FORUM ON TAX ADMINISTRATION
TAX TRANSFORMATION 3.0

Tax & Digital Transformation Lecture Series
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Content

- Setting the Stage
- Vision
- Building Blocks
- Action Plan

FORUM ON TAX ADMINISTRATION

**Tax Administration 3.0:
The Digital Transformation
of Tax Administration**

Tax

Welfare

Business
data &
events

Other
agencies

OECD
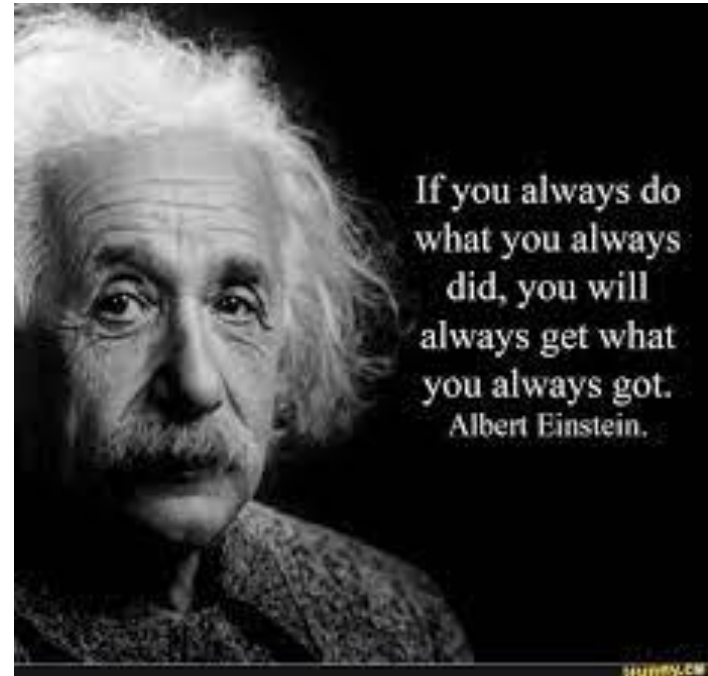BETTER POLICIES FOR BETTER LIVES

Setting the Stage – Digital Transformation

- **Digitalisation**
  - Converting data into digital, computer-readable, formats.
  - This allows for the substitution of paper-based business processes by digital data processing applications, enhancing overall efficiency levels.
- **Digital transformation**
  - Using digital technologies to create new business processes, culture, and customer experiences
  - It is changing the way people interact with each other
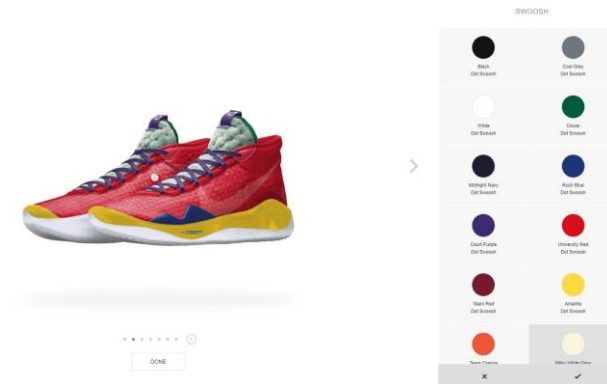 - *"Reimagining of tax administration in the digital age"*

Setting the Stage – Digital Transformation

- *Doing things better*, or

- *Doing better things*

If you always do what you always did, you will always get what you always got.
Albert Einstein.

Examples

- Disruption of mobility and lodging markets

- Innovative payment models

- Mass customisation (3-D printing)

