

2010 IOTA ACTIVITIES REPORT

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1 2010 TECHNICAL ACTIVITIES PROGRAMME (TAP)

The Work Programme for the year 2010 was adopted by the 13th General Assembly held on 9-10 July 2009 in Stockholm, Sweden. The Secretariat organised 21 technical events during the year as well as the technical session of the 14th General Assembly, held on 8-9 July 2010 in Brussels, Belgium, which is considered both as an administrative and technical event.

1.1 Area Group and Task Team Activities

The major focus of the IOTA technical activities is the sharing of 'good practice' in practical areas of tax administration, with the primary aim of strengthening and modernising all IOTA tax administrations.

In an effort to improve the opportunity for liaison between personnel in member tax administrations, and to establish a forum for ongoing, regular exchanges and co-operation between personnel, the concept of Area Groups was introduced within the framework of the IOTA technical activities.

Area Groups differ fundamentally from the other technical activities offered by IOTA in that there is a focus on the facilitation of this regular contact between the same individuals from a wide group of the member tax administrations. This regular contact takes three main forms: an opportunity for regular meetings (currently two meetings each year for each active Area Group), ongoing liaison and communication via telephone and email, and the important work and outputs of the various associated task teams.

The concept of an Area Group envisages that each participating tax administration will nominate a single Area Group member to participate in an IOTA Area Group. This means that the Area Group is of a manageable size and communication is thus more efficient and effective.

Area Group members are encouraged to develop their own national 'Area Group network', thus ensuring that the information and knowledge they gain through their involvement with the IOTA Area Group can be effectively used throughout their tax administration. This network also provides the Area Group members with a wide source of knowledge and expertise from their own tax administration which they can feed in to the Area Group.

The scope of activities and initiatives that can be undertaken within the framework of an Area Group is relatively wide, and the current Area Groups have undertaken a wide variety of activities including drafting 'Good Practice Guides', producing comparative reports and sharing of their knowledge and experience.

1.1.1 Area Group Large Taxpayer Treatment and Audit (LTTA)

The Area Group held two meetings, hosted by the Polish tax administration in Szczecin on 3-5 March 2010 and the Irish Tax and Customs authorities in Dublin on 27-29 October 2010 with the participation of an average of 29 member tax administrations.

The focus of the first meeting was on the crisis and what impact this had had on administrations' ability to manage and audit large taxpayers. During the event, the opportunity was also to visit one of Poland's Large Taxpayer Tax Offices and for members to see first hand how the tax administration is dealing with the issues.

During the second meeting in Dublin, the focus of the event was on risk. Members were able to listen to presentations on risk profiling, analysis and treatment and to see a demonstration of one of the risk profiling tool used by the Irish Revenue and Customs. Additionally, two external speakers, from a large multinational organisation and a tax practitioner were invited to give their impressions as to how tax administrations were dealing with their needs.

Additionally, the Area Group Task Teams continued their work:

Topics completed during the year:

- Structure, Organisation and Strategies of Large Taxpayer Units; An IOTA Knowledge Database was created based on the research and information gathered by the Task Team and phase 1:- Updated data, was published in December 2010.
- EDP Audit - The final report was published in December 2010.

Topics continued during the year:

- Risk Analysis of Large Taxpayers - the report is due for completion in 2011;
- Aggressive Tax Planning - the Task Team members are creating a checklist designed to assist in identifying aggressive tax planning which should be ready for publication early in 2011;
- Voluntary Compliance - Horizontal Monitoring - Development of a further Knowledge Database intended to assist in providing member administrations with current information on how best to ensure voluntary compliance. This project is due for completion in early 2012.

Topics commencing during the year:

- Structure, Organisation and Strategies of Large Taxpayer Units: Work started on phase 2 of the IOTA Knowledge Database: - Updating the Trend and statistical information. This is due for completion during 2011 along with training of Knowledge Maintenance Experts who will ensure the continuity and accuracy of the database Voluntary Compliance - Horizontal Monitoring.

1.1.2 Area Group Prevention and Detection of VAT Fraud (PDVF)

There remains a great deal of interest in this Area Group as VAT fraud continues to be a topical issue for most tax administrations. Due to environmental conditions, the first meeting of the Area Group due to be held in Sweden on 21-23 April 2010 had to be rescheduled to Budapest for May with 24 countries attending. 25 member administrations took part in the second meeting in Baku, Azerbaijan on 15-17 September 2010.

Both meetings focused on the recent adoption by fraudsters of Intangible Commodities such as Carbon Credits as suitable platforms for large-scale VAT fraud.

Other topics addressed included:

- VAT refund issues
- E-Commerce and the fight against VAT fraud
- Use of Third Party Information

Additionally, the Area Group Task Teams continued their work:

Topics completed during the year:

- Exchange of information and mutual assistance: The Task Team topic was identified as suitable for creating the first IOTA Knowledge Database which was launched during the second Area Group meeting in September

Topics continued during the year:

- VAT refund issues: The Task Team continued their work in preparing a comprehensive report

Topics commenced during the year:

- E-Commerce: The aim of the task team is to produce a good practice guide on new trends in e-commerce. The chosen new trends are deep web investigation and cloud computing.
- Third Party Information: The Task Team was established to produce a report on the best use of third-party information in order to detect and prevent VAT fraud.

1.1.3 Area Group Taxpayer Education and Services (TES)

The members of the Area Group met for the last time in September 2009. However, work continued within the Task Team.

Topics continued during the year:

- Handling the Tax Affairs of Minorities - Continued their work towards the publication of their report with the issue and collation of a questionnaire.

Topics commenced during the year:

- Update of Good Practice Guide “Contact Centres” - It was decided that an earlier IOTA product that had attracted considerable use by tax administrations should be brought up to date. A Task Team was convened in June to address the issue.

1.1.4 Area Group Strategic Management - Benchmarking (SMB)

The Area Group members met for the first time in Seville, Spain on 27-29 January 2010 and were provided with an agenda pre-defined by a steering group that had been established to provide the group with initial direction and assistance. During this and their subsequent meeting in Paris, France on 1-3 December 2010 three task teams were established to explore some benchmarking issues.

Topics commenced during the year:

- Standardized approach towards country profiles: This team’s objective is to develop an instrument that provides relevant and structured information, in a systematic way that supports the identification of suitable benchmarking projects and partners. Initial thoughts are that the IOTA knowledge database format would provide a suitable platform for the information;
- Guide to Benchmarking Methodology: This “best practice” guide will give member administrations access to information that is intended to assist them in the process of identifying suitable benchmarking partners and conducting benchmarking exercises.

1.1.5 Area Group Human Resource Management

The second new area group to be established in 2010 was the Human Resource Management group which first met in Tirana, Albania on 10-12 February 2010 and again in Bern, Switzerland on 29 September - 1 October 2010. Topics addressed included examination of new developments in HRM and how HRM differed between IOTA member countries.

It was identified early on in the activities that due to the diverse nature of HRM it would not be easy to identify suitable subjects for task team involvement. A steering group was established to examine possible topics which met in September in Budapest, Hungary for the first time and the results of the meeting conveyed to the Area group in October. It is envisaged that a task team will be established early in 2011.

1.2 Case Study Workshops

Four case study workshops were organised during the year, covering a wide range of tax administration topics.

1.2.1 Cross Border Business Restructuring Risks

On 7-9 April 2010, Budapest was the location of the case study workshop, where 29 delegates from 17 countries met to discuss and review risks associated with cross border business restructuring.

Topics such as temporary ownership, transient workers, intellectual property, corporate restructuring, e-commerce and offshore support to the oil industry created lively debate amongst the delegates who all showed a keen, active interest in the topics.

It was acknowledged that the topic of cross border restructuring impacted on a variety of issues such as transfer pricing, voluntary compliance, tax havens and aggressive tax planning, all of which are addressed by IOTA in existing area group activities or future events.

However, the general consensus of opinion was that being able to see examples of cases that crossed these individual boundaries was a valuable experience and many delegates said that they would be enrolling for a number of the other events.

1.2.2 Transfer Pricing

During the last six years, case study workshops on transfer pricing issues have been regarded by IOTA members as the most eagerly anticipated events within the Organisation's Technical Activities Programme.

