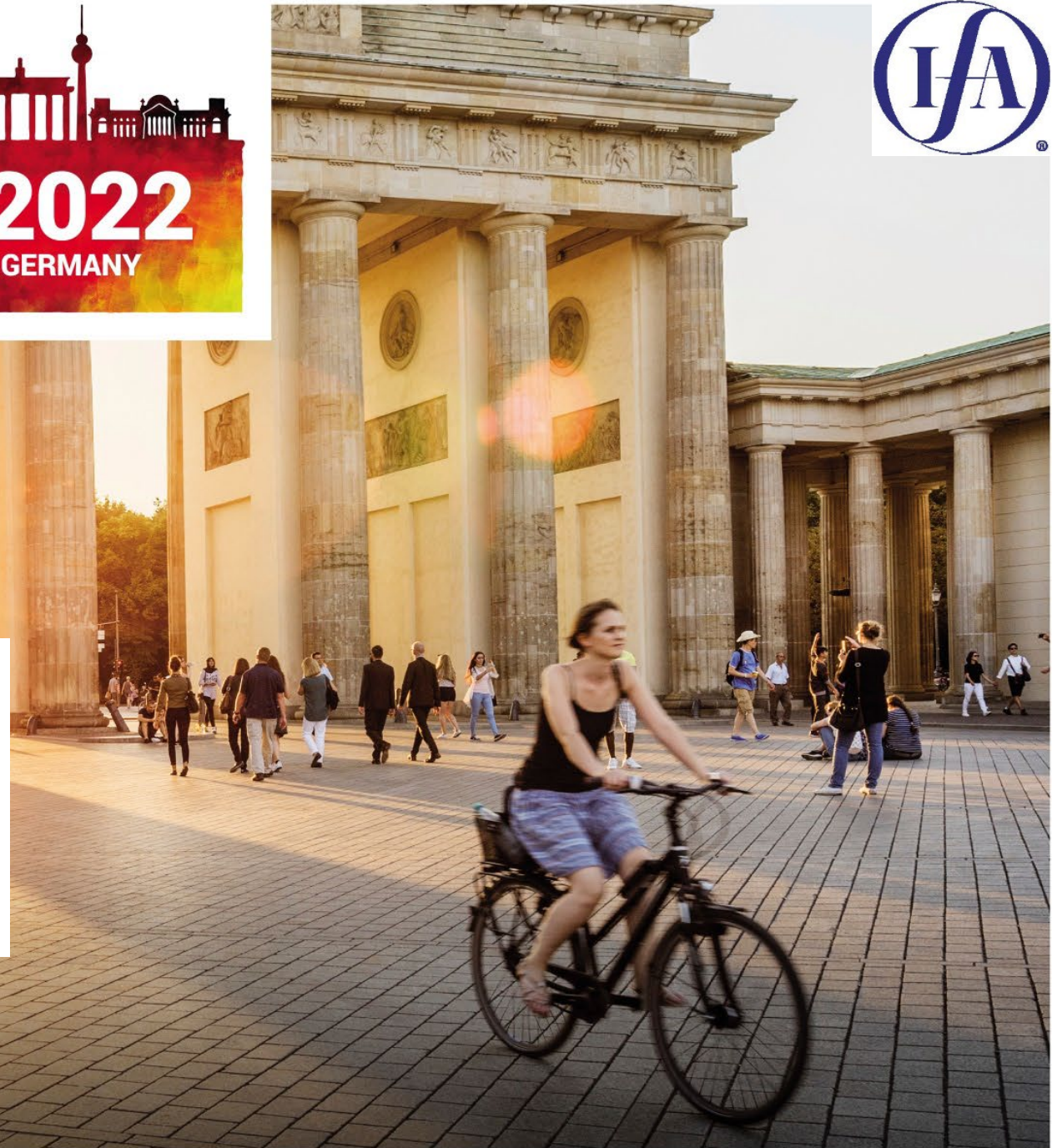
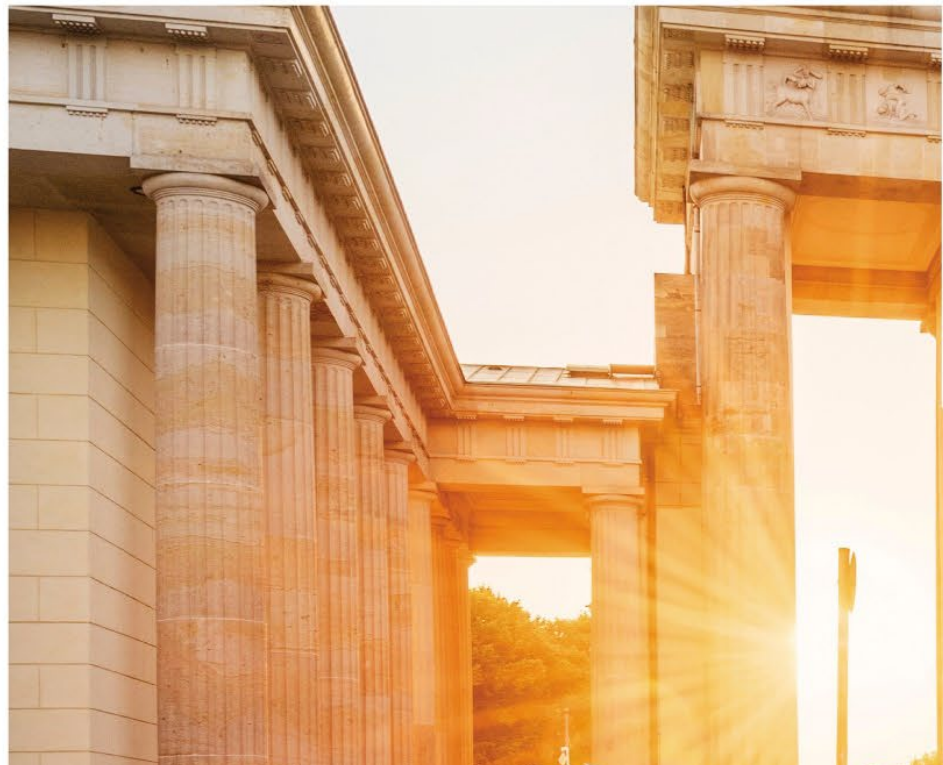




74th Congress of the International Fiscal Association in Berlin

4 – 8 September 2022

www.ifatax2022.com



Use of Technology in Tax (Seminar C)

Chair: Christian Dorenkamp

Date: 6th of September 2022

Introducing Panel Members

Pragya Sahai Saksena
(Revenue Service, India)



Charlène A. Herbain
(EU Commission, Belgium)



Svitlana Buriak
(Netherlands, Ukraine)



Achim Pross
(OECD)

Robert W. Thomson
(Taxation Office, Australia)



Marcelo Natale
(Deloitte, Brazil)



Georg Geberth
(Siemens, Germany)



Christian Dorenkamp
(Deutsche Telekom, Germany)

Agenda – Use of Technology in Tax (IFA PSC)

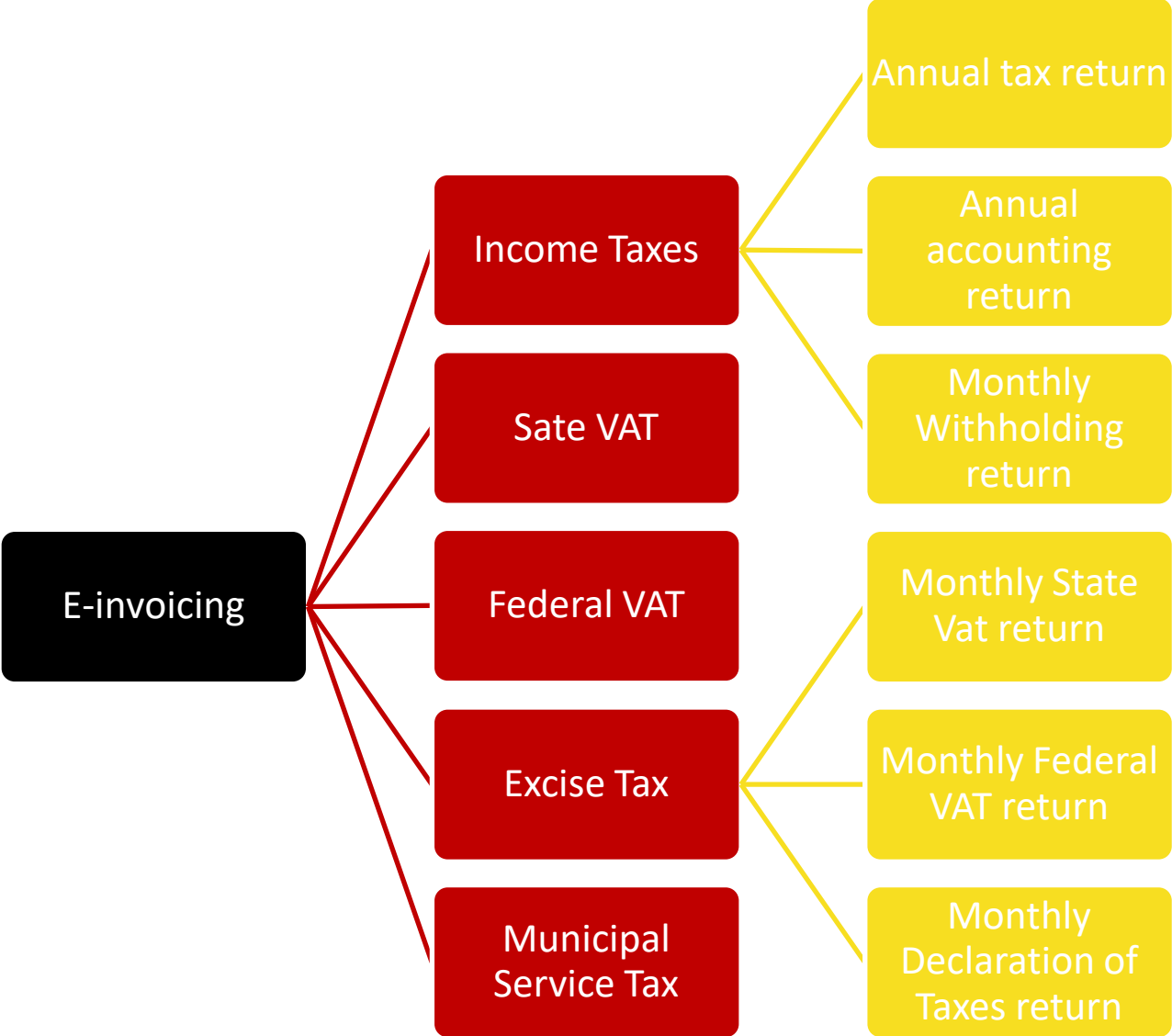
- I. Digitization of Tax Assessments
- II. Digitization of Tax Audit Processes
- III. Access to Tax Authorities` Information

Voting – Audience Expectations

- Within the next five years, digitization in taxation will impact your daily work as a tax professional
-
- 1) just a little bit at most
-
- 2) somewhat
-
- 3) very significantly
-
- 4) full – I might be out of job...

Taxes in Brazil today

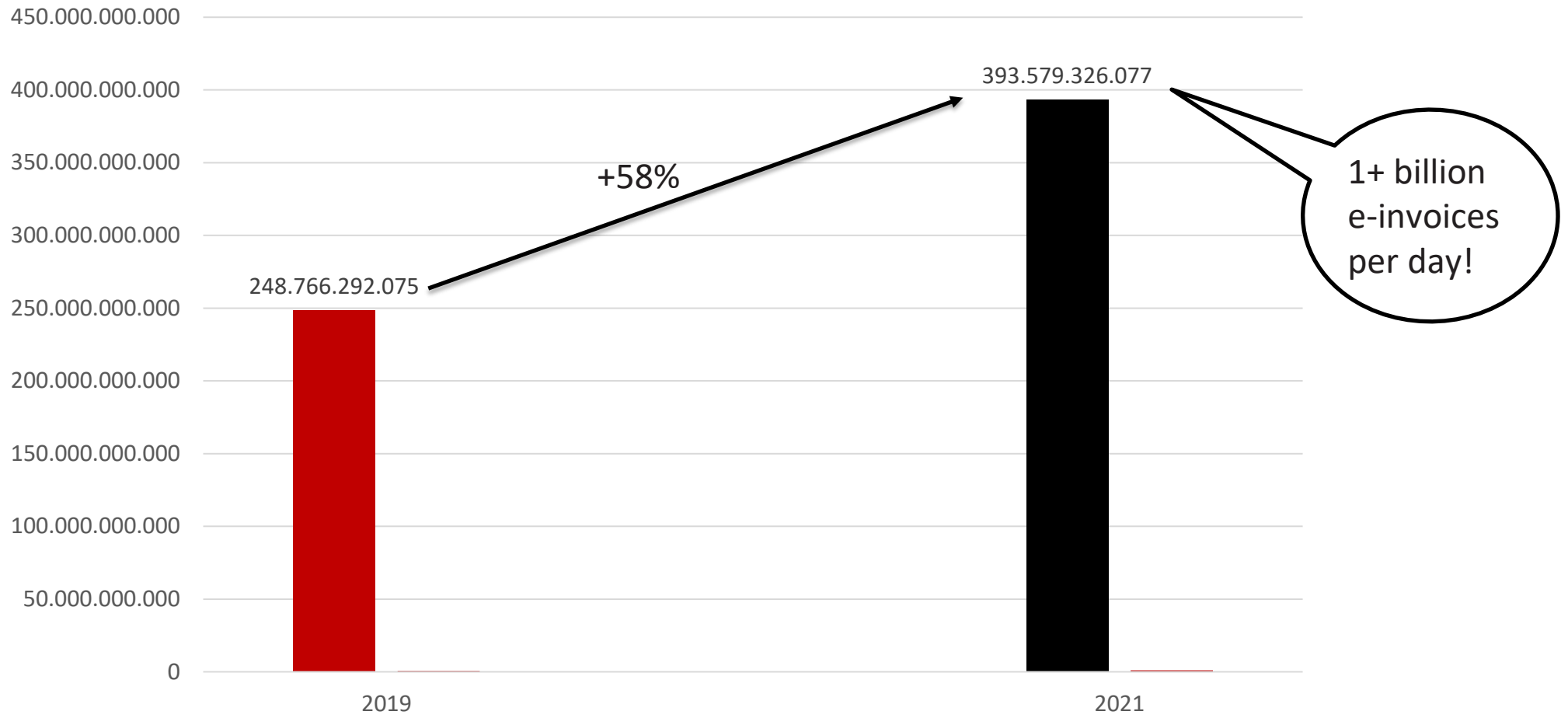
Daily Brazilian tax compliance



Brazil adopts a centralized model regarding e-invoicing (tax authority receives the Invoice before the client)

