agency employees. Generally, social and cultural norms are incorporated, which makes these expectations country specific, in addition to reflecting general standards of conduct, including prohibitions and often sanctions. Because of changes in the external environment, these expectations should be periodically updated and revised to conform to the changing circumstances, i.e., relationship, between the

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agency, its employees, and the taxpaying public. Periodic surveys of the propensity for corruption, such as that published by Transparency International, can provide a useful starting point for countries to gauge the severity of the integrity problem, and the provide a reality check on how much the code may be able to accomplish, i.e., whether it is really enforceable, and what issues need to be addressed first regarding behavioral expectations, and the type of sanctions that are likely to be effective, i.e., enforceable.

- **Grievances**—ensuring the existence of institutional mechanisms and administrative capacity within the tax agency to identify and resolve breaches of ethics and conduct, as well as codifying fair and equitable measures to redress such breaches based on degree of seriousness.

- **Institutionalization**—it is crucial to deliberately link ethical behavior to hiring and retention of employees at all levels, requiring new and current staff to sign the Code of Ethics and Conduct (or in other formal ways acknowledge familiarity). Formal instruction in the agency covering behavioral expectations embodied in the code must be systematically and routinely undertaken, resolving any questions by staff, and periodically offering refresher courses/seminars/and related materials. The Code should also be posted in all agency offices, be a part of the general Employee Handbook, and preferably be pocket size for easy
A neglected aspect of institutionalization is the process of developing the code. It is recommended that staff and stakeholders be involved in developing the code. Moreover, senior management should assume leadership in code development and set an appropriate example.

- **Enforcement**—There needs to be a provision for a special ethics and conduct committee, to provide internal control, with explicit powers delineated in its charter and membership designated by level of infraction and related appeals mechanisms. Often this is left to the domain of the public service code but should also be incorporated and tailored to meet the specific needs of the agency environment and organizational culture.

- **Training**—Training should be included as a part of continuing professional education. It should not focus exclusively on moral or philosophical issues but rather on instilling an attitude to help staff effectively confront ethically ambiguous or overt situations by identifying themselves with the explicit or implied public trust orientation of the agency instead of thinking first and foremost of personal welfare or pecuniary gain. Moreover, if the risk of unethical behavior is great, the frequency of training should be increased. In any event, ethics seminars and courses should become an integral part of the training curriculum, forming a part of initial orientation of new staff and becoming a staple of ongoing professional education. (See Inter-American Tax Center CIAT, “Human Resource Policies as a Means of Combating Corruption,” 29th General Assembly of CIAT, March 27-31, 1995.)

- **Stakeholders**—It is worth emphasizing that the WCO’s *Integrity Development Guide* suggests codes should be developed in consultation with
clients/stakeholders, other government agencies, and staff at all levels (p. 20). This comprehensive participation also is recommended by the Ethics Resource Council as being a key to the success of code implementation. This could be one of the most important contributors to gauging the success of ethics and conduct codes in future.

**Recommended Readings**


*Integrity in Customs*. International Conference held in Maputo, Mozambique, March 20-22, 2002.

Twenty-one codes were surveyed: Argentina, Barbados, Bermuda, Bolivia, Bosnia-Herzegovina, Brazil, Canada, Chile, Colombia, Costa Rica, Dominican Republic, France, Honduras, Mexico, Pakistan, Peru, Spain, Trinidad and Tobago, the United States, Uruguay, and Tanzania.

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