FORUM ON TAX ADMINISTRATION

WHY AND HOW TO USE FTA MATURITY MODELS

With examples from the
Digital Transformation Maturity Model

ADB-VIA-WBG Executive Program
in Tax and Digital Transformation

Vegard Holmedahl, FTA Secretariat

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FTA Maturity models

FTA MMs: Main objectives

- Tools for self-reflection carried out through a self-assessment

- Allow frank and open discussions on the current maturity level

- No pressure of being rated against others or results being published

- May suggest how and where to make improvements

FTA MMs: Key characteristics

- Can cover a small area or a main function of tax administration

- Descriptive
  - No metrics to reach or pass in order to get to a higher level of maturity

  - No judgement in the models regarding optimal level of maturity for a TA

- Models use indicative attributes to describe levels of maturity

FTA MMs: 5 levels of maturity

- **Emerging**: Starting level; tax administration has developed to a certain extent
- **Progressing**: Tax administration has done or is doing reforms as part of progressing to established level
- **Established**: Where most advanced tax administrations are expected to cluster
- **Leading**: Cutting edge of what is generally possible at the present time
- **Aspirational**: What might be possible with new technology and new forms of collaboration

FTA MM self-assessment process

Choose model	→	Select participants	→	Organise workshop/s

Choose model
- Tax Compliance Burden
- Tax Debt Management
- Tax Crime Investigation (OECD)
- Enterprise Risk Management
- Digital Transformation
- Analytics (coming)

Select participants
- Different grades and from different areas
- Give participants time to get familiar with the model

Organise workshop/s
- Allow frank and open discussion
- Encourage all to express their views
- Allocate sufficient time
- Discuss indicators
- Record outcomes

FTA MMs: Cost elements

- Usually no external involvement
  - FTA Secretariat does not take part in the process but would like to receive results
  - External assistance may become more common with time

- Cost of conducting a self-assessment
  - Working hours of all officials involved (preparation, workshop, any follow-up items)
  - Translation of the model (English versions of the model are available for free)

- Benefits generally far outweigh the costs

FTA MMs: Benefits

- Group discussion approach can help to develop a common understanding

- Internal focus allows for discussion of sensitive issues

- Provides oversight of the level of maturity within the area

- Allows for comparison with other administrations

- Can aid in planning the way forward

- Can inform how and where to make improvements

FTA MM feedback

The conversation was very useful and helped us to identify the weak points where we need to improve our level […] and the opportunities how [this] can be managed.

…going through the exercise was quite interesting and we were able to really identify some gaps we should be looking at that were only peripherally on our radar before.

We believe that assessing the various parts of the business in relation to the various topics will help to raise awareness of one's own organization and development needs.
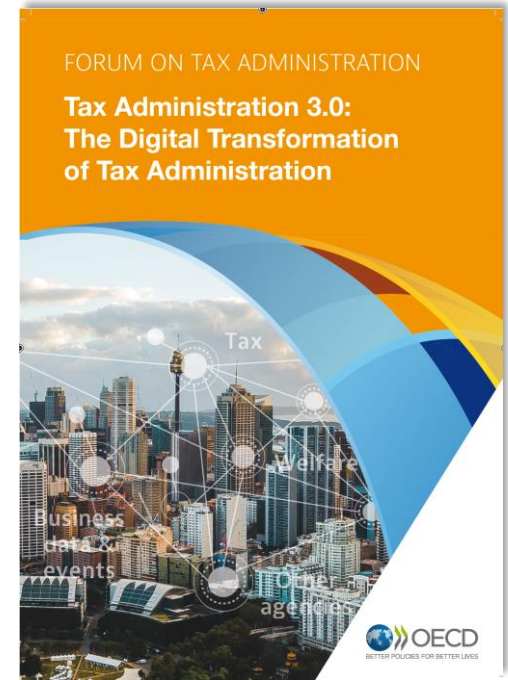
Background: The Tax Administration 3.0 vision of digital transformation

Embedding taxation processes into taxpayers' natural systems

⇨ seamless taxation

Building blocks:
1. Digital Identity
2. Taxpayer touchpoints
3. Data management and standards
4. Tax rule management and application
5. New skill sets
6. Governance frameworks

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Tax Administration 3.0:
The Digital Transformation
of Tax Administration

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https://www.oecd.org/tax/forum-on-tax-administration/publications-and-products/tax-administration-3-0-the-digital-transformation-of-tax-administration.htm

Definitions

- Digitalisation:
  - Converting data to digital formats
  - Converting manual processes to processes supported or performed by computers

- Digital transformation:
  - Moving taxation processes into taxpayer's natural systems, closer to taxable events

The Digital Transformation Maturity Model

- Covers the TA 3.0 building blocks

- Used by ~50 administrations so far
  - First version included 22 piloting administrations
  - Updated version (March 2022) includes 47 administrations

