

REPORT ON IOTA ACTIVITIES CARRIED OUT IN 2006

The present report includes a summary of the activities of IOTA in the year 2006. It also aims to demonstrate how the financial means available to IOTA were used. Despite the relatively small size of the staff and the extensive character of the objectives, IOTA succeeded in managing the 2006 Work Programme in an efficient and cost-effective way.

A. STATUTORY ISSUES AND ADMINISTRATIVE PROGRAMME

I. Membership

Members

On 1 January 2007 IOTA had 38 Members, being the tax administrations of Albania, Austria, Azerbaijan, Belgium, Bulgaria, Croatia, the Czech Republic, Cyprus, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, the Former Yugoslav Republic of Macedonia, Malta, Moldova, Montenegro, the Netherlands, Norway, Poland, Romania, Serbia, the Slovak Republic, Slovenia, Republic of Srpska (Bosnia & Herzegovina), Spain, Sweden, Switzerland, Ukraine and the United Kingdom.

Associate Members

On 1 January 2007 IOTA had no Associate Member.

II. General Assembly

The 10th General Assembly of IOTA, fully funded by the membership of IOTA, took place in Budapest, Hungary on 22 - 23 May 2006. A total of 139 delegates and 8 support staff members representing 40 tax administrations and 5 international and regional organisations and bodies (CATA, European Commission, IBFD, IOTA, OECD) participated in the Assembly.

11th General Assembly of IOTA

The Members unanimously approved the Report on IOTA activities carried out in 2005. They also approved the Financial Report for 2005, and the Report of the Internal Auditors.

The Members unanimously approved the Financial Management Strategy and the Communication Strategy of the Organisation.

The Members decided by qualified majority to adopt the following resolution on the names of the IOTA membership used within the Organisation:

“To recognize that in case dispute occurs among the IOTA membership in relation to usage of names of the Members and Associate Members within IOTA, the names of states used within the United Nations have to be applied”.

The Members unanimously accepted the application for immediate full membership to the Organisation by the tax administrations of Austria, Cyprus, Denmark, Greece, Iceland, Italy, Malta and by qualified majority - Switzerland and Ukraine.

The Members took note of the termination of the associate membership of the Internal Revenue Service of the United States of America within the Organisation with effect as of 15 August 2006.

The Members decided by qualified majority that the 11th General Assembly of IOTA will be held in Bulgaria.

The Executive Council of IOTA was appointed, the Members of which are representatives of the Tax Administrations of France, Germany, Hungary, Netherlands, Sweden and Switzerland. The representative of Bulgaria was elected as President of the Executive Council.

Ms. Rosine Adler from France and Mr. Valentin Capraru from Romania were appointed by qualified majority as the Internal Auditors of the Organisation between the 10th and 11th General Assemblies.

Mr. Marek Welencyk from Poland was appointed by qualified majority as the Executive Secretary of the Organisation for the period between 7 September 2006 and 6 September 2009.

The Members adopted by qualified majority the Work Programme for the second half of 2006 and for 2007. They also selected by qualified majority the professional theme of the 11th General Assembly which is: *“Electronic Taxpayer Services of the Modern Tax Administration”*.

The Members approved by qualified majority amendments to the 2006 budget and the provisional budget for 2007.

The participants discussed the professional theme "Risk Management in Practice - The Experiences of European Tax Administrations".

III. Executive Council

The Executive Council of IOTA met four times during 2006, twice in its previous composition (Bulgaria, Czech Republic, France, Hungary, Poland, Slovenia, the United Kingdom) and twice in its new composition (Bulgaria, France, Germany, Hungary, the Netherlands, Sweden, Switzerland).

The Executive Council was also involved in the preparation of the General Assembly, adopted statutory documents and made various decisions concerning the strategic, administrative and financial issues of IOTA.

The Executive Council was informed about the implementation of the work programme and regularly evaluated the results. In this framework, the Executive Council supervised the course of implementation of the Strategy and the Work Programme of the Organisation.