Tax authorities and the tsunami of data

Number of e-Invoices issued, per year



Source: Brazilian Revenue Office statistics for FY2019/2021

Looking ahead: Challenges



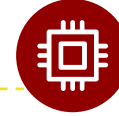
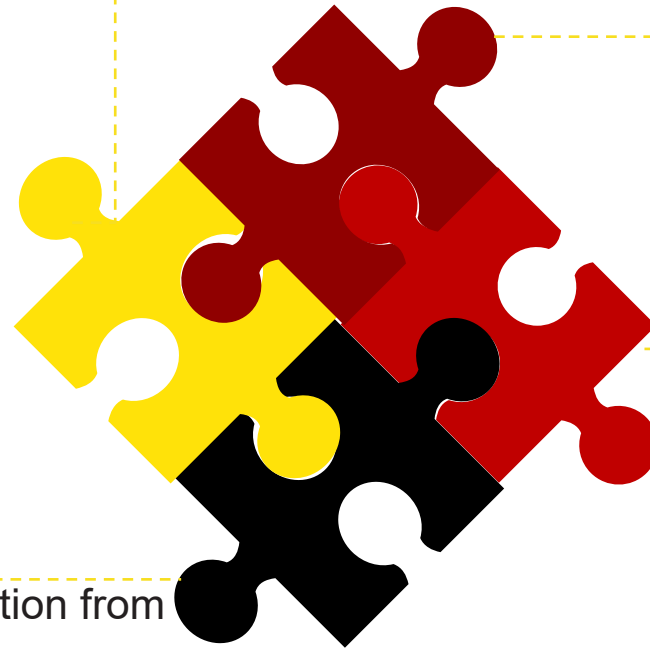
People

- Profile (legal/acct/tech)
- Training
- Change of mindset of tax compliance
- Tax governance



Big Tax Data

- Multiple validation of information from various systems and sources (inventory, costs, accounts payables and receivables, tax and accounting)
- Increased consistency and quality of the information



Tax Data Process

- Need to review the process flow
- Multiple software integration
- Dynamic impact of tax law changes in software parameters
- IT risks mixed with tax risks



Electronic Tax audits

- Integration of different systems
- Lack of availability of Tax IT staff
- Mapping of manual inputs
- Less focus on “thesis” and more focus on right x wrong



The EU package VAT in the digital age

Charlène HERBAIN - DG TAXUD C1

VAT in the Digital Age - What does it contain?

The package includes actions in three different areas



DIGITAL REPORTING REQUIREMENTS (DRR)

Aims at modernising VAT reporting obligations and facilitating e-invoicing



VAT TREATMENT OF THE PLATFORM ECONOMY

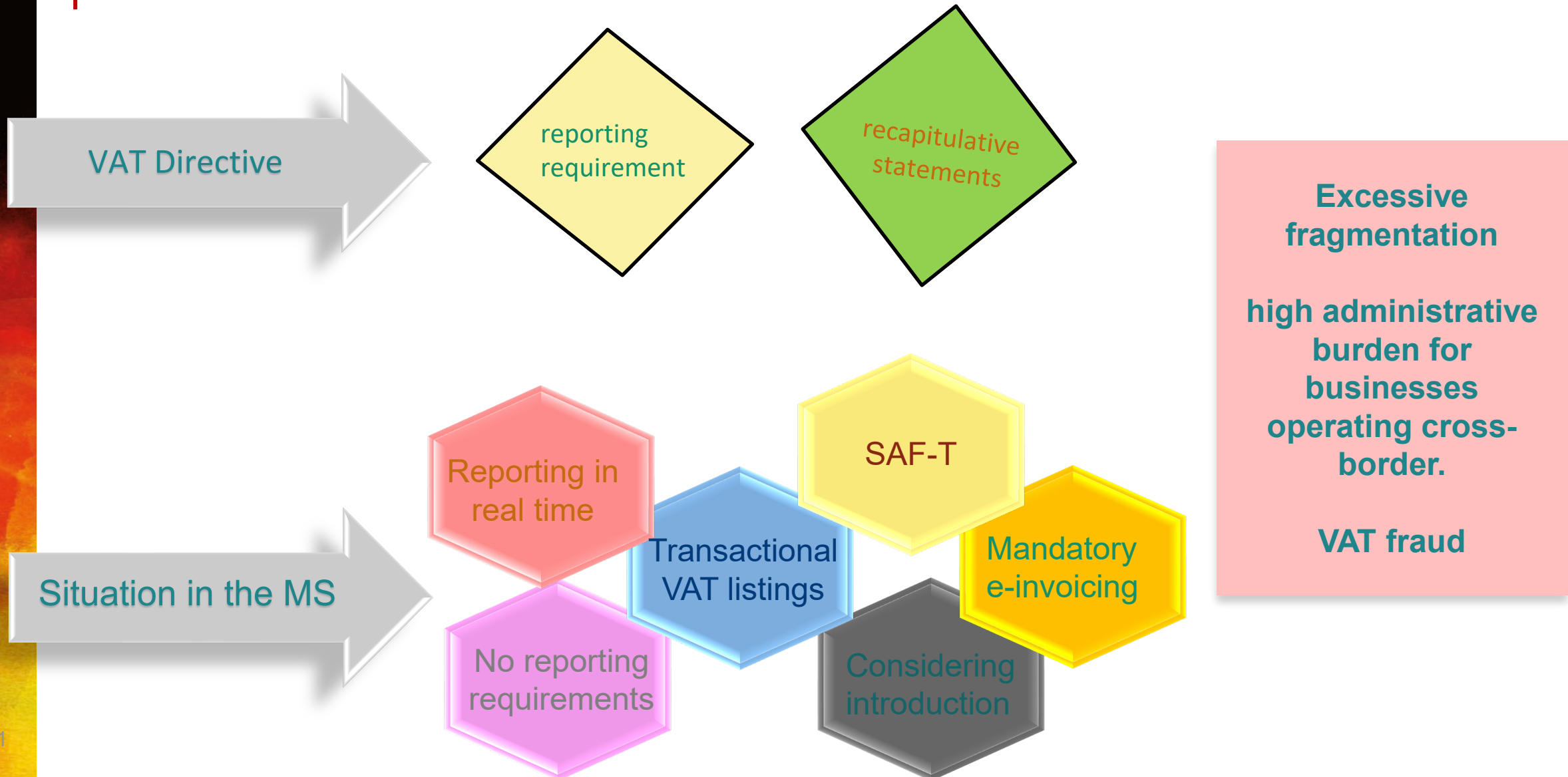
Aims at adapting the VAT framework to the platform economy



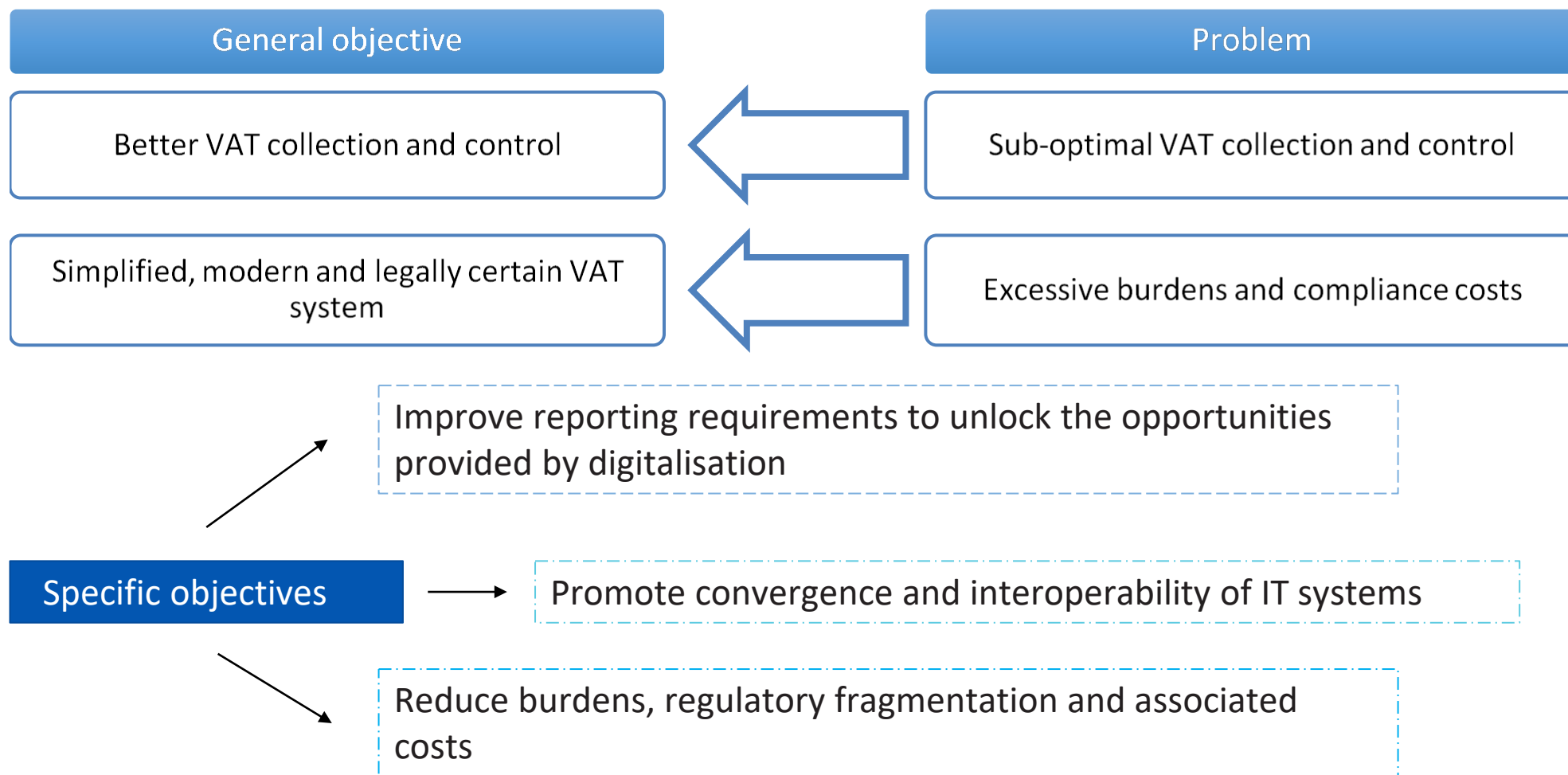
TOWARDS A SINGLE VAT REGISTRATION IN THE EU

Aims at further extending the scope of the OSS and the IOSS.

Part 1: Digital Reporting Requirements (DRR) - Why action is needed?



Objectives of the new reporting system



Consequences of the new reporting system

Administrative burdens and implementation costs

Fragmentation and legal certainty

Environment

Business Automation

Impacts on SMEs of the digital reporting

Policy options: Introducing an EU DRR

➤ Introduction of an EU DRR: Partial harmonisation

- ✓ EU DRR introduced for intra-EU transactions
- ✓ Recapitulative statements removed
- ✓ DRRs remain optional for domestic transactions
- ✓ New DRRs will conform to the EU DRR
- ✓ Existing DRRs will ensure interoperability, then converge in the medium-term to the EU DRR

➤ Introduction of an EU DRR: Full harmonisation

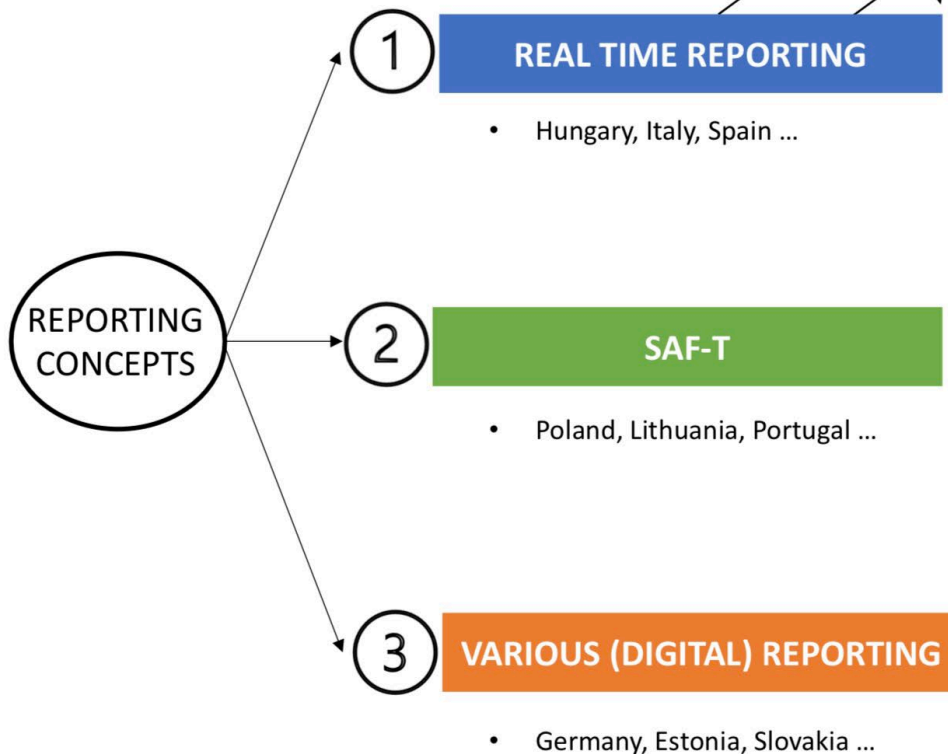
- ✓ EU DRR introduced for both domestic and intra-EU transactions
- ✓ Recapitulative statements removed
- ✓ Existing DRRs will ensure interoperability, then converge in the medium-term to the EU DRR