48 transfer pricing specialists representing 27 Members of IOTA met in Oslo on 4-6 May 2010 to exchange experiences and expertise on the difficult problems posed by transfer pricing issues as well as to explore alternative approaches that would give tax administrations an appropriate level of confidence in application of the transfer pricing guidelines of the OECD.

The workshop examined some of the approaches that might achieve an appropriate level of confidence that the arm's length principle had been applied in a correct way. Jointly organised with OECD, the event was practical in nature, combining presentations of selected case studies prepared by Czech Republic, Denmark, Finland, Lithuania, Norway, Spain and Sweden with the opportunity for all participants to share their own views and opinions on the approach to resolving transfer pricing issues arising from the particularities of each case study during discussion group sessions.

The involvement of experts highly experienced in the field of transfer pricing to assist the Technical Advisory Committee (TAC) of IOTA with the development of the workshop's content, selection of the case studies and preparation of the agenda was well received by the participants.

1.2.3 VAT Fraud Cases

On 19-21 May 2010 53 delegates from 29 countries attended the VAT Fraud Case Study Workshop in Zandvoort aan Zee, the Netherlands.

A wide cross section of fraud cases that reflected the interests and concerns of the audience were heard and specialists provided support to each of the six study groups that reviewed the nine cases. Topics covered included:

- Carbon credit
- MTIC
- Real Estate
- Carousel
- Taxi
- Internet Perfume
- Web cards
- Money laundering

The groups were small enough to allow contributions from all attendees and many wrote and presented a brief summary of each of their groups' discussions on a case.

An observer from Europol was also in attendance and provided a short presentation on the evolution of Europol and their role in assisting in the investigation of serious VAT fraud.

1.2.4 Application of Tax Treaties

International tax experts from IOTA member countries met at the case study workshop on 16-18 June 2010 in Warsaw, Poland.

The event drew the audience of 50 senior tax treaty experts from 27 IOTA tax administrations as well as tax professionals from the International Fiscal Association (IFA) to discuss practical aspects arising from the application of tax treaties in their countries.

A series of selected case studies presented by Belgium, Czech Republic, Denmark, Estonia, Finland, Poland, Spain and Sweden during the plenary sessions of the workshop addressed the following issues:

- application of special rules for taxing income of employees, including the proposed changes to the Commentary of Article 15(2) of the OECD Model Tax Convention regarding secondment of employees,
- present methods used by IOTA members to track Permanent Establishments and various approaches applied to attribute profits to different forms of Permanent Establishments;
- various tax treaty issues related to determination of the right to tax the capital gains resulting from investment in securities as well as from sale of shares in companies;
- taxation of payments to satellite telecommunication services; and
- treatment of cross-border income derived from personal activities exercised by sportsmen.

1.3 Workshops

1.3.1 Fiscal Education of the Young

There has been increasing interest amongst IOTA members in seeking to educate young people about their fiscal responsibilities linked to their roles in society. This IOTA workshop brought together 32 representatives from 21 member tax administrations to share experiences and good practice in youth education programmes.

As well as presentations from Norway, Spain, UK, Portugal, Germany, Sweden and France on the various ways young people are introduced to their fiscal responsibilities, participants also contributed posters, games, books and other materials used by them to communicate the value to the society of citizens paying the correct amount of tax at the right time. Films and other interactive items were also used to show how effectively the tax administration can talk to young people in a way that best gets their message across.

The workshop also allowed the participants to work in smaller groups to discuss such issues as the strategy for fiscal youth education, co-operation with other organisations, methods and materials used and how best the effectiveness of such programmes can be evaluated.

The workshop was judged to be a success and hopes were expressed that IOTA would include this topic in future work programmes in order that the innovative work in this growing area of tax education can be shared within the membership.

1.3.2 Risk Analysis

Risk Management has been addressed for several years by IOTA through various workshops, mostly dedicated to the presentation of risk analysis software and tools used to process electronic data.

The workshop took place in Budapest on 5-7 May 2010 and was dedicated to approaches towards the application of risk management within organisations,

with the overall objective of optimizing the supervision and the limitation of non compliant behaviours and enhancing the risk analysis process for selecting taxpayers at risk.

The workshop, co-organised by IOTA and the European Commission, DG Taxation and Customs, took place in Budapest on 5-7 May. This first joint event brought together 57 delegates from 31 countries who had the opportunity to exchange information and share good practice.

Starting with an overview of the Compliance Risk Management Guide of the European Commission, the event provided the participants with the possibility to listen to the update reports of the three subgroups of the EU Risk Management Platform on Risk tools, Influencing behaviours and evaluation.

This was followed with group work sessions meant to give the delegates the opportunity to discuss the risk management process and the usefulness of the guide for tax administrations.

Risk management was further reviewed during the workshop through a series of presentations (France, Norway, Slovakia, and Sweden) and group work sessions with the aim to foster discussion and exchange on approaches and methods.

1.3.3 Tax Havens

A group of 32 delegates from 19 countries attended the IOTA Workshop on Tax Havens in Ohrid, Macedonia (FYROM) on 31 May - 2 June 2010.

The audience listened to a number of excellent presentations from both the OECD and delegates; that addressed both current and future concerns of how tax havens should be managed; examining what changes had taken place over the last twelve months, what schemes taxpayers were using to avoid or evade payment of tax, how tax administrations could encourage users of tax havens to disclose their tax affairs voluntarily and how the proposed peer review process will operate.

Delegates also had the opportunity to discuss these issues during group and networking sessions that complemented the presentations.

In addition, an investigative journalist and camera crew were on hand to record interviews with delegates and representatives from IOTA and the OECD for a local Macedonian TV channel.

1.3.4 Improving Voluntary Compliance

This IOTA workshop, which took place in Budapest on 28-30 June 2010, was designed to address common compliance issues, to identify examples of best practice and innovative approaches along with methods used by tax administrations to improve voluntary compliance.

39 participants from 23 IOTA member tax administrations came together to discuss the factors that influence different taxpayer compliance behaviours,

reflect on the different taxpayer attitudes to voluntary compliance and to review the examples of corresponding voluntary compliance strategies and measures that offer the best response to taxpayer attitudes within four major categories of obligations (registration, reporting, filing and payment).

Presentations were provided by Denmark, the Netherlands, Poland, Slovakia, Spain and Sweden; these were followed by facilitated discussion sessions, where smaller groups met and shared experiences and approaches aimed at enhancing voluntary compliance.

Experts from four IOTA member countries - Denmark, Germany, the Netherlands and Sweden helped facilitate the event through presentations and group work sessions.

1.3.5 IT solutions in Tax Administrations

Held in Bucharest, Romania on 10-12 November 2010, the workshop was directed towards appraising delegates of the current activities within IOTA tax administrations who are developing IT applications to aid them in managing taxpayers' activities more effectively with fewer staff. Topics included an examination of how service oriented architecture (SOA) could aid administrations in extending the life of legacy systems, along with case studies into different approaches to systems development, cutting IT costs and implementation of applications to support new legislation.

In a departure from normal workshop activities, four software/solution providers were invited to give presentations so that the delegates could gain an external perspective of how tax administrations were perceived by IT vendors and how they could possibly improve their communications so as to reduce implementation times and costs.

All delegates took an active role in the meeting and offered interesting and detailed explanations of their IT solutions or problems during a roundtable session.

1.3.6 Effective Debt Management and Voluntary Compliance

This IOTA event was held in Budapest on 17-19 November 2010 and brought together 43 representatives from 25 member tax administrations to discuss current approaches and innovative methods applied in order to improve debt management, review changes in national legislation relating to taxpayers' payment problems and share experiences and good practice in using of IT technologies and information systems in the area of debt management.

The series of presentations, delivered by speakers from Belgium, Denmark, Finland, France, Switzerland and the United Kingdom, gave participants opportunity to look in more detail at the strategic approaches to debt management, debt collection procedures, national and legal provisions related

to this particular topic and IT debt management tools used in IOTA member tax administrations.

The workshop also allowed the participants to work in smaller groups to discuss such issues as the strategic approach to debt management, legislative reforms, techniques to encourage compliance and improve effectiveness at collecting debt and the improvement of debt management information systems. Each of the groups then returned to the plenary session where a spokesperson summarized their deliberations to the assembly in the form of a short presentation.