IV. Financial Audit Committee and Internal Audit

The establishment of the Internal Audit function of the Organisation and the replacement of the Financial Audit Committee of IOTA with the relevant statutory body/position was approved by the 9th General Assembly based on the recommendations of the Strategic Working Group and the proposal of the members of the Financial Audit Committee of IOTA.

The auditors perform their duties according to Article 13 of the Charter.

The Internal Auditors carried out one audit at the premises of IOTA in Budapest in December 2006.

V. Editorial Board

At the end of 2004 the concept of the Editorial Board was substituted with the concept of the Editorial Team of the Tax Tribune, consisting of IOTA staff members.

In 2006 the Editorial Team held several meetings in relation to the preparation of each issue of the Tax Tribune, and as a result two issues of the magazine were published.

In addition, some of the tasks of the previous Editorial Board were taken also by the IOTA Subgroup "Call Centres", who met three times in 2006 in order to develop

and finalize the content of the IOTA Good Practice Guide "Call Centres", published at the end of the year.

VI. 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 in March 2006 to receive and exchange information regarding the annual Work Programme events and have the opportunity of discussing possible events for the following year's Programme.

During the event the Principal Contact Persons represented 28 member administrations.

VII. Secretariat and Technical Advisory Committee

The IOTA staff ensured the successful implementation of the extensive 2006 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 were organised by the Secretariat in 2006.

They were the administrative sessions of the 10th 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 of the Editorial Board of the IOTA magazine "Tax Tribune", activities and meetings related to the IOTA website development, regular IOTA staff meetings at the Secretariat, as well as a number of activities and meetings with the various service providers.

The Secretariat and the Technical Advisory Committee operated with a total of 9 members for most of the year - 7 employees of the Secretariat, including one Technical Taxation Advisor selected and appointed as a 'pilot' project for the duration of 24 months, being fully paid by the Organisation, starting from March 2006, and two Technical Taxation Advisors seconded to the Organisation as 'contributions in kind' by the tax administrations of Germany and France. The two Technical Taxation Advisors, provided as the French and German in-kind contribution to the Organisation, were seconded for three and two years respectively, starting from March and September 2006 (respectively), to be reviewed annually.

11th General Assembly of IOTA

According to the Resolution of the 10th General Assembly and the Charter of the Organisation, out of the selected two candidates for the position of the Executive Secretary of IOTA, the 10th General Assembly of IOTA appointed Mr. Marek Welencyk from the Polish tax administration.

Despite the increased size of the membership and the resulting increase in the scope and number of administrative and technical activities of the Organisation, the Secretariat was able to keep the processes under control in the established composition.

B. TECHNICAL ACTIVITIES PROGRAMME

The Work Programme for the year 2006 was adopted by the 9th General Assembly. The Secretariat organized 15 technical events during the year, as well as the technical sessions of the 10th General Assembly, which is considered as an administrative and technical event.

I. Technical Events

1. Area Group and Subgroup Activities

An Area Group is an established group of nominated representatives from the IOTA tax administrations who are specialists or experts in a discrete area of practical tax administration, who have the opportunity through IOTA for ongoing contact with each other.

The profile of an Area Group member requires the individual to take on a pivotal role in ensuring the ongoing liaison and co-operation between the participating tax administrations.

In this respect it must be recognised that there is an expectation that the nominated individual will be committed to the ongoing involvement in the activities and outputs of the Area Group. This differs fundamentally from what is expected of a participant in a 'one-off' technical activity such as a seminar or workshop.

There are also several additional advantages of involvement in an Area Group, from the perspective of both the individual and the tax administration:

1. Ongoing contact and exchange of knowledge and experience within the peer group, not usually possible through other activities.
2. Ability to develop key topics of interest in considerably more detail.
3. Ability to pool knowledge, experience and good practice for the wider benefit of the participating tax administrations.
4. Allowing individual Area Group members to be involved in the work of specific technical subgroups, and thus to benefit personally from the resulting outputs.
5. Allowing for more relevant and practical information gathering, including the production of outputs such as good practice guides, comparative reports and tables and more detailed presentations and discussions on key topics.