Next steps

- Ongoing preparation of the legislative proposal
- Adoption of the proposal scheduled for **November 2022**

Business View On E-Invoicing / DRR / CTC (1)

1. STATUS QUO: Different reporting concepts

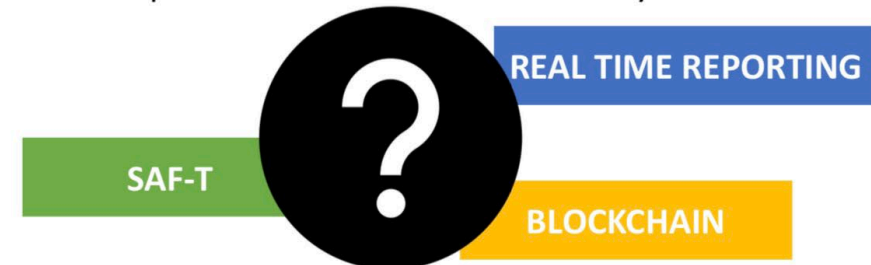


2. CURRENT PROBLEMS:

- Lack of harmonization in the reporting concepts and thus no synergy effects in cross-border activities of companies
- In addition a lack of harmonization in the various types of report concepts
 - e.g. SAF-T: numerous differences in implementation in the countries (no uniform file format, different subjective requirements for reporting obligations)

3. VISION:

One standardized reporting concept in europe to reduce the overall cost of tax declaration/collection and to improve and accelerate the audit-system



What type of reporting system do we prefer and is suitable for harmonization?

Business View On E-Invoicing / DRR / CTC (3)

Motivation for introducing mandatory e-invoicing is different for tax authorities and business – Transparency for tax authorities and efficiency for business. The following design elements are key for creating a win-win-situation for tax administrations as well as for businesses:

- mandatory e-invoicing for intra-EU and domestic transactions
- inter-operability of the e-invoicing ensured by implementing e-invoicing based on the European invoicing standard EN 16931-1:2017
- decentralized systems for e-invoicing, particularly with a view to secure data-protection and ensure 24/7-availability of the systems
- supporting small and medium enterprises (SMEs) effectively to cope with the e-invoicing standards, but including them in the mandatory e-invoicing
- using the data gained from e-invoicing for the fulfilment of other reporting obligations particularly the Intrastat reporting
- Shorter archiving time limits as well as less burdensome tax audits





Digitalized tax administration (India)



E-filing – a success story

- Primary interface between the Department and Taxpayer is filing of Tax Return
- Almost all Income tax returns are filed Electronically
- Thrust of the Tax Policy over the last decade
 - Ease of compliance for taxpayers
 - Correct and proper filing of return of income
 - Non-intrusive collection of information through third parties
 - Sharing of information with taxpayers
 - Promoting Voluntary Compliance

Filing and Summary Audit

- A brief note on the returns of income filed
 - Almost all returns are filed electronically
 - 20 Million till 20th July
 - 30 Million till 25th July
 - 40 Million till 28th July
 - 50 Million till 30th July
 - 58.3 Million till 31st July
 - Verification of the return
 - through e-Verification or Digital Signature in 94% of the cases
- 99% returns of income go through summary audit –no human intervention at a Central Processing Centre
- 81% of the returns of income filed in the current Financial year already processed.

Taxpayer's access to information with tax authorities

- Third Party reporting of taxpayer's transactions
 - Law mandates banks, mutual funds, property registrars etc. to report these transactions
 - Information from such multiple sources is captured on the **Insight** platform of the department
 - Prevents data mismatch between taxpayer and tax authorities
 - Allows for Prefilling of Returns, simplifies and promotes voluntary compliance
 - Available for online access on the taxpayer's portal – specific for every taxpayer

Taxpayer's access to tax authorities' information

Actual Screen Shots of the information made available

Taxpayer Information Summary (TIS)		
Information Category	Processed Value	Derived Value
> Dividend		
> Interest from savings bank		
> Interest from deposit		
> Purchase of securities and units of mutual funds		

Taxpayer's access to tax authorities' information

Part B

TDS/TCS Information

SFT Information

Payment of Taxes

Demand and Refund

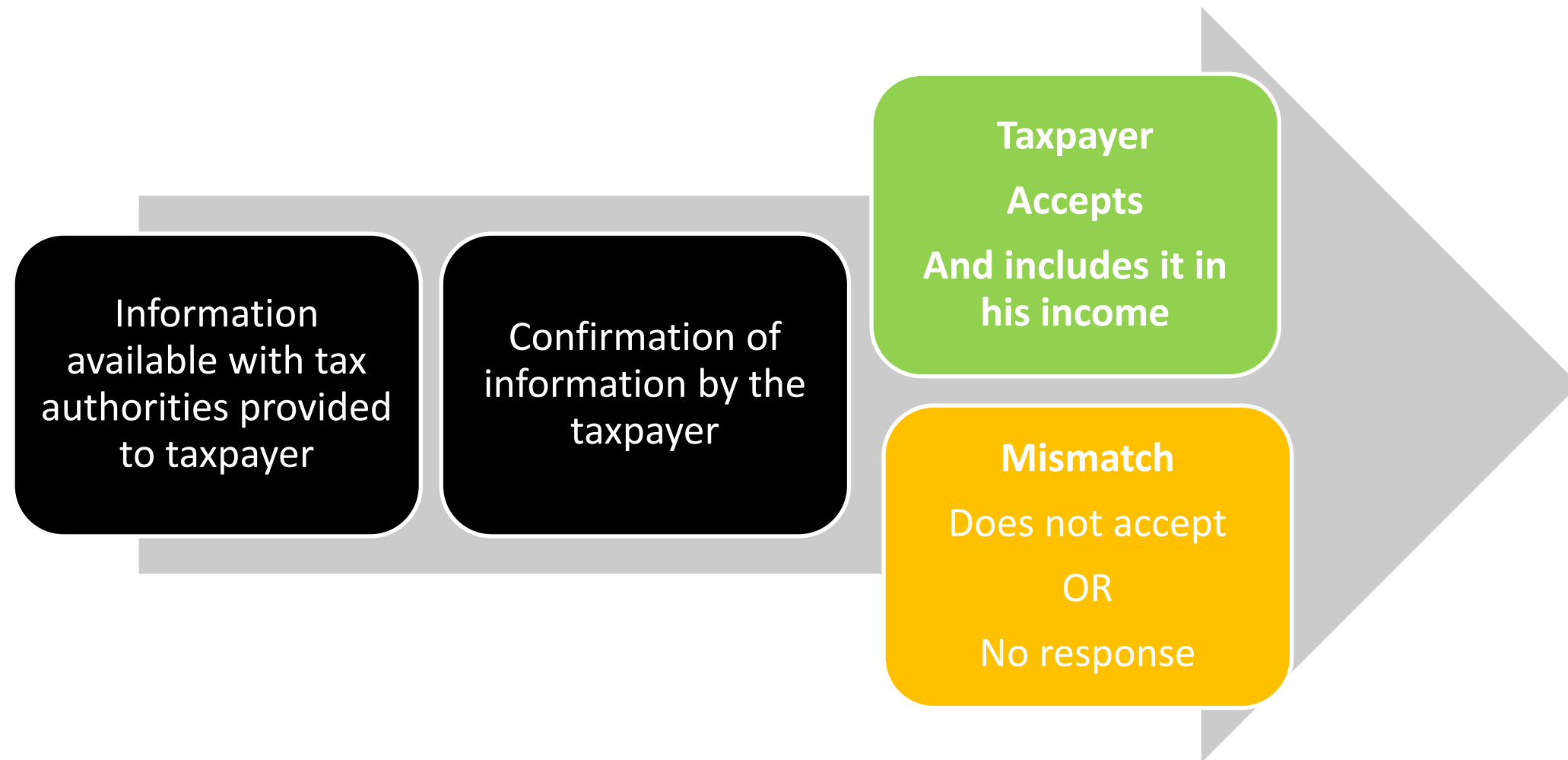
Other Information

Part B2-Information relating to specified financial transaction (SFT)

Filter

	Information Category	Information Code	Information Description	Information Source	Count	Amount Description	Amount
>	Dividend	SFT-015	Dividend income (SFT-015)	<input type="text"/>	1	Total Dividend amount	<input type="text"/>
>	Dividend	SFT-015	Dividend income (SFT-015)		1	Total Dividend amount	

e-Verification Scheme



Processing of mismatch cases

Mismatch

- Electronic communication with source of information (e.g. Banks)
- Response/Correction by source of information

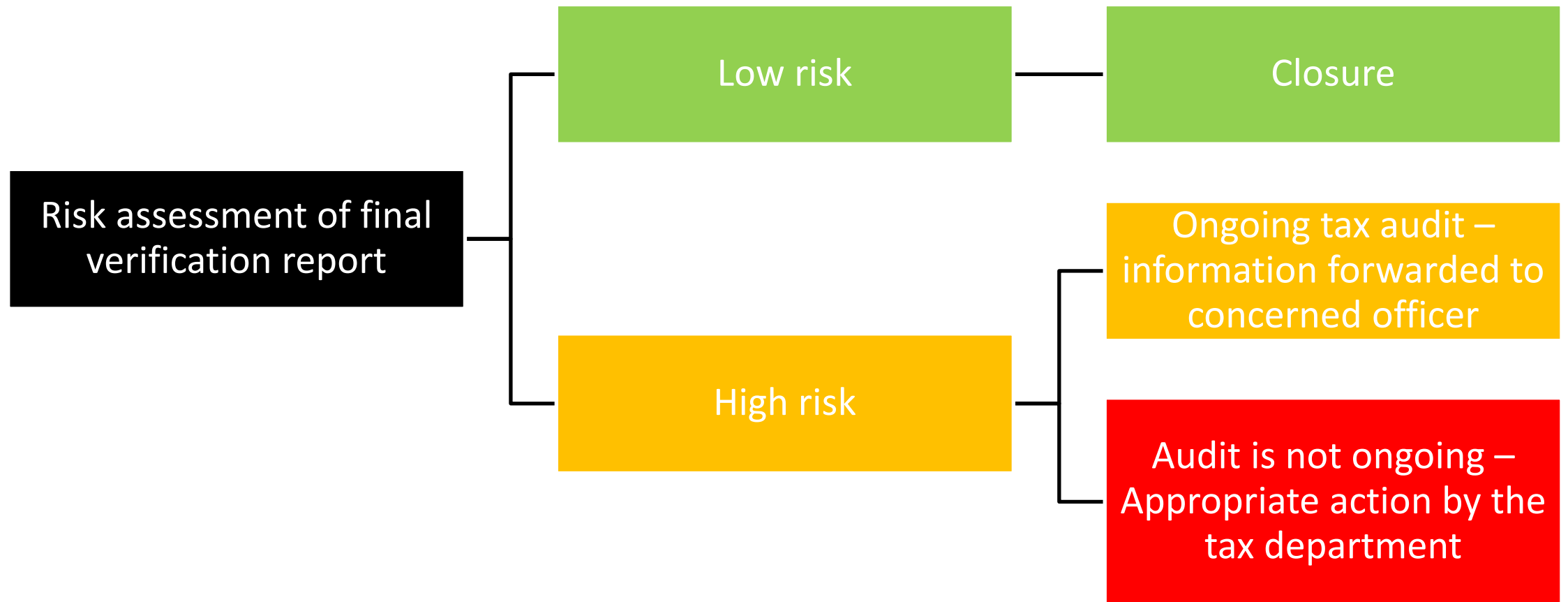
Mismatch persists

- Risk assessment by Tax Authorities
- **Low risk -> Closure**

High risk mismatch

- Preliminary verification by tax authorities
- Preliminary verification report is matched with return of income to prepare **final verification report**

Processing of Final verification report



Updated return : A window for peace after e-Verification

- A Two-year time for filing of a tax return is provided to the Taxpayer in which he can either:
 - update the existing return filed for a particular year; or
 - to file a new return in case no return was filed,
- The access of information to the taxpayers coupled with “nudge approach” to motivate taxpayer for voluntary compliance
- Two basic pillars of non-intrusive voluntary compliance
 - E-Verification and
 - Updated return



The OECD perspective

Seminar C: Use of technology in taxation

Achim Pross, OECD

IFA Berlin,
6 September 2022

Digitalisation vs. digital transformation

- **Digitalisation:** The development and deployment of digital tools to deliver the current, largely reactive, model of tax administration – often termed e-administration. Risk processes and taxpayer services are increasingly supported by advanced analytics and new technology tools (AI, big data etc.).
- **Digital transformation:** The building-in of taxation processes into taxpayer's natural systems in a collaborative process with stakeholders achieving real-time and seamless taxation outcomes. Supported by systems audits, which may become remote and automated, supported by AI.

Taxpayers' natural systems: The set of interconnected elements through which they engage with customers, other businesses, third parties as well as their own accounting, software and technology solutions.

For further information, see OECD (2020), *Tax Administration 3.0: The Digital Transformation of Tax Administration*, <http://www.oecd.org/tax/forum-on-tax-administration/publications-and-products/tax-administration-3-0-the-digital-transformation-of-tax-administration.htm>.