1.3.7 Tax Gap Identification and Measures to reduce it

Organised in Budapest on 24-26 November 2010, this workshop broadly attended by economists, senior analysts, risk management experts, tax policy and strategic planning advisers from 22 IOTA members, was aimed at examining various approaches to tax gap estimation used by tax administrations across Europe and discussing the measures they have undertaken to bring it down and restore the level of tax revenues.

The key presentations from Bulgaria, Denmark, Estonia, Italy, Switzerland and the United Kingdom along with plenary sessions and group discussions covered a range of subjects including the acknowledgement of the tax gap phenomena, its national and international components and linkage with the “underground economy”. Furthermore, participants explored variety of tax gap estimation methods (“bottom-up” and “top-down”), shared their experiences on the recent initiatives and programs targeted towards reducing the tax gap.

In conclusion, participants agreed that there is a strong need for tax administrations to continue refining the methodologies and enhancing their understanding of the tax gap. It is equally important to recognize the value of the results of tax gap analysis exercise as it could help the tax administration in assessing its performance effectiveness, identify the drivers of the tax gap and develop a range of measures that are necessary to protect tax revenues.

1.3.8 Hot Topic: Exploitation of Different Tax Systems to Reduce Tax Liabilities

It was Budapest that fittingly hosted the last event of the 2010 workshop season with the case study workshop on the Exploitation of Different Tax Systems to Reduce Tax Liabilities. This "Hot Topic" event was selected by members in June 2010 as being a subject that had increased in significance since the original 2010 work programme had been prepared in 2009. 29 delegates from 20 countries assembled in the European Youth Centre, a regular venue for events in Budapest, to listen to and discuss a variety cases centered on the exploitation by organisations of the differences between tax systems that exist in member countries in order to avoid or reduce their tax liabilities.

1.4 Training Forum

Organised on 10-12 March 2010, the seventh IOTA training forum took place in Thun, Switzerland, where 40 tax officials from 24 countries met to address training trends and discuss their tax administrations' priorities and strategies.

A series of presentations provided the delegates with the opportunity to obtain an overview of the Swiss tax administrations' approach towards learning, the UK experience regarding the implementation of a new tax professional development program and an insight into new developments in training across the IOTA region.

In addition, an expert in human resources and training development from an international company was invited to present his experience in b-learning projects.

A wide range of issues related to trends in training were addressed during parallel workshops on the following topics:

- Changing from learning goals oriented to competency oriented training programmes;
- New forms of blended learning;
- The changing role of management in training;
- The changing role of permanent education.

Results achieved throughout the discussions and exchanges between delegates during the forum were fostered by the outstanding hospitality of the Swiss Federal Tax Administration.

1.5 Enquiries Service

Upon request, IOTA co-ordinates the provision of responses to technical enquiries received from the member tax administrations.

In 2010 the Technical Advisory Committee of the IOTA Secretariat continued to deal with technical enquiries, receiving a record 45 requests from IOTA Member tax administrations, seeking information and assistance from the IOTA membership.

The topics of enquiries made in 2010 included:

- Audit Legislation
- Grey Economy
- Audit Performance Indicators
- Carbon Credits
- Amnesty Schemes
- Internet Sales

The technical enquiry service is a unique instrument to ask for information in respect of a specific area of tax administration issues at short notice.

2 EVALUATION OF 2010 TAP

2.1 Introduction

2010 was the fourth year where the IOTA technical taxation experts were able to evaluate a Work Programme based on the participants' responses to evaluation forms.

The period covered by the Evaluation Summary was challenging for the IOTA technical taxation experts due to the changes in the composition of the TAC; whereas their colleagues supporting the technical activities, the Specialist of Technical Activities and the Website and Communication Specialist, have to be mentioned as always making valuable proposals and contributing to a better planning, preparation, delivery of the technical activities programme and the post event publications.

The technical part of the IOTA Work Programme is fully acknowledged as the core of the activities of the Organisation. The events delivered and facilitated by the Technical Advisory Committee (TAC) constitute the most visible part of IOTA's activities.

IOTA's TAC started to evaluate the events from September 2006 in order to find areas where improvement is possible and valuable and to inform Principal Contact Persons of IOTA as well as the Executive Council on the quality and value of the technical activities programme.

This summary analyses the evaluation questionnaires completed by the delegates on the spot at the end of an event.

All evaluation forms were designed to gather information from participants and these have been used for each event.

A summary of the evaluation is regarded as an invaluable instrument to identify what went well in IOTA events and where there is room for further improvement.

2.2 Participation - Facts and Figures

The scope of evaluation covers 21 events organised during the period of twelve months (from January to December 2010):

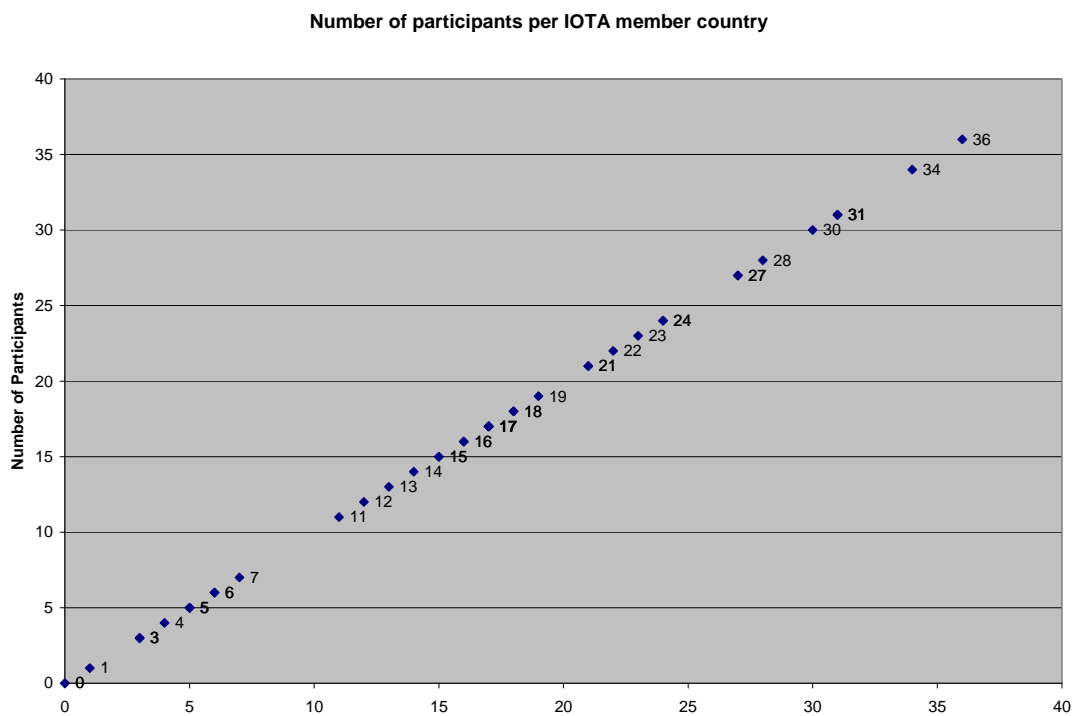
- 4 Case Study Workshops (CSWP);
- 9 Workshops (WP); and
- 8 Area Group Meetings (AGM).

For a number of reasons fewer participants and speakers attended IOTA events in 2010 (710 in 2010 and 839 in 2009). The decline in the level of participation is directly linked to the reduction in the total number technical activities planned for 2010.

Following the austerity measures that were proposed by the Executive Council (Decision EC68_2009_02 - 2010 IOTA Draft Budget) and adopted by IOTA members at the 13th General Assembly, the 2010 contribution revenue of the Organisation was frozen at the level of the 2009 contributions. As a result of such decision, the total number of the technical activities was reduced by 16% from 25 to 21 events.

170 persons attended IOTA case study workshops (283 in 2009) and 217 officials participated in the area group meetings (248 in 2009) while particularly high number of delegates - 323 - took part in the workshops in 2010 (in comparison with 308 in 2009).

The number of participants per country varied between 36 sent out by Sweden and nil participation by Iceland and Kazakhstan.



Speakers and experts kindly nominated by the member tax administrations formed the backbone of the events, and event facilitation was the responsibility of the three technical taxation experts.