6. Possibility, through the nominated Area Group member, to network information and good practice to best effect within the national tax administration.
7. Possibility, through the nominated Area Group member, to invite national specialists and experts to attend Area Group meetings and to contribute to the ongoing work of the Area Group through involvement in working subgroups.

1.1. Area Group Large Taxpayer Treatment and Audit (LTTA) activities:

The present participation in the Area Group extends to 31 tax administrations. The Area Group held two meetings in 2006 during which the participants covered the following topics:

- Compliance Issues in respect of Large Taxpayers.
- Risk Analysis and Target Selection.
- Definition of a Large Taxpayer.
- Structure and Organisation of a Large Taxpayer Unit (workshop and working subgroup).
- Tax Avoidance Schemes (workshop and working subgroup).

In addition, within the Area Group three subgroups had been set up. These subgroups involve a smaller number of the Area Group members with the aim of producing comparative reports on specific large taxpayer treatment and audit related topics.

The subgroups are:

Structure and Organisation of a Large Taxpayer Unit -they presented their final report to the Area Group members at their meeting in Amsterdam in May 2006.

Definition of a Large Taxpayer - has produced a draft report on *the Definition of a Large Taxpayer* and they will further develop this report with a view to producing an updated report late in 2007.

Tax Avoidance Schemes have initiated two questionnaires regarding *Tax Avoidance Schemes* and summarised the results in a preliminary report. Due to the subgroup now comprising just two members there remains a considerable amount of work to be done before the final report appears in 2008.

Like the other Area Groups the work of subgroups has been reviewed in order to clarify their role and create clear expectations of what outputs each group should produce and the timescale for this work.

The subgroups will be renamed Task Teams each having an action plan to record their objectives and expected outputs. In the case of Area Group LTTA it was decided after consultation that:

- The work done by the group *Structure and Organisation of Large Taxpayers Units* be carried on with the creation of an updated analysis of organisational structures to report in 2008
- The work done by the group *Definition of a Large Taxpayer* should continue and be updated ready to report in late 2007
- The group *Tax Avoidance Schemes* should get additional members to help them report in 2008.

1.2. Area Group Prevention and Detection of VAT Fraud (PDVF) activities:

Participation in the Area Group has risen to 29 tax administrations. The Area Group held two meetings in 2006 during which the participants covered the following topics:

- Approaches to tackling phoenix companies through the experiences of several countries and via a presentation of EUROCANET by the Belgian tax administration;
- Contrived insolvency, a topic which embraced the securing of assets, the use of liquidators and provisional liquidation (plenary and work group sessions);
- Experience with the use of the Reverse Charge Mechanism to prevent VAT fraud;
- De-registration (plenary and work group sessions);
- Use of VAT Registration Controls and Pre and Post Registration Controls (update sessions of the work groups).

Subgroup activity:

Two subgroups were set up in 2005, each involving a smaller number of area group members with the aim of producing comparative reports on specific *VAT prevention and detection methods* being used by the IOTA tax administrations.

The subgroup 'Pre and Post Registration Controls' produced in 2006 a comparative study on the main methods and initiatives used in this field against potential VAT fraudsters, which was disseminated to all the area group members.

The subgroup "VAT registration forms" dedicated its work in 2006 to the collection of information on the application forms in use in the IOTA region. The ultimate purpose of their work is to produce in the first quarter of 2007 a report on current initiatives and to include examples of 'good practice' that can potentially be used by all of the IOTA member tax administrations as part of their individual and collective strategies to combat VAT fraud.

The last meeting of the area group in Krakow gave delegates the opportunity to express their willingness to further develop the task team activities with new areas of interest.