Where are we on our journey

Digitalisation of tax processes well underway

- Tax administrations are digitising tax processes and developing digital tools to deliver services
- Visible across all tax types and up-take by taxpayers is increasing, e.g. average e-payment rates across all tax types now at 88%, average e-filing rates up significantly:

Tax type	2014	2020	Diff. in pp.
PIT	63.2	82.4	+19.2
CIT	76.3	94.9	+18.6
VAT	82.3	98.0	+15.7

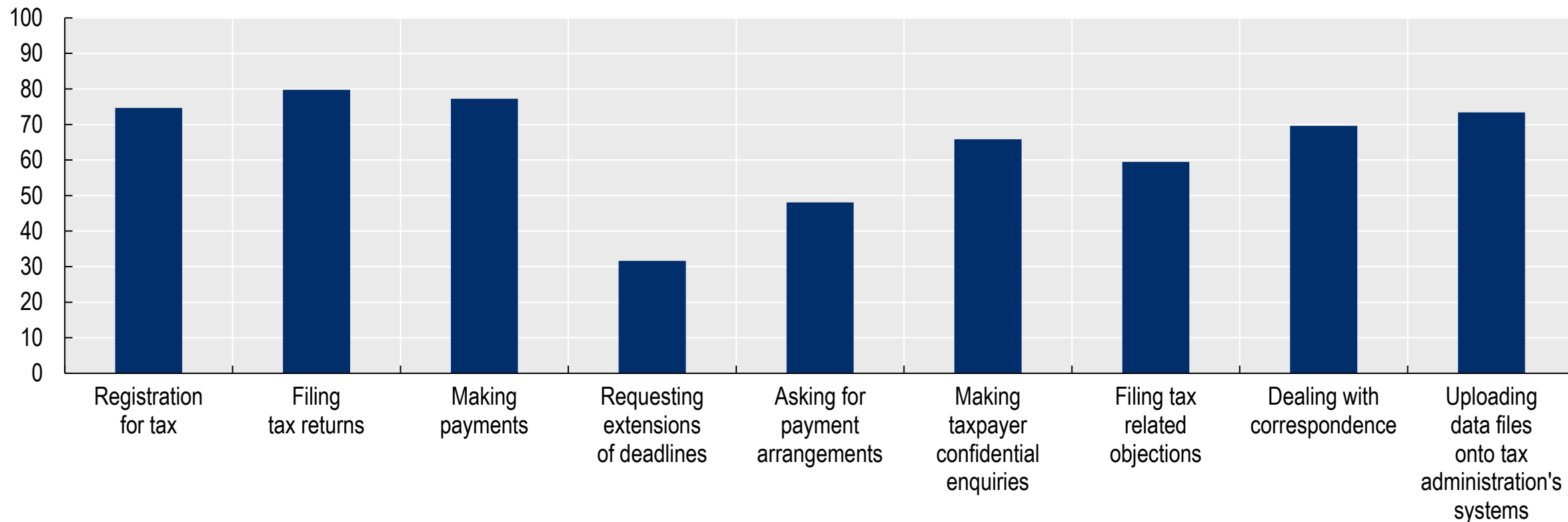
Source: OECD (2022), *Tax Administration 2022: Comparative Information on OECD and other Advanced and Emerging Economies*, <https://doi.org/10.1787/1e797131-en>. Report covers 58 jurisdictions. Information relates to jurisdictions that were able to provide data for both fiscal years.



PERSONAL INCOME TAX (PIT)

Digitalisation of PIT: Online services

Percent of administrations offering the online service



Source: OECD et al. (2022), Inventory of Tax Technology Initiatives, <https://www.oecd.org/tax/forum-on-tax-administration/tax-technology-tools-and-digital-solutions/>. The inventory contains data from 80 jurisdictions.

Digital transformation of PIT

- For salaried employees:
 - 95% of tax administrations have pay-as-you-earn (PAYE) approaches which are integrated into payroll software and linked to the tax administration*
 - Result: No or low compliance burdens for many employees and very little non-compliance, supported by audits of payroll systems
- Embedding tax processes in natural systems of self-employed, small businesses and other personal income tax sources, e.g. Netherlands, Norway and Singapore

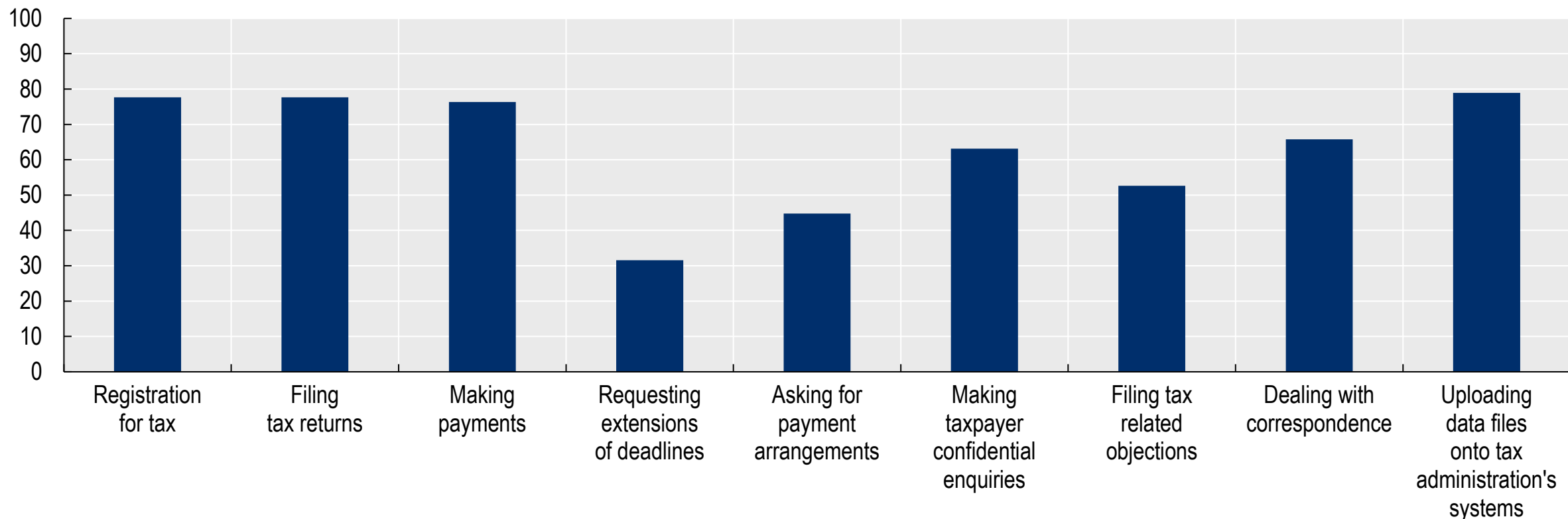
* Source: OECD (2022), *Tax Administration 2022: Comparative Information on OECD and other Advanced and Emerging Economies*, <https://doi.org/10.1787/1e797131-en>. Report covers 58 jurisdictions.



VALUE ADDED TAX (VAT)

Digitalisation of VAT: Online services

Percent of administrations offering the online service



Source: OECD et al. (2022), Inventory of Tax Technology Initiatives, <https://www.oecd.org/tax/forum-on-tax-administration/tax-technology-tools-and-digital-solutions/>. The inventory contains data from 80 jurisdictions.

Digitalisation of VAT: Prefilling through e-invoicing

- Over 30% of the 80 tax administrations covered by ITTI * indicated that taxpayers are required to use an e-invoice solution that transfers data to the tax administration*
- Around 20% of the administrations report pre-filling VAT returns*, e.g. by using data from e-invoicing and online cash register solutions
- For example, in 2020, Chile fully prefilled 67% of its VAT returns**

* Source: OECD et al. (2022), Inventory of Tax Technology Initiatives, <https://www.oecd.org/tax/forum-on-tax-administration/tax-technology-tools-and-digital-solutions/>. The inventory contains data from 80 jurisdictions.

** Source: OECD (2022), *Tax Administration 2022: Comparative Information on OECD and other Advanced and Emerging Economies*, <https://doi.org/10.1787/1e797131-en>. Report covers 58 jurisdictions.

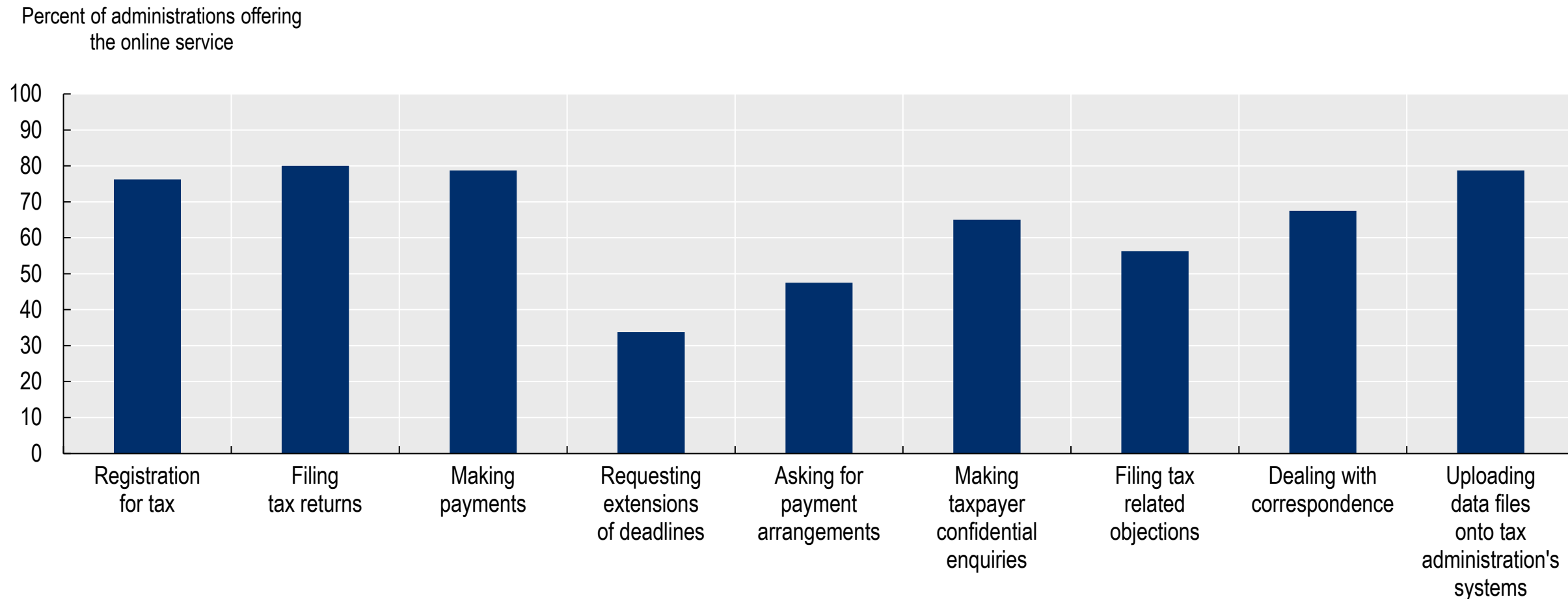
Digital transformation of VAT

- Conceptually there are two main models with different benefits and implications:
 1. Reporting of transactional data to the tax administration, periodic or real-time (e.g. e-invoicing systems).
→ Transactional data is transferred
 2. System-to-system transfer of information on VAT payable from taxpayers' natural systems directly into the tax administration's systems (e.g. through the use of application programming interfaces - APIs).
→ Transactional data remains in the taxpayer's systems



CORPORATE INCOME TAX (CIT)

Digitalisation of CIT: Online services



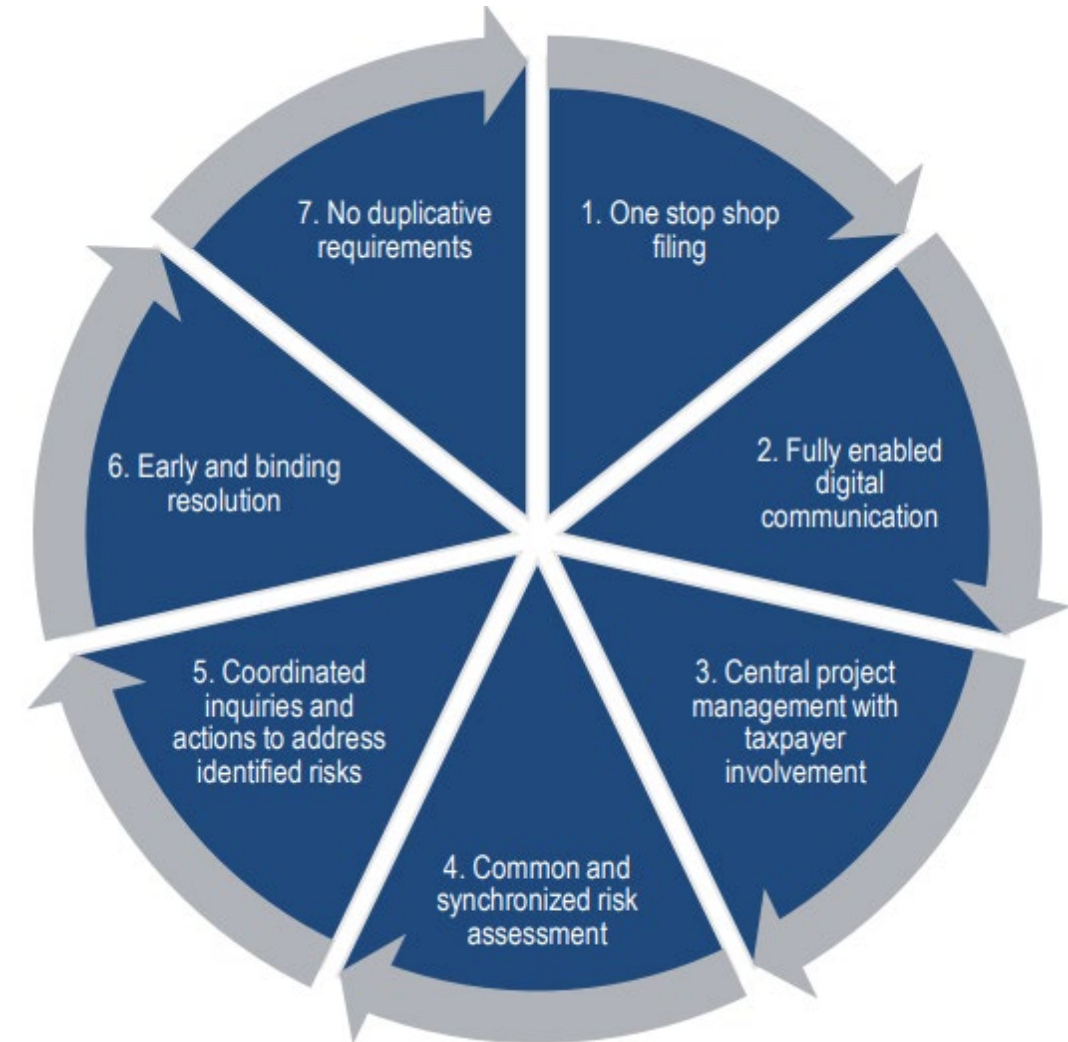
Source: OECD et al. (2022), Inventory of Tax Technology Initiatives, <https://www.oecd.org/tax/forum-on-tax-administration/tax-technology-tools-and-digital-solutions/>. The inventory contains data from 80 jurisdictions.