The following administrations kindly hosted the CSWP, WP and AGM in 2010:

- Albania
- Azerbaijan
- France
- Ireland
- Macedonia (FYR)
- Netherlands
- Norway

- Poland (2 events)
- Romania
- Spain
- Switzerland (2 events)

All other events took place in Budapest at the European Youth Centre.

The summary of the participant's evaluation is attached as Annex 1; the figures are expressed as percentages, rounding differences may occur in some cases. A comparison to the results of 2007-2010 is attached as Annex 2.

3 PUBLICATIONS AND WEBSITE

3.1 Tax Tribune

The Tax Tribune is a magazine dealing with contemporary practical issues in relation to tax administration. It is issued once a year.

Using a magazine format rather than that of an academic journal, the Tax Tribune spotlights trends, provides new insights and ideas, and analyses the implications of practical tax administration issues. Over the past few years it has included submissions concerning strategies and instruments for the improvement and efficiency of the tax administration, as well as informative articles from many of the IOTA Member tax administrations concerning a range of tax administration topics.

Since 2010 the magazine is available not only for IOTA Members but also for the general public.

For the year 2010, IOTA published one issue of the magazine with the following title:

- In Focus... The Technical Activities Programme 2010 (Issue 27).

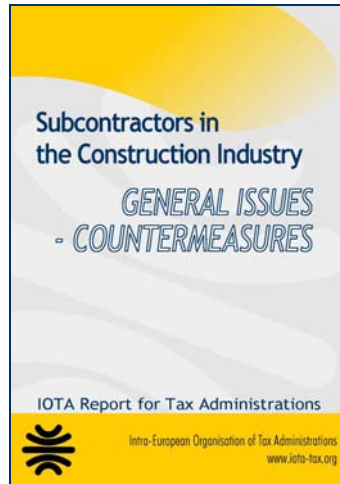
It comprised 42 articles from 25 IOTA Member tax administrations covering most of the topics discussed during the IOTA technical events in 2010 as well as non-event related topics such as, for example, shadow economy and VAT legislation in IOTA countries.

2500 copies of the magazine were printed for distribution among the IOTA Members and the e-version of the magazine is available on the IOTA website.

3.2 Task Team Outputs

IOTA continued to produce a series of publications arising out of the work of the Task Teams, linked to Area Groups. The following four IOTA Reports for Tax Administrations were on the IOTA website in 2010:

3.2.1 IOTA Report for Tax Administrations “Subcontractors in the Construction Industry: General Issues - Countermeasures” (TSIC)



IOTA Area Group “Treatment of Specific Industries - Construction” decided to form a Task Team with the purpose of studying and reporting on subcontractors in the construction industry, general issues and countermeasures.

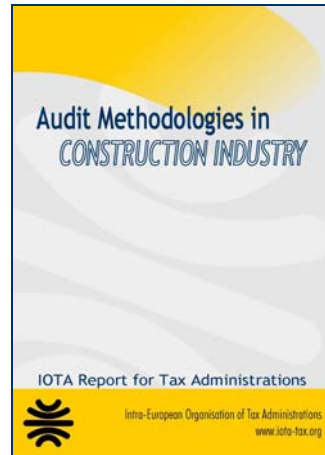
The Task Team “Subcontractors in the Construction Industry: General Issues - Countermeasures” was established in September 2007 in order to obtain a better knowledge of the issues arising from subcontractors and their activities in the construction industry and of the different measures adopted by tax administrations to tackle them. A questionnaire was sent to all IOTA Member tax administrations to obtain details on how they handled the problem. Based on the replies from the 24 Members who responded, the Task Team compiled information on the different practices and methods.

The overall objective of this comparative study was to get a better knowledge of fraud/tax evasion schemes in the construction industry (focused on the subcontractor’s problem) and study of existing and suggested legislative and administrative countermeasures.

The report covers the following aspects:

- Fraud schemes involving subcontractors;
- Detection by site - visits;
- Subcontractors detection methods;
- Legislative countermeasures;
- Administrative countermeasures;
- International administrative cooperation;
- Determination of the place of supply of services for construction works.

3.2.2 IOTA Report for Tax Administrations “Audit Methodologies in Construction Industry” (TSIC)



The IOTA Area Group “Treatment of Specific Industries: Construction” aimed to provide a platform for experts from IOTA Member administrations to discuss problems related to the treatment of taxpayers from the construction industry sector.

Operating under this Area Group, the Task Team was constituted in January 2008 to specifically address audit methodologies in relation to the construction industry in order to prepare a good practice guide for all parties involved in tax auditing matters (tax administrations, auditors, etc.)

The Task Team intended to produce an overview of good practice adopted in the field of audit methodologies related to the construction industry, from the risk analysis stage to the tax adjustment.

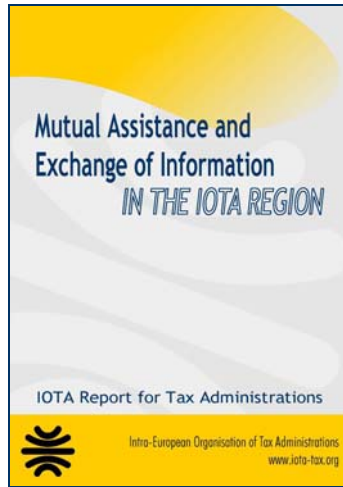
For this purpose, the Task Team sent a questionnaire to all Members of IOTA and collected their responses.

The report covers the following aspects:

- Tax audit characteristics in the construction industry;
- Audit techniques and methodologies - practical guides, tools and other instruments.

Information collected from the IOTA Members on these topics highlight the fact that some tax administrations are using a number of specific audit methodologies, procedures and tools for the construction industry. In addition, various documents have been received from the tax administrations of Latvia, the Netherlands, Romania and Slovenia and have been attached to the guide.

3.2.3 IOTA Report for Tax Administrations “Mutual Assistance and Exchange of Information in the IOTA Region” (PDF)



In January 2009 the IOTA Area Group “Prevention and Detection of VAT Fraud” decided to form the Task Team “Mutual Assistance and Exchange of Information in the IOTA Region” in order to obtain a better knowledge of the area of mutual assistance and exchange of information in the IOTA region in the field of VAT fraud.

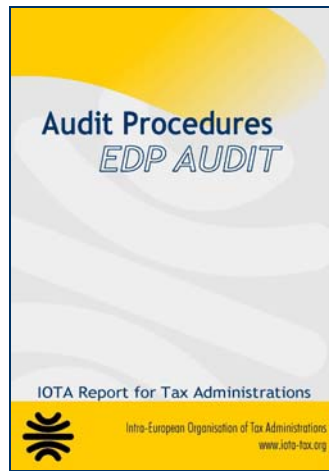
A web-based questionnaire was made available online for all IOTA tax administrations to submit information about their legal frameworks, tax administration organisation and also ideas on possible ways of improvement in the area of exchange of information and mutual assistance. Based on the replies from the 30 Members who responded, the Task Team analysed information on the different practices and methods used by the IOTA Members and tried to identify existing weaknesses and possible ways of improvement in relation to the exchange of information and mutual assistance in VAT fraud cases.

The purpose of this report is to supplement the IOTA Knowledge Database on mutual assistance and exchange of information in the IOTA region in the field of VAT fraud where the IOTA Members can store and share online the most updated data on this topic.

The report covers the following aspects:

- The Knowledge Database;
- International agreements in the IOTA region;
- Organisational and practical aspects;
- Good practices;
- Weaknesses and possible ways of improvements.

3.2.4 IOTA Report for Tax Administrations “Audit Procedures - EDP Audit” (LTTA)



As part of the IOTA Area Group activities into large taxpayer treatment and audit it was decided that members should be approached to determine how their administration was addressing the issues of EDP Audit.

This report examines the way tax administrations have approached the issues surrounding the use of e-audit in the taxpayer compliance and looks to identify common trends and procedures throughout the IOTA Membership, whilst making recommendations towards best practice.

As part of the analysis process IOTA Members were invited to answer a questionnaire of 14 questions on how they perceived the role of e-audit as part of their compliance strategy. 23 tax administrations took part in the survey and based on these answers the report was prepared covering the following issues:

- Definition of E-Audit;
- Organisation of E-Audit;
- Legal Framework;
- System Flowcharting and Internal Control Evaluation;
- Cooperation with Accounting Software Producers;
- E-Audit Software;
- E-Audit Internal Guidance;
- Large Taxpayer E-Audit.