Following a preference exercise the IOTA Technical Advisory Committee suggested the setting up of three new task teams (previously called subgroups) in 2007 related to the following topics:

- *VAT Risk areas*: to improve knowledge of risk sectors and to identify measures taken by tax administrations to improve the effectiveness of their processes;
- *The Securing of Assets*: the description of existing debt enforcement methods in the IOTA region in order to improve the effectiveness and quality of procedures;
- *De-registration*: the study will consist of a description of existing good practice in the field of VAT registration in order to improve the effectiveness and quality of procedures. This topic will be the third “milestone” in the field of registration which should lead to the production of a good practice guide in this area of taxation.

According to the action plans agreed with the members, each task team is expected to produce a publication either in 2007 or 2008.

1.3. Area Taxpayer Education and Services (TES) activities:

Currently 30 tax administrations participate in this Area Group and two meetings were held in 2006, the first hosted by France in Paris and the second by the Republic of Serbia in Belgrade. During these two meetings the participants discussed the following topics:

1. Overview of the Tax Portal and other e-services in France.
2. The role of the Tax Conciliator (mediator) in France.
3. Taxpayer Education initiatives in co-operation with other Government Agencies and the Private Sector.
4. E mail management including potential advantages and drawbacks of developing e-mail strategies for communication between taxpayers and tax administrations.
5. Other methods of communication with taxpayers arising from so called “channel strategies” and the effects these changes have on the structure of tax administrations.
6. Building trust between taxpayers and tax authorities - do new methods of communication and service delivery with so called “customer service” initiatives meet the needs of taxpayers and create a positive relationship between them and the state?

Both meetings included reports from the two subgroups working within this Area Group:

7. Progress report on the work of the Subgroup *Pre-filled and Electronic Tax Returns (PFETR)*.
8. Progress report on the work of the Subgroup *Call Centres*.

During 2006 the subgroup *Call Centres* in close co-operation with the IOTA Technical Advisory Committee and the IOTA Editorial Board produced the draft of the first *IOTA Good Practice Guide for Tax Administrations- Call Centres*. The 76-page guide was finally published in January 2007 and it will form the first of a series of such guides planned for the coming years.

The subgroup 'Pre-filled & Electronic Tax Returns' has continued to research and gather information in relation to the use of both pre-filled and electronic tax returns by European tax administrations during 2006 and they anticipate producing a Good Practice Guide and CD by the end of 2007.

Future Task Team activity will be discussed at the first meeting of this Area Group in Azerbaijan, May 2007.

Workshops

Case Study Workshops

A number of individual seminars and workshops were also undertaken during the year, covering a wide scope of tax administration topics.

Two Level Case Study Workshop

Transfer Pricing

Intermediate Level Workshop

Brühl, Germany, 6 - 7 February 2006

The workshop was attended by 28 participants from 14 tax administrations.

This workshop was included in the Technical Activities Programme for 2006 primarily to provide a forum for less experienced transfer pricing auditors from the IOTA tax administrations. The event aimed to provide the opportunity for a combination of case study discussions and sharing of experiences, together with the possibility to 'brainstorm' actual transfer pricing issues with a smaller team of more experienced transfer pricing auditors.

It was a feature of the *intermediate level* workshop that participants considered current cases that are giving them problems, using the expertise of some of the more experienced auditors who had participated in the *advanced level* workshop, who were able to offer advice on practical approaches and solutions in relation to the cases under discussion.

With a different focus to the Advanced Level event, in particular in relation to the use of more experienced participants to assist in 'troubleshooting' some of the problems facing their less experienced colleagues, the event was evaluated as being very useful and the format is to be further developed to ensure that future events accurately reflect the needs of 'intermediate' level auditors in 2006 and beyond.

**Transfer Pricing
Advanced Level Workshop**
Brühl, Germany, 8 - 10 February 2006

The workshop was attended by 22 participants from 12 tax administrations.

This workshop was included in the Technical Activities Programme for 2006 in response to the high level of interest expressed by the IOTA tax administrations in their responses to the 2006 questionnaire covering the technical activities provided through the Organisation.