Digitalisation of CIT: Prefilling of returns

- Limited pre-filling of CIT returns has started in a number of jurisdictions through the use of e-invoicing data and other third party data
- Complete prefilling difficult to achieve due to complexity of systems, for example valuation of intangibles for transfer pricing

Digital transformation of CIT

- For small business through embedding tax processes in natural systems and APIs
- For large business:
 - Seamless taxation more difficult to achieve due to complex nature and international operations
 - However, reducing burdens and improving certainty through international co-operation and standardization in relation to risk assessment, audits, dispute prevention and resolution



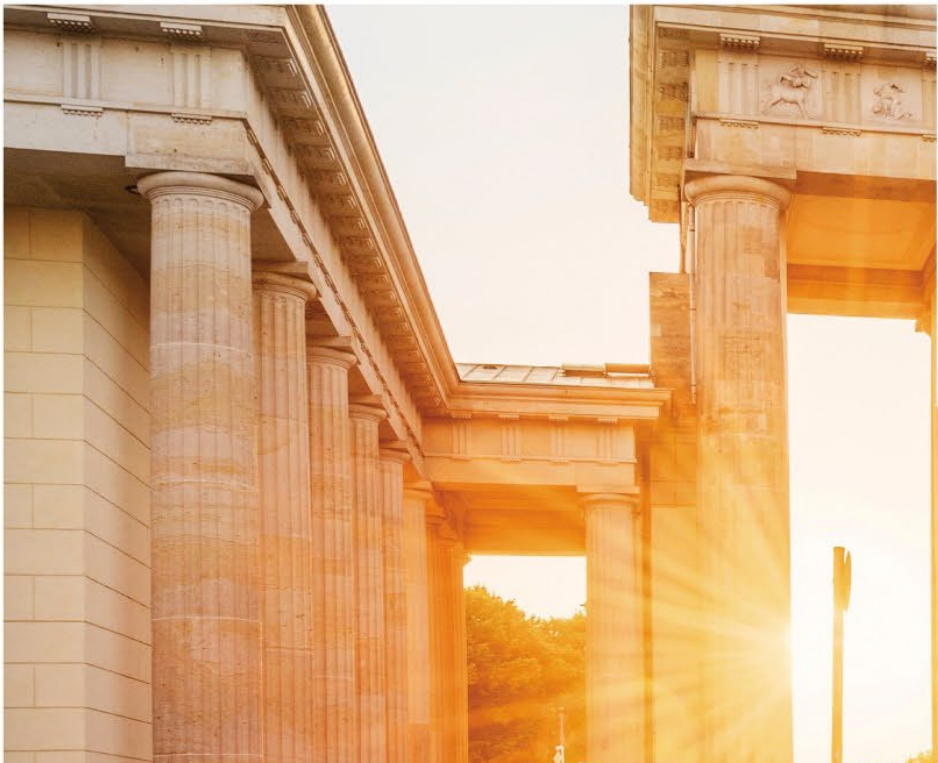


WHAT NEXT?

What do we do in the OECD?

- PIT: Proof of concept of a project on the sharing and gig economy to find solutions for the real-time transfer of data to tax authorities, incl. ensuring international compatibility, ongoing work on SME and micro-businesses
- VAT: With respect to e-invoicing, engagement with business on potential longer-term options for optimising seamless taxation
- CIT: Further work on the vision for a simple, collaborative and digital administration of common international tax as outlined in the OECD report to the G7

OECD (2022), *Tax Co-operation for the 21st Century: OECD Report for the G7 Finance Ministers and Central Bank Governors, May 2022, Germany*, <https://www.oecd.org/tax/tax-co-operation-for-the-21st-century-oecd-report-g7-may-2022-germany.htm>



Towards a technology-enabled tax ecosystem

Chair: Christian Dorenkamp

Date: September 6, 2022, 13.30h (Svitlana Buriak)

Ecosystem thinking

“Towards collaboration and tax ecosystem in response to the economic challenges of post-pandemic recovery and geopolitical climate”

- ✓ Public and private sector technological integration
- ✓ Interoperability
- ✓ Real-time cooperation



Business taxpayer

Tax compliance
Process optimization
Data recording



Tax administration

Anomaly detection
Resource optimization
Data analytics



Legislator

Codeble laws
Harmonised IT standards
Harmonised tax standards



Tax advisor

Process design
Right technology
IT team support

Right technology for a task

Which processes have to be automated and how?

- ✓ large-scale repetitive rule-based processes
- ✓ Process Mining related to DMN and BPMN
- ✓ Robotic Process Automation



Process



Ecosystem

How to involve both public and private parties?

- ✓ Integrated interoperable systems
- ✓ Is Blockchain a potential solution?

Is there a need for cognitive analysis?

- ✓ AI Machine Learning (Deep learning)

Data analytics



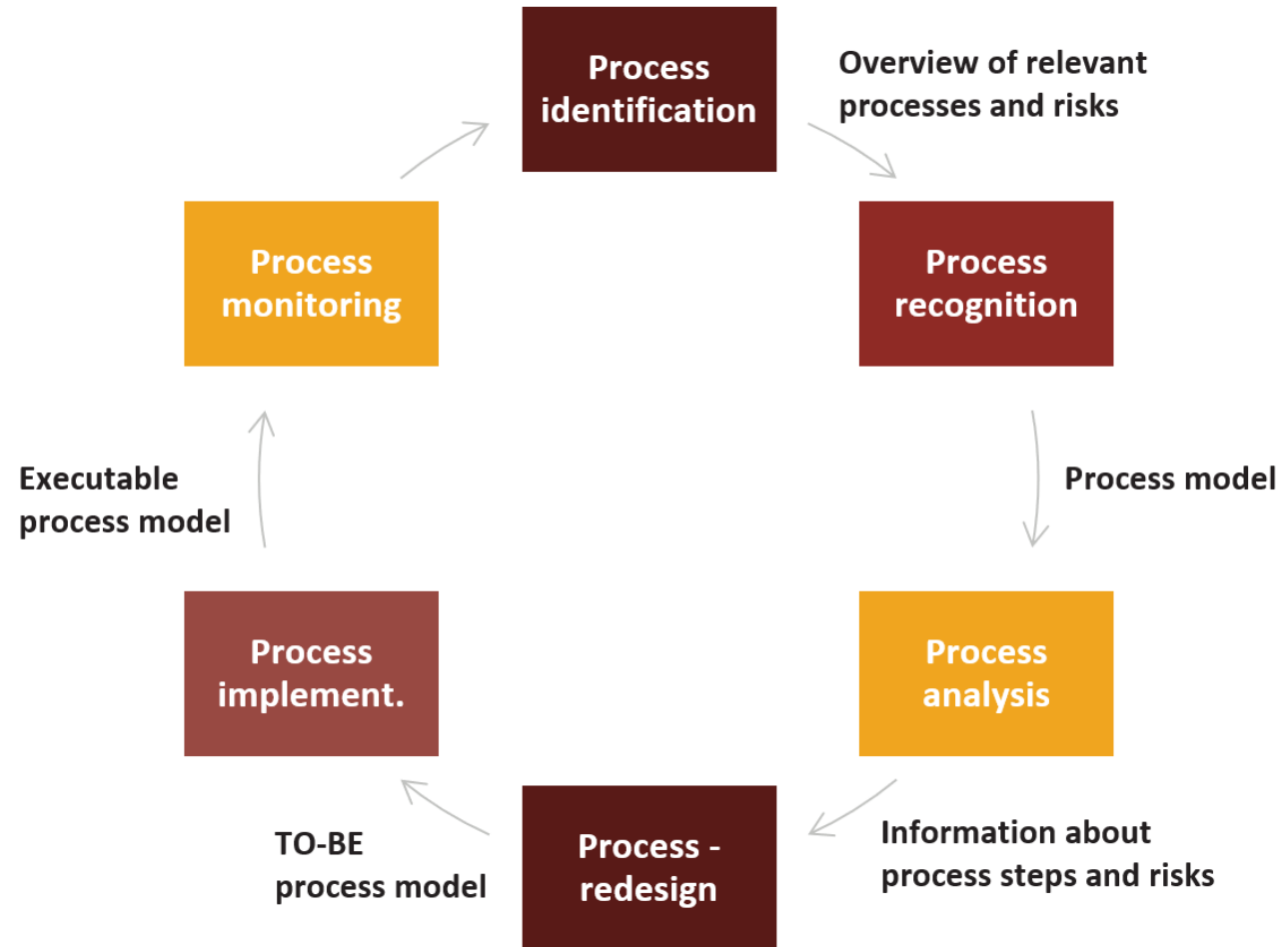
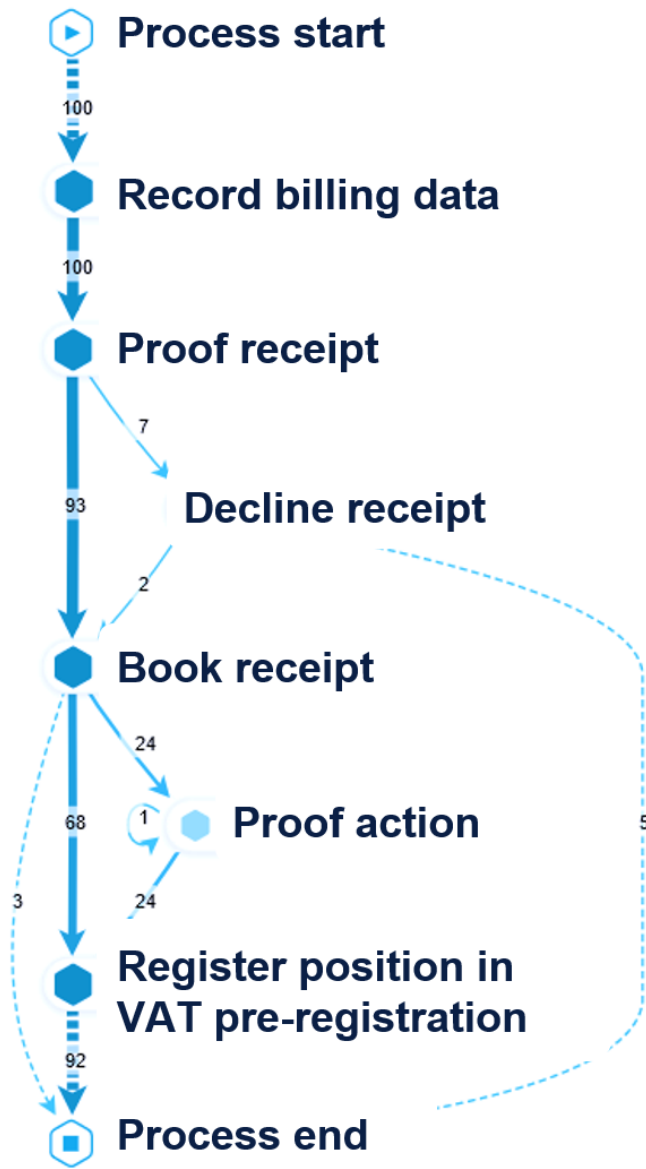
Data storage



How to make data quickly available for use?

- ✓ Cloud storage and data lake platforms
- ✓ Blockchain as a Service Platform

BPMN and Process Mining in Tax



RPA: Use Cases

Use Cases

VAT, WHT, Operational TP,
Payroll tax, Customs, etc.

Tax administrations:

Norwegian Tax Administration
saves 3,000 Employee Hours
on VAT Process

Finnish Tax Administration
Implemented 6 robots for 18
processes

**6 million
NOK**

Saved from the VAT
process alone



Taxpayers:

**A publicly-traded global
logistics company:**

- ✓ RPA bots for creating receipts
for all the purchase requests
received from the customers
and generated invoices for
the receipts.