The remaining Task Teams were working or commenced working on reports to be published in 2011:

Large Taxpayer Treatment and Audit:

- Risk Analysis of Large Taxpayers;
- Aggressive Tax Planning;
- Voluntary Compliance - Horizontal Monitoring.

Taxpayer Education and Services:

- Handling the Tax Affairs of Minorities.

Prevention and Detection of VAT Fraud:

- Validation of VAT Refund Claims.

Strategic Management: Benchmarking

- Standardized Approach towards the Country Profiles;
- Pilot Benchmarking Exercise.

3.3 IOTA Booklet



To ensure the promotion of the aims of the Organisation, together with details of planned technical events programme and the structure and organisation, the Secretariat issued the “IOTA Booklet 2010/2011” as a tool in promoting IOTA to a wider audience of interested parties.

The IOTA booklet provides readers with the following information about the Intra-European Organisation of Tax Administrations:

- What is IOTA;
- Its Origin, Mission, and Vision;
- Strategic Objectives of IOTA;
- Areas of Strategic Importance;
- Structure;
- Information on International Cooperation;
- Information on IOTA Membership;
- IOTA Events and Activities;
- IOTA Contacts.

3.4 IOTA Website Newsletter

In 2010 the IOTA Secretariat continued issuing the IOTA Website Newsletter. This monthly newsletter is available free-of-charge for every registered user of the IOTA website. It helps to keep website users up-to-date with the latest uploaded content and new functionalities of the website, as well as providing them with a list of new calendar, news and virtual library items and newest forum topics from the previous month that are uploaded on the website.

12 issues of IOTA Website Newsletter were disseminated in 2010 to 998 subscribers (two times more than in the previous year).

3.5 Online Knowledge Databases

The IOTA Knowledge Databases are continuously updated web-based knowledge depositories developed by IOTA for its Membership on specific topics of tax administration area. They are created as an integral part of the IOTA website and can be accessed only by the tax officials of IOTA Member tax administrations who have a registered user's profile on the IOTA website.

IOTA Members are provided with the ability to populate the database online and retain permanent ownership and supervision of the data they have submitted. They have instant access to the data page of their tax administration and they can always keep it up-to-date with the latest available information.

The structure and the content required for databases are defined by the IOTA Task Teams (TT) working under the umbrella of IOTA Area Groups (AG).

The main principles of the database are as follows:

- IOTA Members' ownership of data

This is the first such product of IOTA, where the Members retain permanent ownership and supervision of the data they have submitted. IOTA provides its Members with the ability to store data on specific tax administration subjects online; in a safe manner and to share it with other Members. IOTA Members have instant access to the data page of their tax administration and they can always keep it up-to-date with the latest available information.

- Long-term validity of content

Unlike printed or electronically published publications, where the validity of the content and collected data can have a short life, the data of the IOTA Knowledge Database can always be up-to-date and current. IOTA tax administrations are provided with an easy in-house data updating tool.

- Access through the Internet

As a part of the IOTA website this Knowledge Database can be accessed through the Internet.

- High level of collaboration

The IOTA Knowledge Database ensures a high level of interactivity: for IOTA tax administrations providing an instant opportunity to update data; for IOTA registered users - an option to discuss issues on specific topics in forum or send feedback in case of incorrect data or its interpretation; and finally for knowledge managers who analyse the data in trend analysis - to make analysis and comments online.

The following two online knowledge databases were launched in 2010:

3.5.1 IOTA Knowledge Database “Mutual Assistance and Exchange of Information in the IOTA Region”

The subject of the first IOTA knowledge database is mutual assistance and exchange of information in the IOTA region in the field of VAT fraud.

To address this subject, the IOTA Area Group “Prevention and Detection of VAT Fraud” decided to form a Task Team “Mutual Assistance and Exchange of Information (Eol) in the IOTA Region”, which was established in January 2009.

The Task Team created a web-based questionnaire to obtain information from IOTA Members about legal frameworks, tax administration organisation and also ideas on possible ways of improvement in the area of exchange of information and mutual assistance. All submitted data has been analysed in the “Trends Analysis” section of the database.

The database consists of 31 questions divided into 12 public sections:

1. International Agreements in IOTA Region;
2. National Competent Authority Responsible for Mutual Assistance and Exchange of Information in the Field of VAT;
3. Special Agreements on Practical Aspects of Eol;
4. Technical Requirements for Eol by Electronic Means;
5. Use of Forms for Eol;
6. Access to Information;
7. Specific Eol with Certain Countries;
8. Taxpayer's Right to be Informed;
9. Situations when Responding to a Request of Information is Restricted;
10. Access to Taxpayer's Documentation;
11. Language;
12. Response Time to Requests.

The content of each question comes from the data submitted by IOTA Members and from the analysis of each separate question.

In addition there is available additional useful information: information on the contact persons from each tax administration who are responsible for the submitted data and its updating; several documents in PDF format such as the original questionnaire, trend analysis for specific years, etc.; links to different important websites, web pages or documents on the Eol; dictionary of terms and abbreviations most often used in the Database; and basic information on the features, structure and content of the Database.

The Knowledge Maintenance Expert for this database is provided by the Swedish Tax Agency.

36 IOTA tax administrations participate in this project.

3.5.2 IOTA Knowledge Database “Structure and Organisation of Large Taxpayer Units”

The subject of this IOTA knowledge database is structure and organisation of large taxpayer units in IOTA tax administrations.

To address this subject, the IOTA Area Group “Large Taxpayer Treatment and Audit” decided to form a Task Team, which created a questionnaire to obtain information from IOTA Members about the structure, organisation and strategies of large taxpayer units in IOTA tax administrations.

The database consists of 83 questions divided into 14 public sections:

1. LTU's Structure;
2. Volume of Business;
3. Staffing Levels;
4. LTU's Administrative Budget;
5. LTU's Strategic Direction;
6. Performance Evaluation;
7. Internal Control;
8. Large Taxpayer Registration;
9. Intelligence;
10. Risk Management;
11. Taxpayer Services;
12. Processing of Returns and Payments;
13. Audit;
14. Prosecution and Appeals.

In addition there is available additional useful information: information on the contact persons from each tax administration who are responsible for the submitted data and its updating; several documents in PDF format such as the original questionnaire, executive summary for specific years, etc.; significant initiatives in large taxpayer administration within the IOTA Membership; dictionary of terms and abbreviations most often used in the Database; and basic information on the features, structure and content of the Database.

Knowledge Maintenance Experts for this database are provided by the Irish and German tax administrations.

33 IOTA tax administrations participate in this project.

3.6 Website

3.6.1 Website Developments in 2010

Besides keeping the website content complete and always up-to-date, this year was also devoted to finalizing the implementation of the IOTA knowledge database concept into the reality that resulted in the launching of two knowledge databases online.

3.6.2 Website Statistics for 2010

In January 2011, 2317 (approximately 33% increase in comparison with the previous year) registered users from the IOTA Member tax administrations created their profiles on the IOTA website.

Statistics on registered users by IOTA Member tax administrations from January 2011 in comparison with the January 2010 statistics (in brackets):

Albania	22 (14)	Latvia	65 (40)
Armenia	11 (0)	Lithuania	44 (34)
Austria	90 (83)	Luxembourg	10 (9)
Azerbaijan	42 (32)	Malta	33 (15)
Belarus	1 (1)	Moldova	13 (14)
Belgium	67 (58)	Montenegro	17 (16)
Bosnia and Herzegovina (ITA)	26 (23)	Netherlands	57 (40)
Bulgaria	74 (54)	Norway	72 (34)
Croatia	79 (65)	Poland	147 (128)
Cyprus	14 (9)	Portugal	108 (78)
Czech Republic	55 (46)	Republic of Srpska (B&H)	16 (12)
Denmark	114 (87)	Romania	55 (45)
Estonia	57 (46)	Russian Federation	6 (0)
Finland	85 (60)	Serbia	41 (20)
France	46 (33)	Slovakia	45 (32)
Georgia	20 (3)	Slovenia	66 (58)
Germany	68 (54)	Spain	37 (28)
Greece	11 (9)	Sweden	176 (133)
Hungary	49 (35)	Switzerland	56 (46)
Iceland	5 (4)	FYR Macedonia	16 (14)
Ireland	51 (41)	Ukraine	10 (8)
Italy	111 (91)	United Kingdom	95 (68)
Jordan	15 (5)	IOTA Secretariat and other accounts	13 (13)
Kazakhstan	5 (4)		

Altogether the IOTA Secretariat was administering and updating 226 regular web pages on the website. In 2010 IOTA received 111 (10% more than in the previous year) items of news for the News Section of the website from 19 IOTA Members with the most active contributors being tax administrations of Italy, Montenegro and Portugal. The Reference Library of the website was complemented with 205 new materials and at the moment (January 2011); it consists of 1021 documents; IOTA online photo gallery contains 3732 photos collected from different IOTA events since its establishment. From December 2010 IOTA joined the world of social networking with the creation of the IOTA page on the Facebook website.