The aims of this workshop were to provide an opportunity for highly experienced auditors of complex transfer pricing cases from the IOTA tax administrations to meet and to exchange knowledge and experiences by considering a series of selected case studies from their own practical audit work, and also to provide the opportunity for the participants to work together in smaller groups to discuss approaches and solutions to individual cases, which were finally also discussed in the plenary sessions when the various suggested approaches and solutions were debated by the wider group.

A number of these case studies were selected for use in the working group sessions during the course of the workshop. The delegates whose case studies had been selected by the Technical Advisory Committee presented their cases and acted as a resource and facilitator during the session when their case studies were being discussed, answering any additional questions that were asked by the other participants.

This unique and innovative approach to discussing issues relating to the audit of transfer pricing cases was highly appreciated by the participants in their post event evaluations and the activity is to be further developed during 2006.

**Taxation of Financial Instruments
Intermediate Level Workshop**
Budapest, Hungary, 27 February to 1 March 2006

The workshop was attended by 25 participants (included three speakers) from 15 tax administrations.

The aim of this event was to provide a forum for auditors who are still new to the area of taxation of Financial Instruments as business property, giving them the opportunity to listen to a number of presentations regarding the taxation of futures, options and swaps and to exchange knowledge and experiences by discussing approaches and solutions to a number of selected case studies, together with the possibility to 'brainstorm' actual problems in the area of taxation of Financial Instruments with a smaller team of more experienced auditors in this area.

It was a feature of the intermediate level workshop that participants considered current cases that are giving them problems, using the expertise of some of the more experienced auditors who had participated in the advanced level workshop, who were able to offer advice on practical approaches and solutions in relation to the cases under discussion.

The delegates attending this workshop were required to have combined experience of practical audit and some experience in dealing with financial instruments taxation cases. They submitted a case study from their own work experience prior to the event as a condition of their participation.

**Taxation of Financial Instruments
Advanced Level Workshop
Budapest, Hungary, 2 - 3 March 2006**

The workshop was attended by 11 participants from 9 tax administrations.

The aim of this event was to provide a forum for highly experienced auditors in the area of taxation of Financial Instruments as business property allowing them to work together and to exchange knowledge by comparing and contrasting their ideas and approaches to a variety of complex taxation issues in relation to a series of selected case studies. It was effectively a condition of attendance that participants were able to provide a complex case study together with a proposed solution based on their own experiences.

A number of these case studies were selected for use in the working group sessions during the course of the workshop. The delegates whose case studies had been selected by the Technical Advisory Committee presented them and acted as a resource and facilitator during the session.

This unique and innovative approach to discussing issues relating to the taxation of financial instruments was highly appreciated by the participants in their post event evaluations and the activity is to be further developed during 2007.

**Workshop in association with OECD
Approaches to Raising Compliance in the Small and Medium Business Sector
Budapest, Hungary, 6 - 8 September 2006**

The workshop was attended by 45 participants from 24 tax administrations.

The aim of the event was to provide a forum for senior officials from the IOTA tax administrations to discuss their approaches to raising compliance in the small and medium business sectors.

This was a joint event in co-operation with OECD and focused specifically on the practical and theoretical aspects of initiatives being undertaken aiming to increase the level of voluntary compliance of small and medium enterprises particularly reviewing methods adopted to assist this group of taxpayers to meet their tax obligations.

The workshop combined presentations by invited speakers with the opportunity for participants to share their own experiences, approaches and initiatives in relation to voluntary compliance in the small and medium sectors during a series of working group sessions over the two days of the event.

Participants were personnel actively involved in the daily practical aspects of maintaining and increasing compliance in the small and medium business sectors working in areas designed to help taxpayers meet their tax obligations.

Workshop in co-operation with DG TAXUD E-audit Methodologies

Budapest, Hungary, 18 - 20 October 2006

The workshop was attended by 51 participants from 29 tax administrations.