Machine Learning in Tax Administration

Predictive Analytics Competence Center, Austrian BMF

- ✓ Machine learning for real-time audits and scoring, CRS data, horizontal monitoring, etc.
- ✓ Methods: network analysis, text mining, natural language processing and deep-learning algorithms



Predictive Analytics

from development through maintenance of statistical and mathematical methods and models



Advanced Analytics

audit support for the tax and (G)PLA auditors: all the topics relating to automation, cash registers and the implementation of the SAF-T requirements



Tax Analytics

All areas consolidated to deal with fiscal analyses and tasks



Customs Analytics

preparation of risk profiles, development of customs systems, the implementation of international anti-fraud projects

Machine Learning in Tax Administration

The Washington Post
Democracy Dies in Darkness

France uses AI to spot (and tax) undeclared swimming pools

By Rachel Pannett
August 30, 2022 at 3:37 a.m. EDT



French tax authorities found some 20,000 undeclared pools using AI technology. (iStock)

French tax officials use AI to spot 20,000 undeclared pools

Scheme to be extended across the country after trial in nine departments led to extra €10m in tax receipts

The Guardian



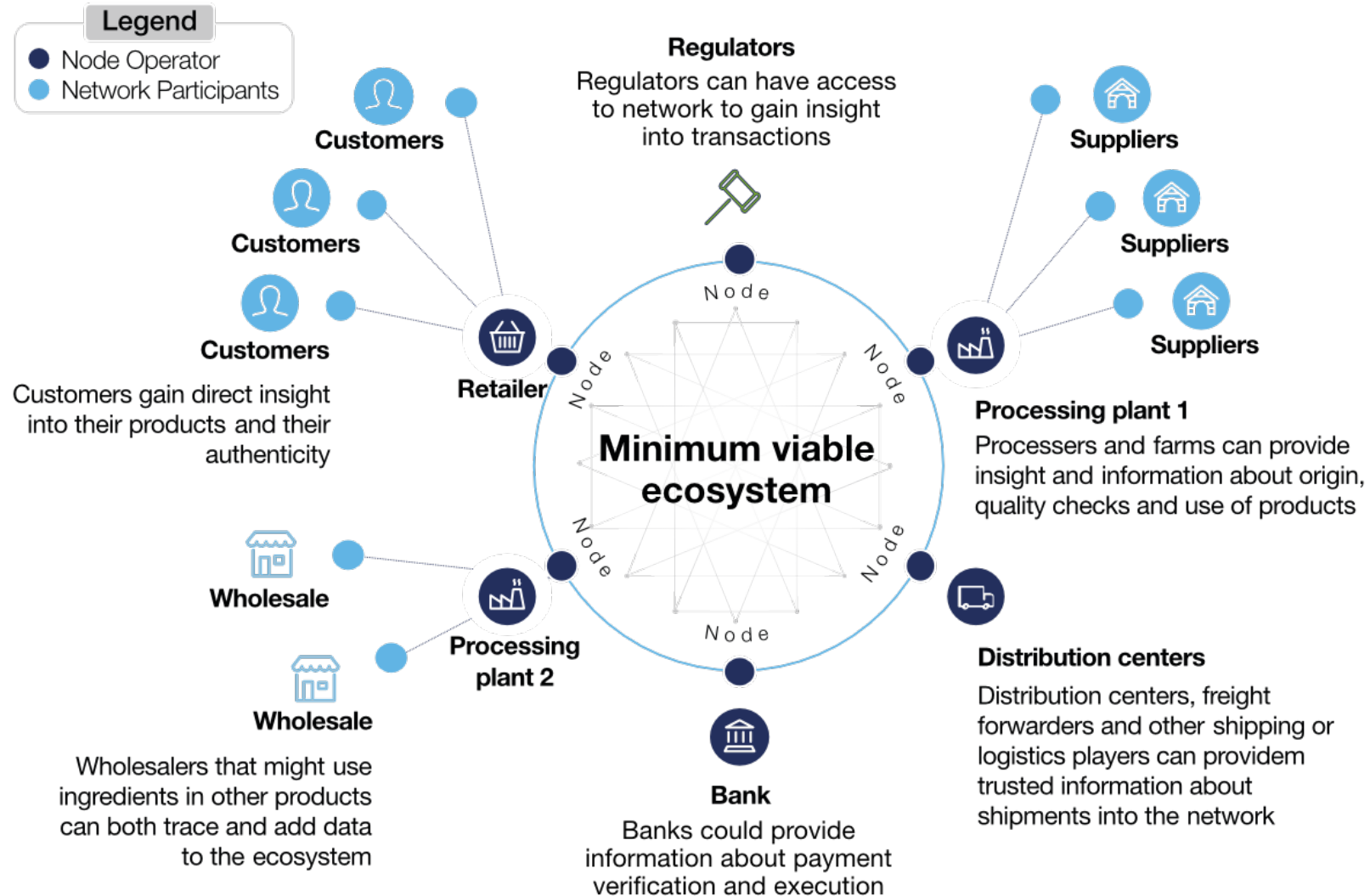
The public finance authority DGFIP said the AI programme would now be rolled out nationwide, potentially leading to €40m in new taxes on private pools in 2023.



France is believed to have about 3.2m private swimming pools. Photograph: François Lo Presti/AFP/Getty

Source: Willscher, K., The Guardian, 29 Aug 2022

Where is the connecting point?



Implementation of Blockchain in Tax – Use Cases



Inter.x

storing the details of intra-group transactions in a safe and immutable way

No involvement of tax authorities



Thai Excise Department
Blockchain pilot for the tax returns of oil exports

A single database for the Excise, Revenue, and Customs Departments.

TaxGrid

a shared record book of dividend transactions between **financial intermediaries** and **tax agencies**



blockchain network mediates between the invoice recipient, the issuer and tax departments



What can be done today?

**START SMALL
THINK BIG**

Agenda – Use of Technology in Tax (IFA PSC)

I. Digitization of Tax Assessments

II. Digitization of Tax Audit Processes

III. Access to Tax Authorities Information



E-Platform for detailed tax audits (India)

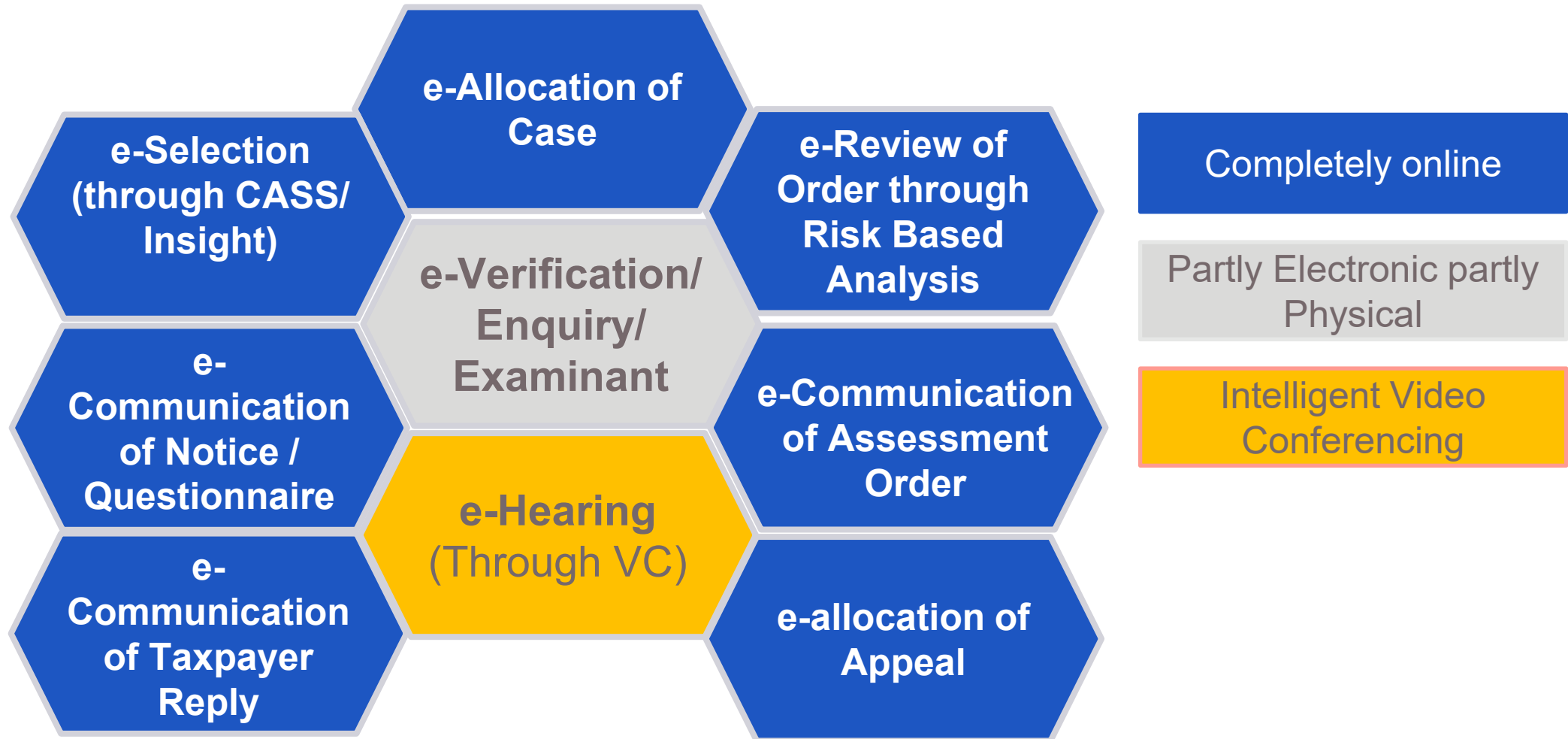
Faceless assessment



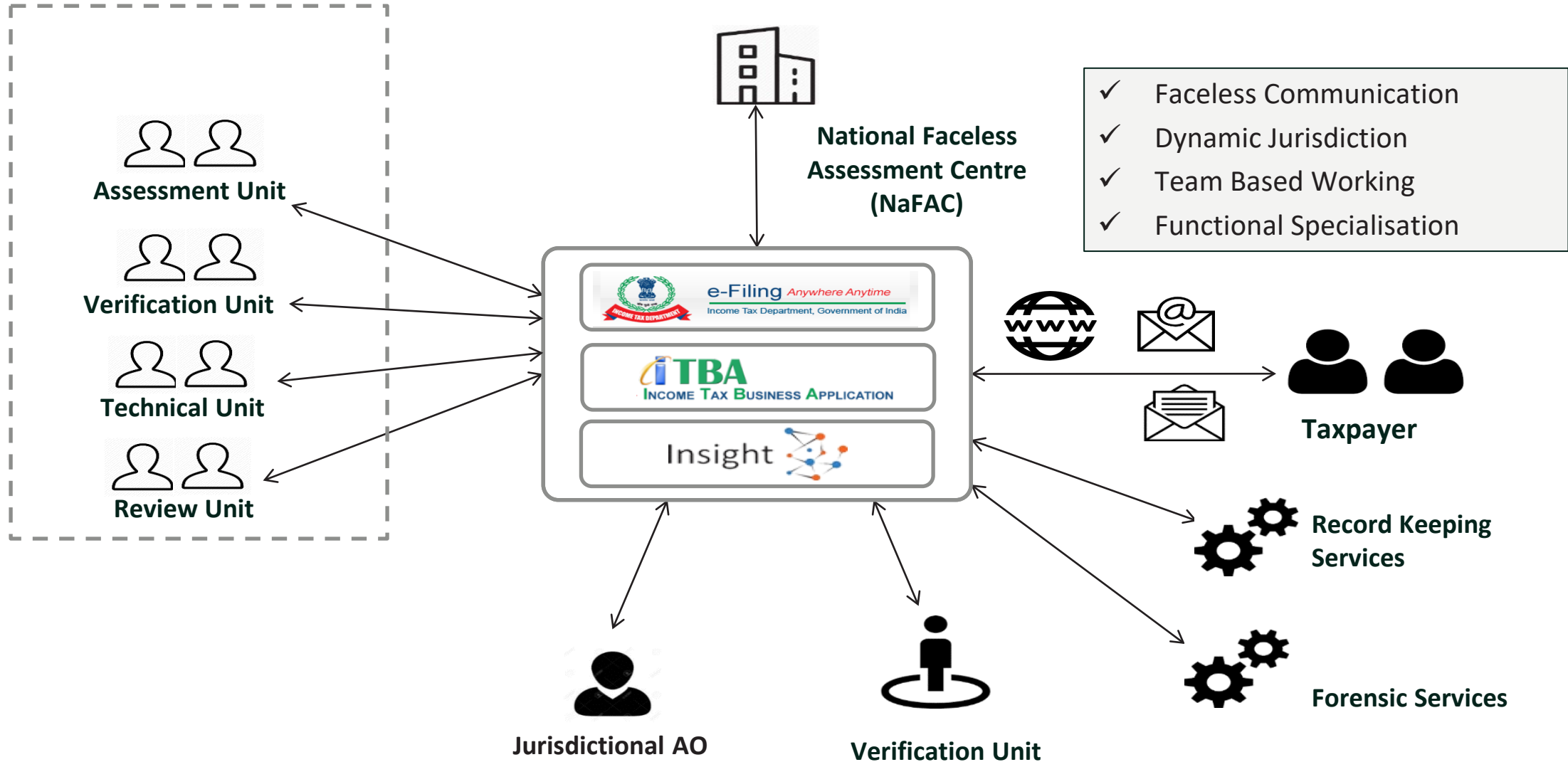
Digitized faceless tax audits

- Impart greater efficiency, transparency and accountability
- Provide an e-platform between the taxpayer and tax officers for detailed audit also.
- Team based audit with segregation of functions
 - Assessment Roles
 - Verification Roles
 - Technical Support
 - Review Roles
- Ensure Quality Assessment
- Ensure Data Analytics support
- Ensure Technical Support

E-Platform for assessment for the taxpayer and tax officers



The faceless tax audit ecosystem



Ensuring efficiency, transparency and accountability

- Selection & allocation of cases using data analytics and AI
- Dynamic Jurisdiction – Centralised issuance of notices in a Faceless manner
- Team-based assessments and review for an objective and fair order.
- Consistency across the country
- Equal distribution of audit work across officers
- Video interface provided if the taxpayer demands
- Orders digitally signed and e-delivered