4 EXTERNAL RELATIONS

Intra-European Organisation of Tax Administration works to promote co-operation between tax administrations in the European region more effectively and efficiently by discussing and coordinating ideas and programs with other international organizations, in particular, those working in the tax administration area. IOTA whenever possible carries out regular bilateral consultations on technical activities in the field of tax administration with such partner organisations as European Commission, OECD, CIAT, IMF and IFA.

At the 12th General Assembly of IOTA held in Portorož, Slovenia on 30 June - 1 July 2008, the members of the Organisation approved the IOTA Strategy for 2008-2012. One of the strategic objectives focuses on promoting the specific identity of IOTA as a professional regional Organisation of tax administrations in co-operation with other international and regional organisations.

During the recent years IOTA has been continuously giving greater attention to positive and constructive engagement with international organisations working in the tax administration area by signing Memoranda of Understanding for international co-operation with International Fiscal Association (IFA), the European Commission, OECD and CIAT to support initiatives that reflect current and future needs of IOTA members to deal with challenges of protecting and growing tax revenues in a global economy as well as to offer opportunities for improved co-operation of tax administrations in a Pan-European context.

Co-operation and co-ordination of efforts between IOTA and other international organisations is carried out in the spirit of partnership, mutual support and respect through the following mechanisms:

- Exchange of information on initiatives and programmes;
- Regular consultations in order to determine activities that may be programmed and undertaken on a joint basis;
- Organisation of joint projects and activities (technical events, training activities, publications) to foster the dissemination and exchange of experiences relating to tax administration, where this is seen as mutually beneficial to membership of international organisations; and further undertaking the work relating to co-operation and technical counselling, research, documentation and information;
- Exchange of publications and promotion of their dissemination within the respective membership;
- Provision of opportunity, where appropriate, to attend the Organisation's respective forums, conferences and technical events.

4.1 European Commission (DG TAXUD)

The European Commission is the strategic partner of the Organisation. In 2010, both organisations have been making concerted efforts towards enhancing continued co-operation. Issues of co-operation between the Commission (DG TAXUD) and IOTA have been further discussed during the meeting involving senior officials of DG TAXUD and the IOTA Executive Secretary held in Brussels on 16 February 2010. The parties agreed that both organisations will seek to establish a dialogue to support and facilitate sharing of information about activities in the IOTA Work Programme and the Annual Work Programme of Fiscalis 2013 and look for opportunities to organise joint events that would correspond with objectives set in the programme as well as meet the needs and expectations of participating countries.

As a result, a workshop “Risk Management - Taxpayers at Risk” was organised for the first time jointly by IOTA and DG TAXUD in Budapest on 5-7 May 2010 in the framework of IOTA Work Programme and EU Programme “Fiscalis 2013”. The event provided opportunity for risk analysis specialists from the different tax administrations to review the work carried out in the EU platform on Risk Management, including a presentation of the Risk Management Guide, identify and assess the various approaches towards risk analysis as part of the risk management process in relation to the supervision of taxpayer populations at risk (tools and methods), stressing the pros and cons of the different methods and highlighting successful ones.

From February 2007, the representative of the IOTA Technical Advisory Committee participates in the EU Risk Management Platform activities organised within the framework of the Fiscalis programme. As a member of the Steering Group, one TAC member attended a meeting of the Steering Group of the Risk Management Platform organised in Brussels on 22 February 2010 in order to discuss issues related to the finalisation and publication of the updated version of the Risk Management Guide, and agree on the establishment of the new subgroups operating under the umbrella of the risk management platform (RMP).

An IOTA Technical Taxation Expert also took part in a plenary meeting of Risk Management Platform held in Dublin, 9-10 June 2010. The event was organised to present the results of 4 subgroups (Risk Tools, Influencing Behaviour, Evaluation and updating the Risk Management Guide) and the updated Compliance Risk Management Guide for tax administrations, to evaluate the usefulness and functioning of the Risk Management Platform and reflect on ways to increase the level of awareness of risk management and participation in the platform, and to decide on the main objectives and composition of the new subgroups dealing with Risk Picture and prioritisation, The use of third party information, Tax gap and compliance map and Treatment mix, including taxpayer communication and horizontal monitoring. A IOTA TAC member will join the sub-group on Tax Gap and Compliance Map as it is believed to be of a great benefit for IOTA to study different methodologies and techniques used by

tax administrations in determination of the tax gap and compliance map, including their advantages and disadvantages, identify examples of good and bad practice as well as the lessons learned from conducting analysis of tax gap and compliance map.

The representatives of the European Commission were invited to participate at the 14th General Assembly of IOTA in Brussels 8-9 July 2010. Mr. Algirdas Šemeta, EU Commissioner for Taxation and Customs Union, Audit and Anti-Fraud delivered an opening speech at the General Assembly reflecting on the Community measures aiming to shape tax systems that are best suited to exit the current crisis, to optimise tax collection to ensure sound tax bases for public finances, and to work towards success in the fight against tax fraud and tax evasion. The EU Commissioner underlined the importance of co-ordinating efforts between IOTA and the European Commission in striving to maintain strong co-operation between tax administrations in the European region. One of the panel forums of the technical session of the General Assembly, focusing on international initiatives in the field of tax administration, was supported by the European Commission's presentation "International Initiatives - the EU Perspective" delivered by Mr. Alexander Wiedow, Director in the Directorate for Indirect Taxation and Tax Administration in the European Commission's DG TAXUD.

In addition, the Executive Secretary of IOTA participated in the 4th Brussels Tax Policy Forum "Tax Policies for a Post-Crisis World" organised by DG TAXUD on 1-2 March 2010 in Brussels, Belgium, inviting the leading taxation experts, senior officials of tax administrations and the academic society to an open, thought-provoking discussion on the exit strategy from the crisis, an urgent need to restate the core objectives of taxation in a European single market, and to identify elements for sustainable tax policies for the 21st century. The objective of this forum was to review the potential links between tax policy and the economic crisis, address the need to and avenues for reform, and assess the revenue potential of several options.

Based on the co-operation between IOTA and the European Commission's Taxation and Customs Union Directorate-General, the IOTA website library is updated with EU publications, including "VAT Rates in EU Member States" and "Taxation trends in the European Union: Data for the EU Member States and Norway".

4.2 Organisation for Economic Cooperation and Development (OECD)

OECD and IOTA signed a Memorandum of Understanding for International Co-operation in 2005, which formed a basis for long-term co-operation between the two organisations and framed collaborative actions: organisation of workshops involving experts and speakers from OECD, sharing information on respective initiatives and programmes, exchange of publications and promotion of their dissemination.

OECD supported IOTA by providing experts and speakers for the following technical activities in 2010:

- Special Interest Case Study Workshop “Cross Border Business Restructuring Risks”, Budapest, Hungary, 7-9 April 2010
- Case Study Workshop “Transfer Pricing”, Oslo, Norway, 4 - 6 May 2010
- Workshop “Tax Havens”, Ohrid, FYR Macedonia, 1-3 June 2010

Representatives of OECD were invited to participate at the 14th General Assembly of IOTA in Brussels 8-9 July 2010. The most significant initiatives undertaken by OECD, its Working Parties and the Forum on Tax Administration in international tax policy and tax administration of recent years was presented by Mr. Sean Moriarty, Head of International Cooperation and Tax Administration Division during the technical session of the General Assembly.