The aim of this event was to provide a forum for senior officials from the IOTA tax administrations to discuss their approaches to e-audit. It was a joint event in co-operation with EC - DG TAXUD and it covered practical and theoretical aspects in the area of e-auditing and focused on tools and methodologies used by IOTA members, as well as the strategies adopted to make effective use of computer-assisted audit.

The workshop was practical in nature, combining presentations by invited speakers with the opportunity for participants to share their own experiences and approaches during an extended working group session that was spread over the two and a half days of the event.

In order to assist the development of the workshop and to provide useful reference material for use in the working group discussions, delegates were asked to provide an overview of the structural and organisational features of the e-audit strategy and tools implemented in their tax administrations. The overviews received from all participating tax administrations were included as part of the post-event material distributed to all member tax administrations.

Starting with a session dedicated to the presentation of DG TAXUD strategy through the evocation of works in the field of e-audit, the following topics were addressed, with a final presentation on the future of e-audit:

- Broad presentation of e-audit issues followed by several tax administration experiences in order to embrace strategic aspects as well as the major tools used.
- Organisation and approaches to e-audit through a first working group session aiming to invite participants to reflect on their countries specifications.
- Specific tools developed by tax administrations with a second series of presentations.
- Results, efficiency and good practices through a second working group session designed to share experiences.
- The future of e-audit within the IOTA region with a presentation from the UK tax administration.

A last session had been organised to stimulate discussion on the e-audit perspectives and also on the future activities which could be organised around.

The discussions resulting from the last session allowed some of the delegates to express their willingness to deeper explore this topic. A quarter of the IOTA tax administrations stressed effectively the fact that the Technical Advisory Committee of IOTA should plan a training session aiming at sharing good practice in the field of e-audit.

In this respect, a regional event will be organised by the end of 2007.

Workshop in co-operation with DG TAXUD Risk Analysis for the Selection of Taxpayers for Audit

Budapest, Hungary, 22 - 24 November 2006

The workshop was organised as a joint event of IOTA and DG TAX UD presenting a broader view on that topic to the participants.

Overall 52 participants representing 28 member countries were present at the meeting.

Purpose of that event was the presentation of strategies and operational structures in the field of risk analysis used in the member countries. Demonstration of practical tools such as IT applications will be presented during the next workshop on those issues in March 2007. After the March workshop a fairly complete overview of all member countries will be available for interested tax administrations.

3. Training Forum

3rd Forum of Heads of Training

Evaluation of Training within the IOTA Tax Administrations

Vienna, Austria, 14 - 15 December 2006

The forum was attended by 45 participants representing 26 tax administrations. The event was included in the Technical Activities Programme for 2006 as a means of providing senior personnel from the IOTA tax administrations involved in the management, development and delivery of national and international training with an opportunity to meet and to share views and opinions on a professional topic.

The forum was the third such forum organised by IOTA. By including this forum within the programme of activities during 2006 the aim has been to focus on a single professional theme that can be presented and discussed between the participants, thus fulfilling the wish to liaise to exchange knowledge and experiences on a practical level.

A questionnaire comprising the potential professional topics for the Training Forum 2006 was issued to all participants who attended the last Forum for Training Managers. The topic chosen by the majority of IOTA Tax Administrations, and therefore selected for this Training Forum, was "Evaluation of Training in the IOTA Tax Administrations."

During this event the participants compared and contrasted their approach to evaluating training activities. It included the contrasting of specific practical methods and procedures and importantly a review of the effectiveness of training in delivering the aims and objectives of the Tax Administration.

The main focus during this forum was on hearing experiences from invited speakers in relation to their specific training delivery methods. The intention was to contrast and to compare various different methods and to discuss new developments. It combined presentations with working group sessions, thus allowing all participants to be active in exchanging practical experiences and good practice.

II. Enquiries Service

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

In 2006 the Technical Advisory Committee continued to deal with technical enquiries receiving 34 requests from IOTA Member tax administrations, seeking information and assistance from other Member and Associate Member countries.