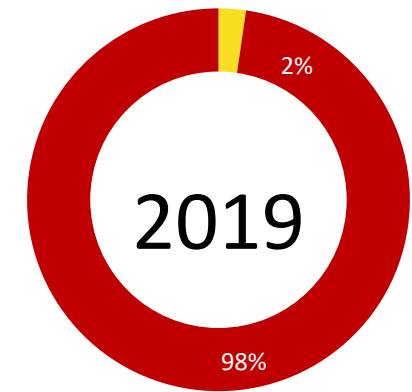
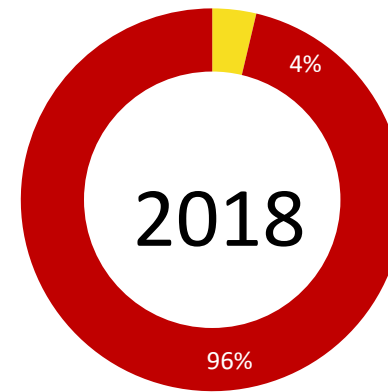
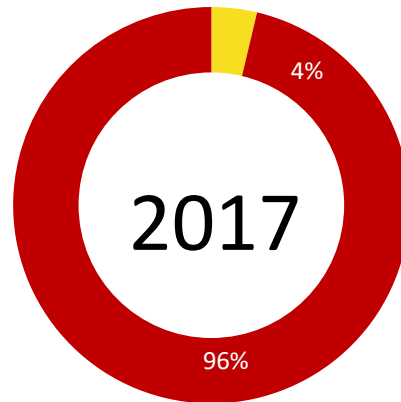
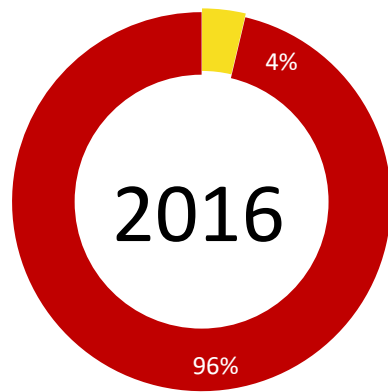
Functions of Units-segregations of roles

- **Assessment Unit** – Identify issues, seek information and analyse material to frame the findings/ Draft Order
- **Verification Unit** – to work in faceless eco system -
 - Conduct E-verification through data in the systems
 - Conduct enquiry, examination of books of account, examination of witnesses and recording of statement through electronic mode.
 - Conduct Physical Enquiry
- **Review Unit** – Review of Draft Order – Whether material evidence brought on record, points of facts and law incorporated, application of judicial decisions considered, arithmetic correctness etc.
- **Technical Unit** – to provide support on legal issues, valuation etc.

Faceless Handling of First Appeals

- The appellate proceeding at the first appeal level made Faceless
- Electronic filing of appeal
- Automated allocation of cases across the country
- Jurisdiction free environment introduced
- E-submissions and e-notices
- Video hearing facility provided
- Taxpayers spared from coming to office
- Orders digitally signed and e-delivered

Electronic Tax Audits Brazil



In Loco audits

Electronic Tax audits

In Loco audits

Electronic Tax audits

In Loco audits

Electronic Tax audits

In Loco audits

Electronic Tax audits





Source: Brazilian Revenue Office

Virtual taxpayer *versus* tax authority relationship

Pandemic has speed up the virtual taxpayer x tax authorities' relationship.
Most of tax administration services are now available virtually:

- Digital tax notifications
- Digital tax clearance certificates
- Digital tax assessments
- Digital tax defense
- Digital self corrections and collection
- Access to debt list
- E-refilings, etc
- Many other services

Digitalization and litigation: Penalties

-  After introduction of ECF/ECD (SPED environment), the level of detail required on the tax returns increased substantially.
-  Tax authorities require quality/accurate content. Prior to filling the return, an internal cross check is performed (“validator”) the return cannot be filed if certain key data is missing or inconsistencies are there.
-  With that, penalties for incorrect information or lack of information were introduced (3% of the value of the wrong / missing data, regardless effect on the collection)
-  Although this type of penalty is not yet widely applied, it has generated new type of litigation between taxpayers and tax authorities (related to a tax return, even if the taxpayer has not undercollected taxes).

Expectations *versus* Reality (Brazil case)

Expectations

- “Tax digitalization will reduce costs of tax departments”
- “Relationship between taxpayers and tax authorities will improve”
- “Tax digitalization will reduce number of tax assessments”
- “Tax digitalization will reduce tax evasion”
- “Taxpayers will spend less time with compliance”
- “Tax digitalization will not increase the relevance of tax department inside the company”

Reality

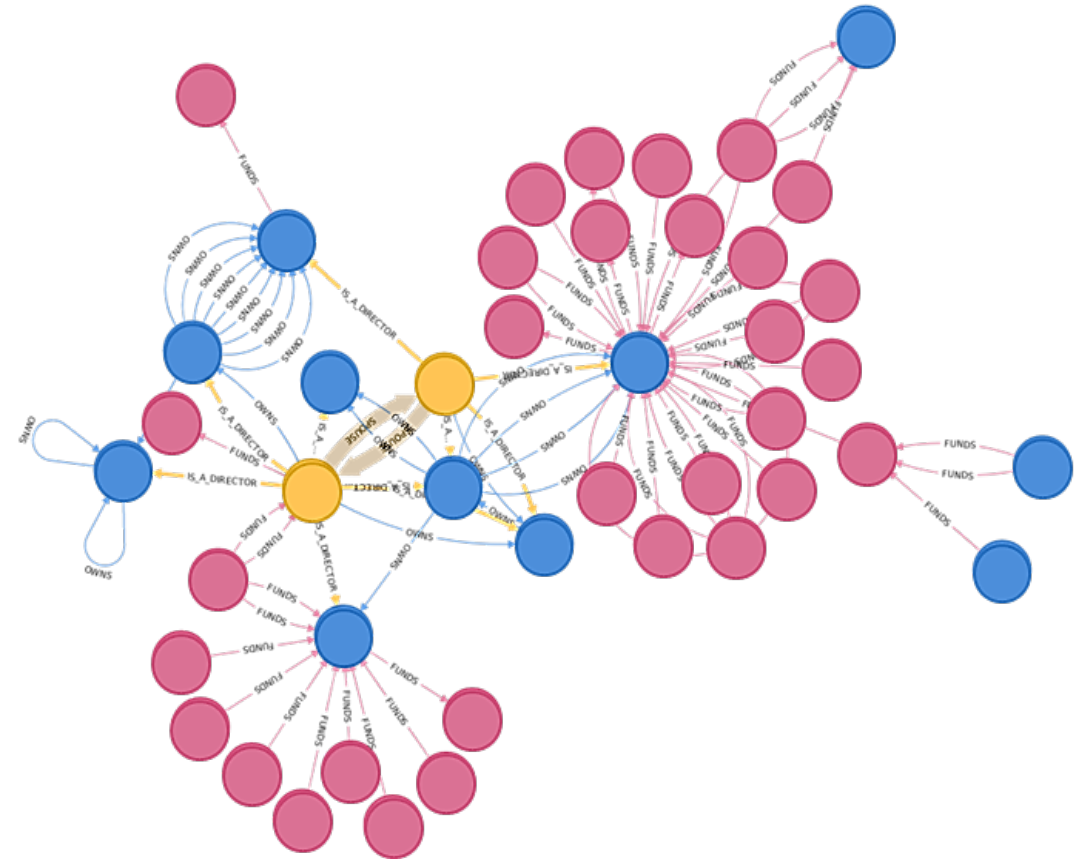
- Taxpayers had to invest significant amount in tax technology and training
- There is more transparency and virtual services in tax administration
- Tax authority got access to big data and now issue more assessments than before
- There was a significant reduction on tax evasion and increased fair competition among taxpayers
- Increased number of assessments has kept importance of tax compliance as a permanent risk source
- Tax departments are more and more critical to execute business strategy

Data and Analytics in ATO Delivering high quality services (Australia)

- In 2020-21, we used data and analytics to:
 - provide >360,000 real-time prompts to taxpayers
 - send >140,000 nudge crypto asset sales messages
 - pre-fill >85 million pieces of data
- We're using A&AI to:
 - improve public advice and guidance
 - automatically correct factual low complexity errors on individual tax returns
 - stop the incorrect issuing of GST credits in real-time

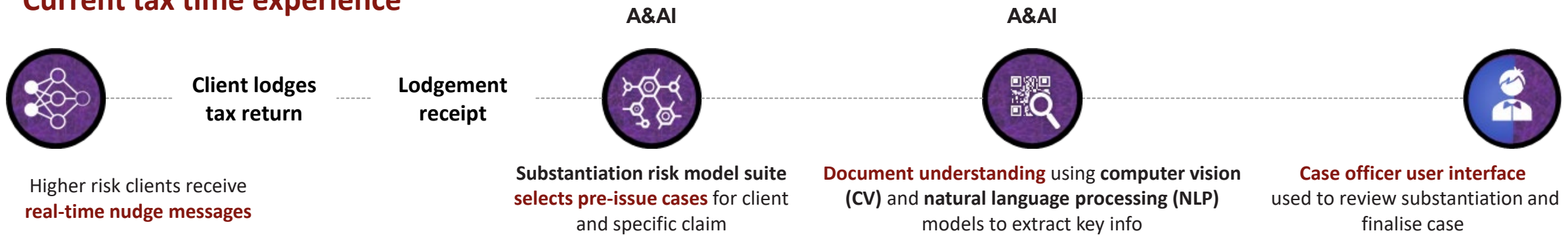
Automated Network and Grouping Identification Engine

- More productive and efficient resource use
- Scalable for new data sources and uses
- More reliable data to understand client groupings for better decision making
- Improved staff and client experience

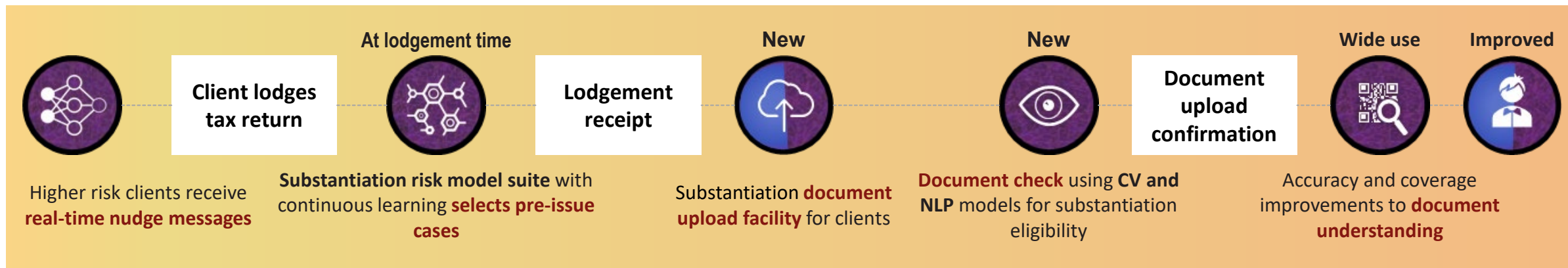


A&AI in action – streamlining substantiation of deductions

Current tax time experience



Future tax time experience



Key: Manual process Automated process Blended process

The Future of Tax Audits - Digitization (OECD)

- Advances in technology resulted in moving more audits into a virtual environment, including:
 - New ways of engaging with taxpayers during the audit process, e.g. video calls
 - Electronic submission of audit related documentation
- The COVID-19 pandemic further accelerated this trend
- Use of technology also sharpens targeting of risk, including whom to audit:
 - Around 80% of tax administrations use big data to improve compliance*
 - Half of the tax administrations use artificial intelligence in risk assessment processes and for the detection of tax evasion and fraud*

* Source: OECD (2022), *Tax Administration 2022: Comparative Information on OECD and other Advanced and Emerging Economies*, <https://doi.org/10.1787/1e797131-en>. Report covers 58 jurisdictions. Information relates to jurisdictions that were able to provide data for both fiscal years.

The Future of Tax Audits – Digital Transformation

- Requires trust in taxpayers' natural systems
- Trust in those systems could be assured through:
 - The pre-certification of the taxpayers' natural systems relevant for tax purposes, e.g. the certification of software or applications with embedded taxation processes used by taxpayers;
 - The periodic risk-based auditing of those natural systems as to whether they comply with legal requirements for how they operate and/or produce legally correct tax outcomes (i.e. system audits);
 - The provision of underlying data from those natural systems to the tax administration on demand or other basis

Agenda – Use of Technology in Tax (IFA PSC)

I. Digitization of Tax Assessments

II. Digitization of Tax Audit Processes

**III. Taxpayers' Access
to Tax Authorities
Information**

Responsibility in times of digitalisation

POLITICO

Enter keyword



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POLITICO PRO

Dutch scandal serves as a warning for Europe over risks of using algorithms

The Dutch tax authority ruined thousands of lives after using an algorithm to spot suspected benefits fraud – and critics say there is little stopping it from happening again.