IOTA President and Executive Secretary participated in the 6th meeting of Forum on Tax Administration held on 15-16 September 2010 in Istanbul, Turkey to discuss a range of issues associated with operations of tax administrations in the current climate.

4.3 Inter-American Center of Tax Administrations (CIAT)

The co-operation between IOTA and CIAT is based on the Memorandum of Understanding for International Co-operation between CIAT and IOTA, signed in Florianopolis, Brazil on 6 April 2006.

The representatives of IOTA were invited to attend the 44th CIAT General Assembly - “Role of the Tax Administrations in the Global Crisis” held on 12 - 15 April 2010 in Montevideo, Uruguay to discuss issues of transparency and ethics as condition for strengthening and improving institutional effectiveness, consider ways of measuring the tax gap and its impact on efficiency and effectiveness of the tax administration, and review strategies for improving voluntary compliance and the collection of taxes. The attendees of the event came from all the CIAT Members, including the IOTA tax administrations from: France, Italy, the Netherlands, Spain and Sweden.

The CIAT Executive Secretary, Mr. Márcio F. Verdi, participated in the 14th General Assembly of IOTA as special guest.

4.4 International Fiscal Association

A Memorandum of Understanding was signed between IOTA and IFA in July 2009 at the 13th General Assembly held in Stockholm. This resulted in the launching of several interesting initiatives, the most visible of which was participation of IFA representatives at the IOTA case study workshop “Application of Tax Treaties” hosted by the Polish tax administration in Warsaw on 16 - 18 June 2010. Tax professionals from the Polish branch of IFA presented a case study on taxation of capital gains of investment funds and set a tone for discussion on how to effectively withhold tax on such transactions. Mr. Dariusz Wasylkowski,

the Chairman of IFA Poland, offered opportunity to provide a business perspective on the international taxation issues for discussion in IOTA workshop.

Mr. Stef Van Weeghel, Chairman of IFA Dutch Branch and Mr. Andrzej Puncewicz, Secretary of IFA Polish Branch were both present at the 14th General Assembly of IOTA in Brussels 8-9 July 2010.

IFA, with respect to implementing the objectives of the Memorandum of Understanding, relating to exchange of publications and promotion of their dissemination, provide IOTA Secretariat with technical publications, including the most recent ones: “Tax treaties and tax avoidance: application of anti-avoidance provisions” and “Death as a taxable event and its international ramifications”.

IFA and IOTA agreed to continue building a relationship between the two organisations and identify areas of common interest with the aim of working on future joint technical activities.

5 SPECIAL THANKS

IOTA would like to give special thanks to the following, all of whom contributed significantly either to events during 2010 or to our publications.

5.1 Experts

IOTA Case Study events owe their success largely to these experts who volunteered their services to select suitable cases for discussion and facilitated the workshops by providing technical experience and knowledge thus aiding the understanding of participants:

Experts on Transfer Pricing:

- Wolfgang Büttner, OECD
- Horst Rinnhofer, Austria
- Horst Kolb, Germany
- Günther Boelmann, Germany
- Frank Lange, Norway
- Colin Miller, UK

Experts on VAT Fraud:

- Reino Nielsen, Denmark
- Louis Da Silva, France
- Francois Trechot, France
- Joao Manuel Vilares Pereira, Portugal
- Alma Olofsdottir, Sweden
- Michael Downer, United Kingdom

Experts on Application of Tax Treaties

- Birgit Hirscher, Germany
- Dop Ghijsen, Netherlands
- Dana Slivkova, Slovak Republic
- Kevin Madley, UK

Experts on Cross Border Business Restructuring Risks

- Philippe Cahanin, France
- Peter van Someren, the Netherlands
- Sara Blomstrand, Sweden

5.2 Task Team members

Task Team reports contribute significantly to IOTA's annual publications and the following Area Group members gave significantly of their time and expertise to research, compile and write reports prepared for publication in 2009.

5.2.1 Area Group Taxpayer Education and Services

Handling the Tax Affairs of Minorities:

- Carlos Six, Belgium
- Tünde Égerházi, Hungary
- Lise Halvorsen, Norway
- Kay Kojer, Sweden

Contact Centres:

- Rivo Reitmann, Estonia
- Raimo Karhu, Finland
- Wop Leeuwen, the Netherlands
- Henrik Konkkel, Sweden
- Sandra Atkinson, United Kingdom

5.2.2 Area Group Prevention and Detection of VAT Fraud

Validation of VAT Refund Claims:

- Mincho Muskurov, Bulgaria
- David Kysela, Czech Republic
- Erik Andersen, Denmark
- Besik Rurua, Georgia
- Theo Cornelissen, the Netherlands
- Guri Ellen Stange Lystad, Norway
- Sandra Luzia Assunção Rocha, Portugal

Mutual Assistance and Exchange of Information in the IOTA Region:

- Anna Yaneva, Bulgaria
- Radoslav Raspudic, Croatia
- Reino Nielsen, Denmark
- Christine Lafolie, France
- Amalia Liantaki, Greece
- Stefano Gesuelli, Italy
- Lars Aarnes, Norway
- Susanne Malmborg, Sweden

E-Commerce

- Kalin Atanasov, Bulgaria
- Liis Laugas, Estonia
- Stefano Gesuelli, Italy
- Irina Andrejeva, Latvia
- Steve Lahos, Luxembourg
- Guri Lystad, Norway
- Krzysztof Różański, Poland
- Viorel Iliescu, Romania
- Dag Hardyson, Sweden
- Jean-Luc Wichoud, Switzerland

Third Party Information

- Juha Kuusala, Finland
- Krisztina Baráth, Hungary
- Andrzej Szymański, Poland
- Radu Domitru, Romania
- Markus Meister, Switzerland

5.2.3 Area Group Strategic Management Benchmarking

Good Practice Guide 1:

- Gjergji Butka, Albania
- Kristi Laul, Estonia
- László Bánkuti, Hungary
- Valda Rotberga, Latvia
- Magdalena Kempys, Poland
- Lena Majlard, Sweden
- Sebastian Benz, Switzerland

Good Practice Guide 1:

- Ilian Madjarov, Bulgaria
- Jesper Brendholdt, Denmark
- Mika Hänninen, Finland
- Natasa Brnicanin, Serbia
- José Antonio García Pérez, Spain
- Steven Taylor, United Kingdom

Country Profiles:

- Lella Hadjinestora, Cyprus
- Catherine Campinchi, France
- Paul Dempsey, Ireland

- Egil Martinsen, Norway
- Olga Maria Gomes Pereira, Portugal
- Valeria Pop, Romania

5.2.4 Area Group Large Taxpayer Treatment and Audit

Risk Analysis:

- Mario Meisel, Austria
- Malik Akberov, Azerbaijan
- Dirk van de Peer, Belgium
- Vladimir Milinovic, Bosnia and Herzegovina
- Nevenka Moric, Croatia
- Demaio Donatantonio, Italy
- Nino Inasaridze, Georgia
- Svein Osvik, Norway
- Daniel Bovigny, Switzerland

Aggressive Tax Planning:

- Gentian Zoto, Albania
- Gerhard Steiner, Austria
- Mariana Toskova, Bulgaria
- Jean Gourmandin, France
- Tornike Kutchava, Georgia
- Niels N.A.T. Smetsers, Netherlands
- Reidar Rasmussen, Norway
- Dalila Kutišová-Luknárová, Slovakia
- Daniela Tesic, Srpska Republic
- Eric Carlberg, Sweden

Voluntary Compliance Horizontal Monitoring:

- Eva Schrittwieser, Austria
- Iveta Špicková, Czech Republic
- Kurt Nielsen, Denmark
- Jaakko Niinikoski, Finland
- Andreas Kaiser, Germany
- James Griffin, Ireland
- Marinus Kaptein, Netherlands
- Fred Wall, UK

5.3 Hosting Administrations

- Albania
- Azerbaijan
- France
- Ireland
- Macedonia (FYR)
- Netherlands
- Norway
- Poland (2 events)
- Romania
- Spain
- Switzerland (2 events)

5.4 Principal Contact Persons

Finally a very special thanks to all our PCPs without whom it would be impossible for IOTA to operate effectively, they not only work tirelessly on our behalf but they have become our friends who are invaluable in helping us communicate with tax colleagues in all member administrations.