Example - Driverless cars

Preliminary requirements
Rules and regulations
Enforcement processes
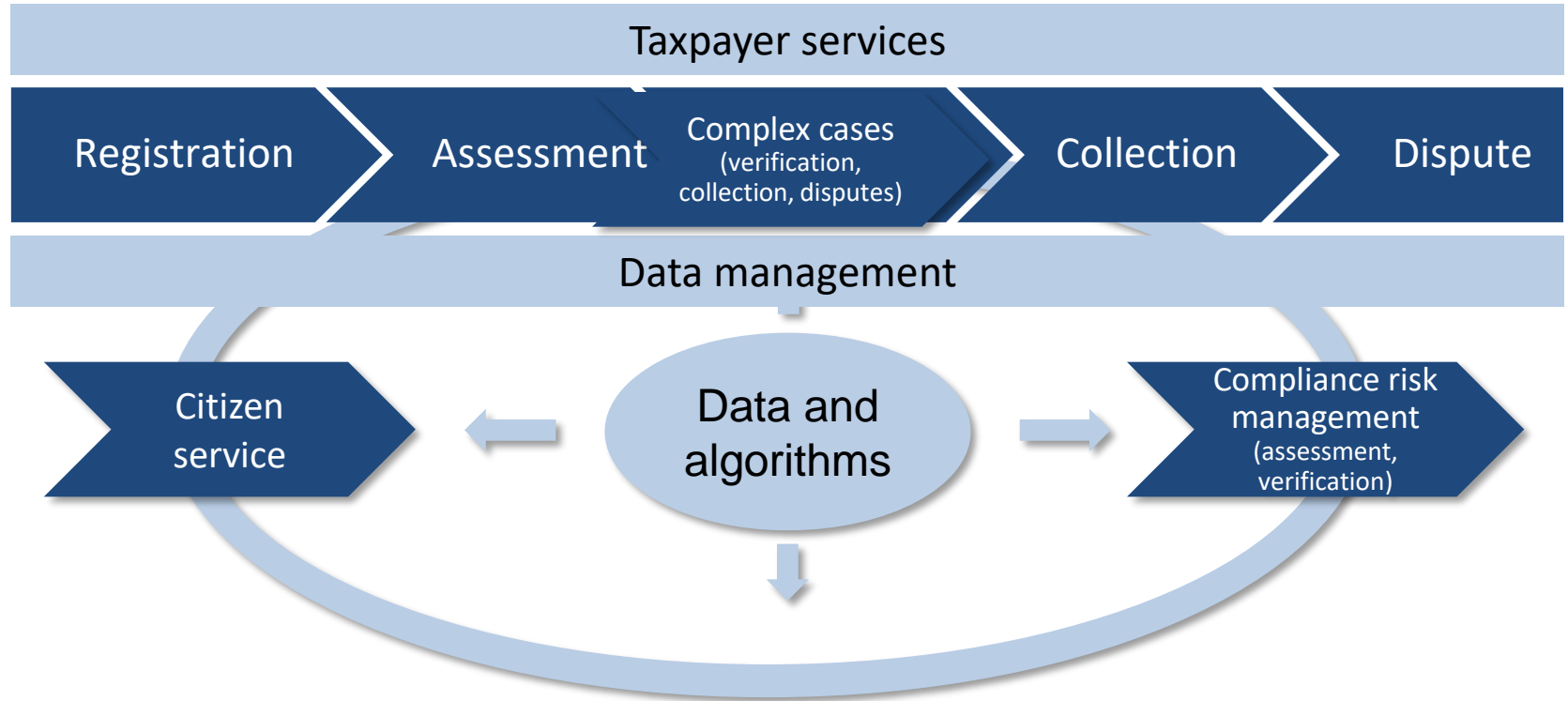*Voluntary compliance by drivers*

Decision support systems
Sensors picking up information
Integration with external data sources
Compliance-by-design driver systems

Setting the Stage – Burning Platform

- **Current instruments** are loosing effectiveness:
  - The ability for current service offerings and enforcement tools to narrow tax gaps substantially
  - The difficulty of making further substantial reductions in compliance burdens.
- **New challenges** testing the current system:
  - Accessing and using information in the light of changing work patterns, changing business models and digital assets
  - Changing societal expectations about joined-up government processes
  - Privacy, security and transparency concerns around the use and control of large data sets
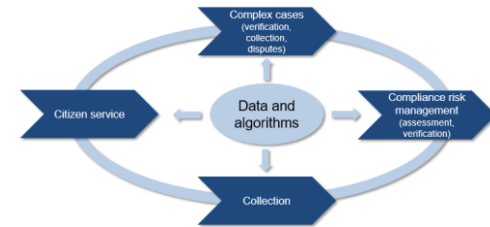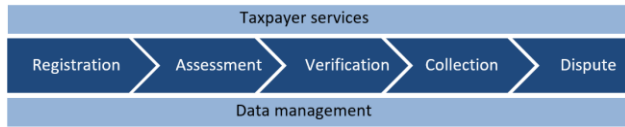
Setting the Stage – Paradigm shifts