- Maturity level calibration:
  - Established: A digitalised administration
  - Aspirational: A digitally transformed administration

https://www.oecd.org/tax/forum-on-tax-administration/publications-and-products/digital-transformation-maturity-model.pdf

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OECD Tax Administration Maturity Model Series

Digital Transformation Maturity Model

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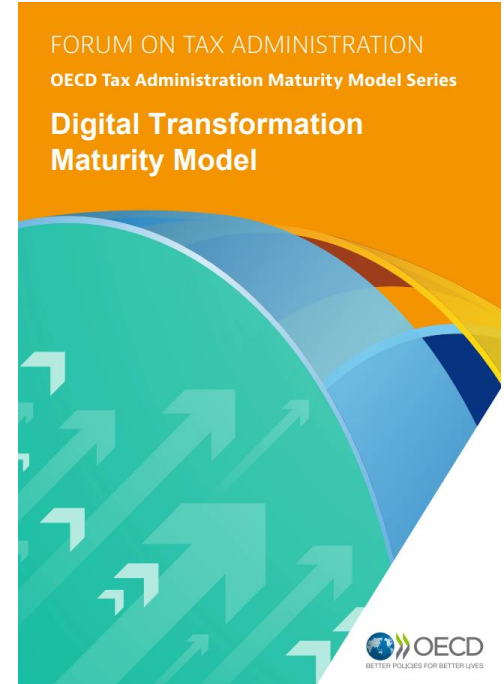
DTMM indicative attributes

Descriptor (Building block)	Indicative attributes
Digital Identity	Creation of digital identity and the unlocking of service options Uses of digital identity within the administration and by taxpayers
Taxpayer Touchpoints	Types and uses of taxpayer touchpoints Accessible services
Data Management and Standards	Data availability and standards Data security and privacy
Tax Rule Management and Application	Tax rule development Assurance of application of tax rules
New Skill Sets	HR strategy and function Skills development Workforce planning
Governance Frameworks	Strategy setting: context and process Governance models and mechanisms

DTMM indicative attribute example from Governance frameworks

Strategy setting: Context and process. Established level

The digitalisation strategy is mainly focused on implementing an e-administration model aimed at improving voluntary compliance.

This includes for example, comprehensive online self-service options, wider digital communication channels and better engagement with taxpayers to help them understand their obligations.

In addition, the strategy envisages the development of increasingly sophisticated use of analytics and behavioural insights to identify, influence and tackle non-compliance.

A large element of the strategy is around the collection and internal processing of third party data, including from other administrations, which is used for the pre-filling of returns where and if possible.

DTMM indicative attribute example from Governance frameworks

**Strategy setting: Context and process. Aspirational level**

As taxation processes are largely embedded in taxpayers' natural systems, the tax administration's strategic plan is now part of a wider ongoing public-private strategy to exploit the full potential of digital technologies and tools to create more seamless processes for taxpayers and citizens across both government and the private sector.

The main focuses are to fill remaining gaps in the compliance by design system, in particular for complex multinationals, and horizon scanning so that the administration can easily adapt to changes over time, including changes in technology usages, citizen preferences (for example as regards data privacy) and government policy.
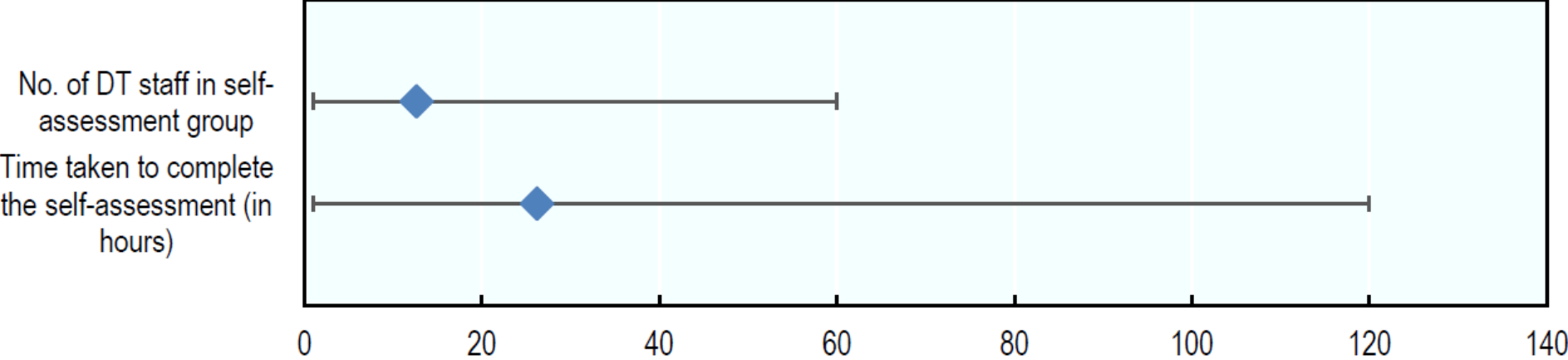
The strategic plan envisages the increasing co-creation of international solutions.