6 STATUTORY ISSUES AND ADMINISTRATIVE PROGRAMME

The present report includes a summary of the IOTA activities in the year 2010. It also aims to demonstrate how the financial means available to IOTA were used to achieve the objectives of the Organisation.

6.1 Membership

On 1 January 2011 IOTA had 44 full Members, being the tax administrations of Albania, Armenia, Austria, Azerbaijan, Belarus, Belgium, Bosnia & Herzegovina, Bulgaria, Croatia, the Czech Republic, Cyprus, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, the Former Yugoslav Republic of Macedonia, Malta, Moldova, Montenegro, the Netherlands, Norway, Poland, Portugal, Romania, Russian Federation, Serbia, Slovakia, Slovenia, Republic of Srpska (Bosnia and Herzegovina), Spain, Sweden, Switzerland, Ukraine and the United Kingdom.

On 1 January 2011 IOTA had 2 Associate Members, being the tax administrations of Jordan and Kazakhstan.

6.2 General Assembly

The 14th General Assembly of IOTA, fully funded by the membership of IOTA, took place in Brussels, Belgium on 8 - 9 July 2010. A total of 156 delegates represented 42 tax administrations and 12 international and regional organisations (CATA, CIAT, EU, Europol, GTZ, IBFD, IFA, IMF, ITIC, OECD, USAID and WB).

The Members unanimously approved the Report on IOTA Activities carried out in 2009. They also approved the Financial Report for 2009, and the Report of the Internal Auditors.

The Members accepted the application for full membership to the Organisation by the Tax Administration of Armenia and the Russian Federation, with effect from 1 January 2011.

The Members agreed to amend the annual membership contribution system of the Organisation.

It was decided that the 15th General Assembly of IOTA will be held in France whereas the new President of IOTA will be Mr. Jean-Marc Fenet, the Deputy Director General in charge of taxation of the General Directorate of Public Finances.

The Executive Council of IOTA was appointed, the Members of which are representatives of the tax administrations of: France (President), Austria, Germany, Hungary, Lithuania, Norway, Spain, Switzerland and the United Kingdom.

Mr. Harry van Lankveld from the Netherlands and Ms. Alma Sarapuu from Estonia were appointed as the Internal Auditors of the Organisation between 14th and 15th General Assemblies.

The Members adopted the Work Programme for 2011. They also selected the professional theme of the 15th General Assembly which is: “Achieving more with less: The experiences of tax administrations in using innovation and smarter working to continue to operate effectively despite resource constraints”.

The Members approved the budget for 2011.

The participants discussed the professional theme “New challenges and effects on taxpayer compliance and tax revenues at a time of economic crisis”.

6.3 Executive Council

The Executive Council of IOTA met 4 times during 2010, three times in its previous composition (Belgium holding the Presidency, Austria, Estonia, France, Hungary, Norway, Slovenia, Spain and the United Kingdom) and once in its new composition (France holding the Presidency, Austria, Germany, Hungary, Lithuania, Norway, Spain, Switzerland and United Kingdom).

The Executive Council adopted statutory documents and made various decisions concerning the strategic, administrative and financial issues of IOTA, including:

- The 2011 draft budget, including the 2011 Work Programme for full and associate members, as well as basic conditions of funding events in 2011;
- Given the financial situation of the economies among the IOTA membership, to introduce the austerity measures, including:
 - a) to freeze the 2010 contribution revenue of the Organisation for one year, at the level of the 2009 contributions;
 - b) to limit the number of the technical events to 21;
 - c) to reduce the number of the PCP meetings from two to one a year;
 - d) to change the basic conditions of funding IOTA events as regards the General Assembly and meetings of the Executive Council, as a result of which the Organisation will cease to cover the accommodation costs of the representatives of the IOTA membership;
 - e) to reduce the costs of task teams and international missions.
- The document on the EC recommendations in respect of the implementation of Strategic Initiative 2.3;
- Starting from the 26th edition of Tax Tribune, the access thereto on the IOTA website will be available for the general public;

- Having acknowledged the role and importance of the PCPs in the process of development of the IOTA work programme, the Executive Council decided to stress the need for the TAC and the Council to assess the strategic fit of the draft work programme prior to its final approval;
- After the 14th General Assembly in Brussels, the professional themes of the next General Assemblies will be decided by the Executive Council in consultation with the TAC on the basis of key issues emerging from the IOTA work programme;
- The new draft contribution system:
 - a) based on the average of the most recent 3-year GDP data to be applicable from 2012;
 - b) for 2011, the membership contributions will remain at the 2010 level;
 - c) allowing to multiply the contribution amounts based on the average GDP data by the defined percentage in the case of additional financial needs.

6.4 Internal Auditors

The Internal Auditors carried out two audits at the premises of IOTA in Budapest in April and November 2010. The findings of the report of the Internal Auditors in the previous composition were presented in a separate report. The actual team is preparing theirs for the following period.

6.5 Forum of the Principal Contact Persons

The Principal Contact Persons play a significant role in the life of IOTA, especially in the process of preparation and implementation of the Organisation's strategy and work programme. They are responsible for ensuring a permanent link between the membership and the Organisation, facilitating the exchange of information, identifying the needs of the membership and helping to satisfy them by identifying and offering speakers and delegates to support the various events.

The Principal Contact Persons of IOTA met twice, in February and October 2010 in Sankt Lambrecht, Austria and in Vilnius, Lithuania. During the events, the Principal Contact Persons represented 38 (additional 2 representatives from EC and OECD) and 40 (additional representative from EC) IOTA members, respectively.

6.5.1 Meeting in Sankt Lambrecht, Austria on 25-26 February 2010

The Principal Contact Persons of IOTA and their representatives were informed about the recent developments in the Organisation, including the IOTA website and Knowledge Database.

The IOTA Secretariat presented the evaluation of the 2009 Work Programme, reviewed and summarized the list of the proposals submitted by the IOTA membership for inclusion in the 2011 Work Programme.

The PCPs and their representatives with the assistance of the TAC revised and agreed on the new approach for the preparation of IOTA technical activities.

The members of the TAC reviewed the activities carried out by the respective Area Groups.

The participants of the Forum shared experiences and discussed Fiscalis and OECD events with their practical aspects on co-operation (joint activities), with the representatives of the European Commission and OECD and the IOTA Secretariat.

6.5.2 Meeting in Vilnius, Lithuania on 15-16 October 2010

The PCPs and their representatives were informed about the recent developments in the Organisation, including the IOTA website and Knowledge Database.

The participants of the Forum discussed the evaluation process and background documentation related to the Work Programme.

Following the review of the hosting offers from the PCPs, the Secretariat allocated the venues of the 2011 technical events.

The participants of the Forum discussed the practical aspects of updates of IOTA Technical and Administrative Activities Guide.

The participants of the Forum detailed on the planning and launch of 2012 Work Programme of IOTA.

In addition, the participants were briefed about IOTA's co-operation with international organisations (European Commission, OECD, IFA), including the proposal for improved approach aimed at involving partner organisations in planning and organising joint activities. The European Commission introduced their proposal for the joint Fiscalis-IOTA workshop on Compliance of Small Enterprises to be held on 1-3 June 2011 in Poland.

6.6 Secretariat

The IOTA staff ensured the successful implementation of the extensive 2010 Work Programme.

In order to facilitate the implementation of the Work Programme as well as the running and day-to-day operations of the Organisation and its bodies, a significant number of administrative events and activities was organised by the Secretariat in 2010.

The IOTA Secretariat organised and facilitated the administrative sessions of the 14th General Assembly of IOTA, meetings with the IOTA President,

meetings of the Executive Council of IOTA, meetings of the Internal Auditors of IOTA, meetings with the external (independent) auditor, activities and meetings related to the IOTA website development and publications, regular IOTA staff meetings at the Secretariat as well as a number of activities and meetings with the various service providers.

In 2010 the Secretariat operated with a total of 10 members - 8 employees of the Secretariat, including two technical taxation experts seconded to the Organisation as 'contributions in kind' by the Tax Administrations of France and Slovakia.