Source: Politico and Bloomberg Tax

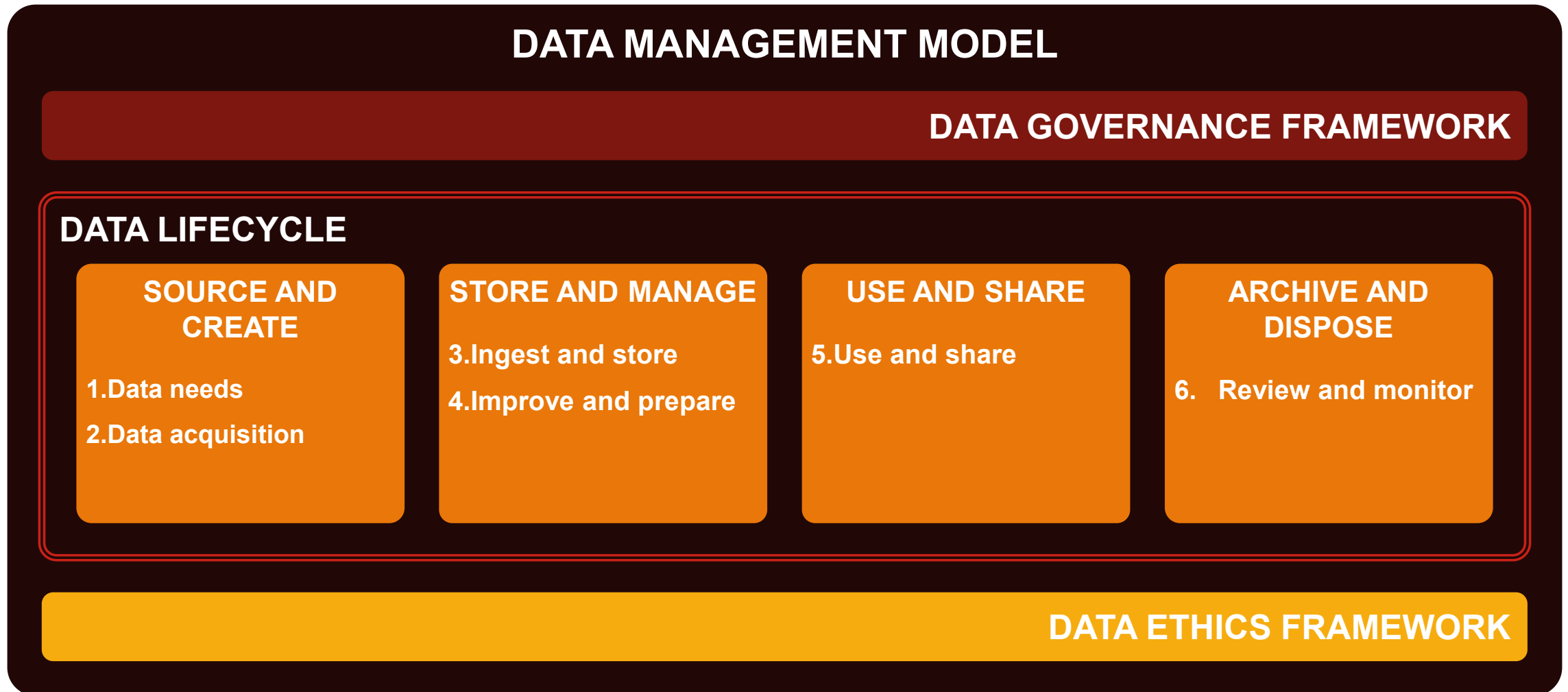
ATO - Our vision on data and analytics (Australia)

We use data, information and insights to deliver value for clients and stakeholders, and inform decision-making across everything we do

Four key shifts to achieve our vision:

- Strengthen our data foundations
- Transform the data and analytics experience
- Evolve automation and artificial intelligence (A&AI)
- Build our data and analytics organisation of the future

A holistic approach across the data lifecycle



Our data ethics principles

Our ethics were developed in line with government and community expectations



1. Act in the public interest, be mindful of the individual



2. Uphold privacy, security and legality



3. Explain clearly and be transparent



4. Engage in purposeful data activities



5. Exercise human supervision



6. Maintain data stewardship



Staff who completed training	2021	2022
Mandatory foundation	18,695	17,664
Non-mandatory intermediate	59	2,294

Digitalisation of the Tax Administration in Ukraine

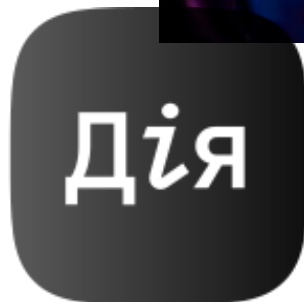
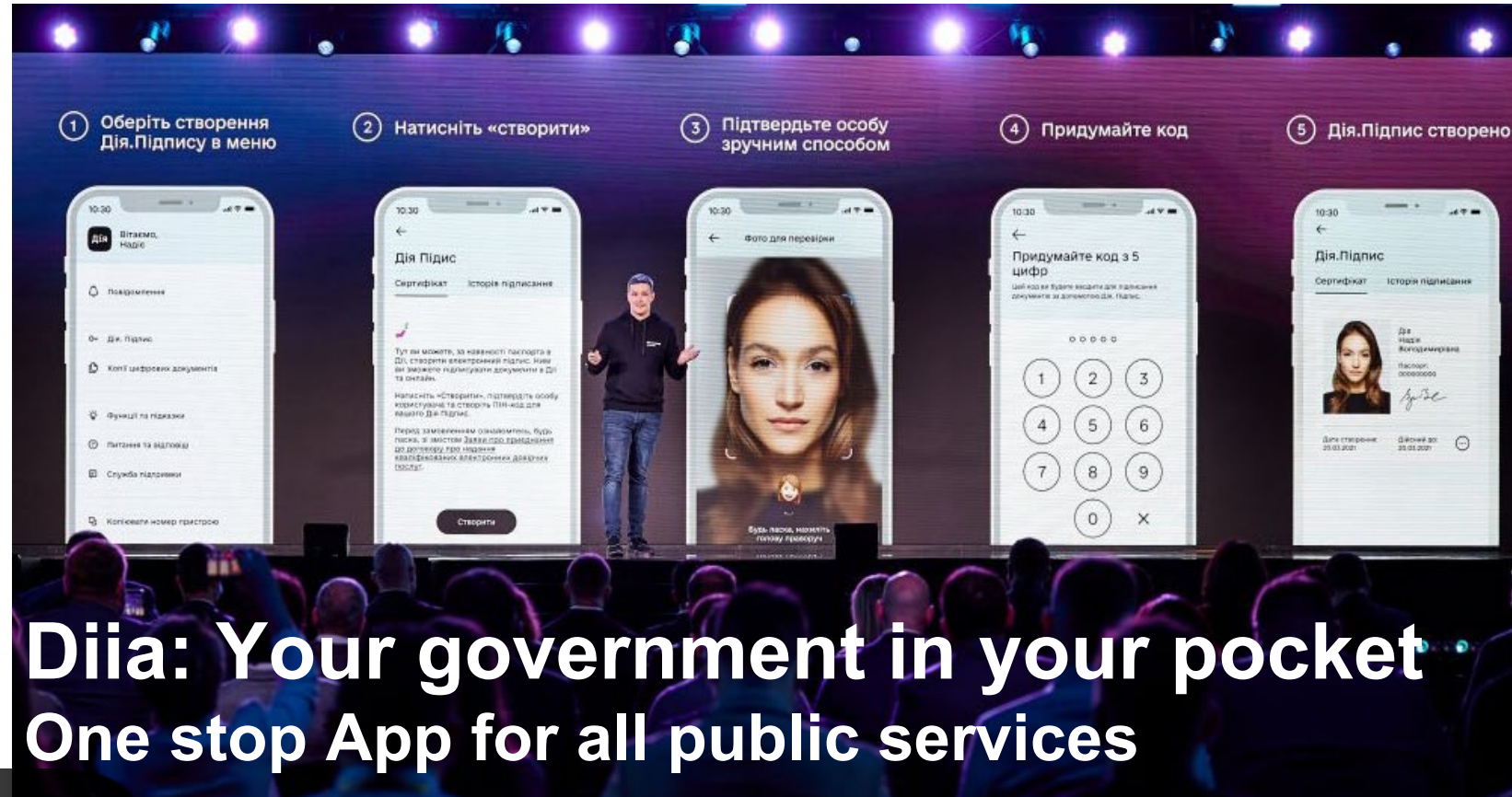
2019

Ministry of Digital Transformation

18 million users

Every month up to 10 new services

- ✓ Digital identity
- ✓ Tax declaration for self-entrepreneurs in 4 clicks – link to the bank account
- ✓ Faceless audits during COVID
- ✓ E-statements, e.g. tax residency
- ✓ E-excise duty
- ✓ Goal: Paperless and faceless by 2030



8 Golden Rules of Digitizing Tax – Business View (1)

I. “International harmonization and standardization”

- The most important enabling factor for automation and digitization is harmonizing tax rules and standardizing digital interfaces as well as formats and technological solutions for a secure, internationally consistent and efficient data exchange.

II. “Reporting the same data only once“

- Taxpayers are frequently obliged to file the same data to different governments and within one country to different authorities, sometimes several times.

III. “Properly designed for automation”

- Whenever new rules are being introduced or changed, tax administrations and legislators should consider opportunities and consequences of their actions for automation and digitization.

IV. “Proportionate reporting”

- Only data that is relevant and required by the tax administration should be collected from business and this should be done in a proportionate manner based on specific criteria such as for example size and complexity of business, sector, etc.

8 Golden Rules of Digitizing Tax – Business View (2)

V. “Co-creation and appropriate lead time“

- Whatever technology avenue is explored by tax administrations in the area of automation and digitization, user experience from thought to implementation is key – therefore the involvement of businesses in this process and across taxes from start to finish is key.

VI. “Preserve technology neutrality“

- When it comes to technology it should be the choice of business whether internal or external technology solutions are used and how internal processes and the technology framework are structured and operated.

VII. “Digital communication and interaction“

- The digital exchange of documents as well as the general digital communication (e.g. tax audits via video conference) between taxpayers and tax administrations should be enabled in an efficient and secure way.

VIII. “Data privacy & security”

- It should be clearly defined, based on international norms, who is authorized to access data provided by taxpayers and how, and for what purposes data is used. Furthermore, data must be protected against unauthorized access.

Concluding Remarks & Thank You

I. Digitizing Tax?

- Will come for sure

II. What`s in for Tax Authorities?

- Better Tax Compliance

III. What`s in for Taxpayers?

- Less Administrative Burden / Efficiency
(& Better Tax Compliance)

IV. How to make the best out of it for both?

- Standardization & Collaboration

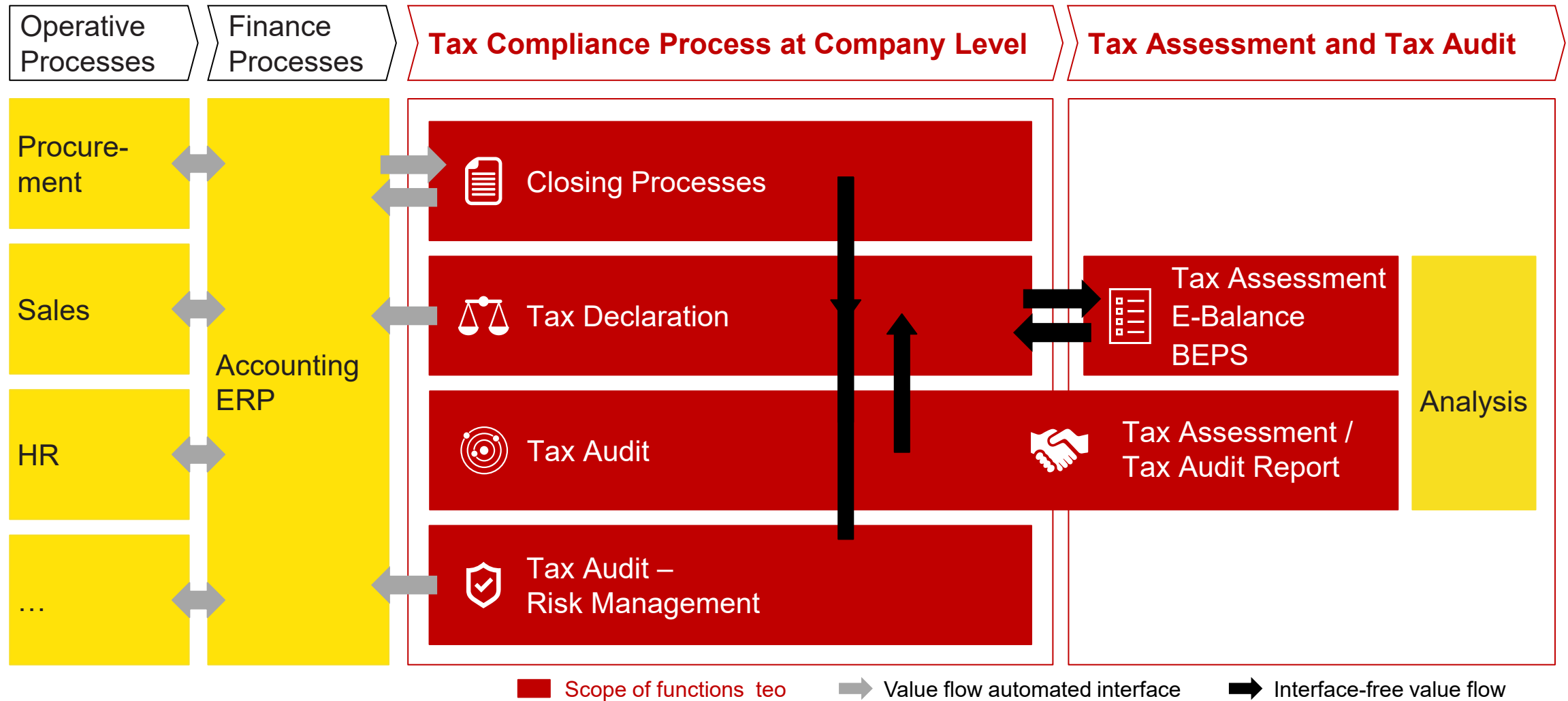




Back up – Tax Audit (Real Company Example)



Grass Root Initiative 1 Year Tax Audit – Fully Digitized & Integrated End-To-End Value Flow (One IT Platform)



To exploit potential of digitization, standardization and integrated value flows are key (minimizing interfaces)