DTMM Self-assessment results

DTMM Self-assessment results

Heat map key: Emerging / Progressing / Established / Leading / Aspirational
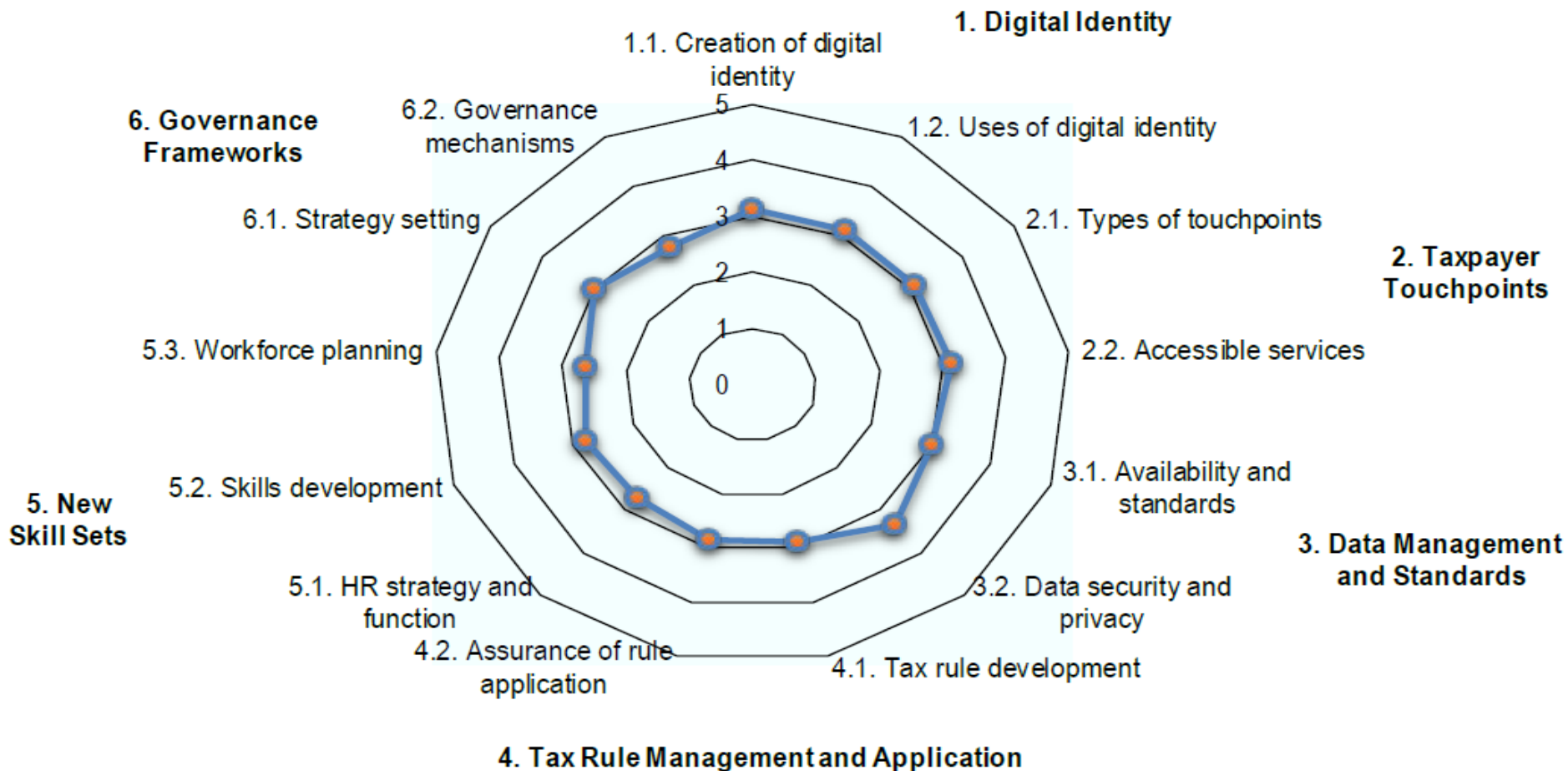
DTMM Self-assessment process results

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Q & A

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FTA MMs: Commonly asked questions

- Comparison FTA DTMM and TADAT?

  – Complementary tools

  – Differ in scope, target group, methodology, concept

- Is there assistance available?

  – We can answer ad hoc questions

  – We can help in establishing peer-to-peer connections

  – We hope to start producing e-learning material later this year

Other questions or comments?

https://www.oecd.org/tax/forum-on-tax-administration