- Towards real-time?
  - ➢ Services, data and money are integrating
- Rules to the data?
  - ➢ Instead of current 'data to the rules'
- Distributed tax administration?
  - ➢ Servicing a networked society
  - ➢ Platforms as 'agents of taxation'?

Key messages

- Burning Platform *challenges the current system*
- Digital transformation will have *systemic* impact
- Paradigm shifts guide *reimagining of tax administration in the digital age*

Vision
Tax Administration is increasingly:

- Embedded within taxpayer natural systems

- Part of a resilient "system of systems"

- Real-time tax certainty provider

- Transparent and trustworthy

- An integrated part of whole of government

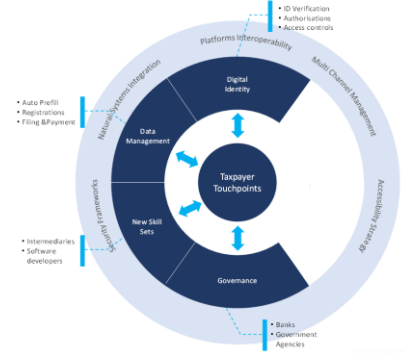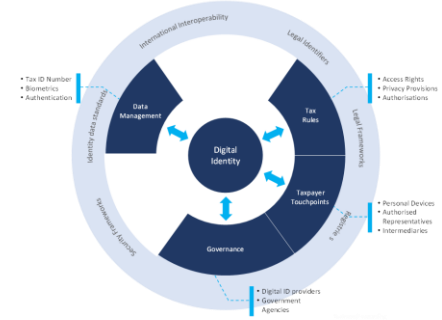- A human touch and high tech adaptive organisation

Vision

Vision
Aspirational stages

Description	Emerging	Progressing	Established	Leading	Aspirational
Taxpayer Touchpoints	The majority of taxpayer engagement is supported by paper documents to be presented at the tax office.\n\nTax administration website publishes tax laws.\n\nCash tax payment is broadly supported.	Electronic forms can be downloaded from the website.\n\nSome first online filling functions implemented.\n\nCall center in place.\n\nPayment via electronic banking applications.	The website offers a joined-up suite of e-services.\n\nPrivate and business taxpayers have a personal account to check status updates and conduct transactions.\n\nDigital PAYE-like systems implemented.\n\nAccessibility for disabled and (digitally) illiterate assured.\n\nDigital payments for all transactions and tax types available.	Full pro-active pre-filling for individuals and some business taxes.\n\nTaxpayer services like registration and debt management integrated within a whole of government approach.\n\nFirst touch point integration into digital platform functions.\n\nSettlements based on taxpayer account basis, balancing debts and contributions.	The majority of taxpayer touch points integrated in natural systems and whole of government services.\n\nAI-support integrated in touch point service provision.\n\nReal-time settlement option available for the majority of tax liabilities.

Descri

Digital

Descri

Digital

place

information with e.g. platforms.

Building Blocks

FTA TA3.0 Action Plan

- Towards a mid-term Roadmap
- 2021 Kick Starters:
  - Governance related
  - Collaborative Key Themes
  - Cooperation and Knowledge sharing

FTA TA3.0 Action Plan

- Governance related
  - ❑ Action 1 Digital Transformation Maturity Model
  - ❑ Action 2 Global Survey on Digitalisation
- Collaborative Key Themes
  - ❑ Action 3 Global digital identification
  - ❑ Action 4 Global e-Invoicing challenges
  - ❑ Action 5 Real-time data exchange with Platforms
- Cooperation and Knowledge sharing
  - ❑ Action 6 Capacity Building for Digital Tax Administrations
  - ❑ Action 7 Knowledge sharing and Innovation

OECD Forum on Tax Administration

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