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

To assure a high quality of the enquiries and responses the Technical Advisory Committee plans to review the procedure in general and in particular the format and the timelines; in addition to that it is considered to provide the whole service by using the advantages of a new website.

Summarisations of enquiries and responses of interesting topics will be prepared by the Technical Advisory Committee and published electronically to all member tax administrations.

III. Publications and Website

1. Tax Tribune

The Tax Tribune is a magazine dealing with contemporary practical issues in relation to tax administration. It was issued twice a year (2500 copies of each issue).

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.

In the year 2006, IOTA published two issues of the Magazine with the following main topics:

- Risk Management in Practice - the Experiences of European Tax Administrations. The 10th General Assembly of IOTA in Summary (Issue 22)
- In Focus... The Technical Activities Programme 2006 (Issue 23)

2500 copies of each issue of the magazine were printed for distribution among the IOTA members.

2. 'Pilot' Technical Publication

The IOTA Area Group "Taxpayer Education and Service" was formed in 2003, to provide a regular forum for personnel from the member tax administrations involved in this important area of tax administration.

As a natural development of their co-operation and liaison within the Area Group a subgroup was developed, with the focus for their work being the practical development and operation of tax administration Call Centres.

This subgroup "Call Centres" was seeking to develop and publish a Good Practice Guide on the topic of "Call Centres". Initial work on the publication started towards the end of 2004 when theoretical and practical experiences were gathered and analysed, resulting in an initial draft summary document. The Good Practice Guide was finally completed in 2006 and published in January 2007.

3. Post-event Reports

The main target group for the post-event reports is participants at the IOTA technical events. The content of the post-event report includes the final agenda of event, an updated list of participants, final versions of presentations, workshop summaries and a summary report of the event.

In 2006 post-event reports were prepared by the Technical Advisory Committee for dissemination to the IOTA membership.

4. IOTA Booklet

To ensure the promotion of the aims of the Organisation, together with details of the structure and organisation, the Secretariat updated and issued the "IOTA Booklet" as a tool in promoting IOTA to a wider audience of interested parties.

As a number of the Associate Members applied for (full) membership in the Organisation with effect from January 2006, the IOTA booklet was updated in 2006.

5. Website

It was foreseen that the **new IOTA Website** would be launched on-line in June 2006. However, the negotiations with the company, which was selected through the website tender organized in 2005, were not finalised.

Short overview of the main technical activities within the scope of new IOTA Website development project in 2006:

- Regular meetings with the potential service provider, where IOTA clarified its technical requirements.
- Project Intranet was created.
- IOTA Secretariat collected materials and documents for the Frozen Content of the new Website - around 1500 files were collected, formatted and delivered to the potential service provider.

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- Project Steering Committee, which consisted of Raits Averats (IOTA Secretariat), Miklos Kok (representative of IOTA President) and Margret Sumfleth (TAC) approved the new design of the IOTA Website.
- New IOTA Website was presented at the PCP Forum.
- Internal testing team from IOTA membership was organized.
- Finally at the end of 2006 the complete project specification was created including all IOTA technical requirements.

After unsuccessful contract negotiations at the end of 2006 it was decided to look for a new service provider, which could develop and launch the new IOTA website in the second half of 2007 on the basis of the IOTA website project specification.

The current IOTA website was also updated in 2006 in the sectors of the basic information and 'country news' as well as uploading new IOTA publications.

C. EXTERNAL RELATIONS

The Executive Council of IOTA stressed the importance for the Organisation to be seen as a reliable and efficient partner on the international stage and gave a mandate to the President and the Executive Secretary of IOTA to establish the contacts for this purpose.

During the year 2006 IOTA maintained co-operation with various International Organisations that provide technical assistance to tax administrations worldwide.

I. European Commission (DG TAXUD)

The European Commission is the strategic partner of the Organisation. This status was enhanced through the **Memorandum of Understanding for International Cooperation between IOTA and the European Commission** signed on 12 May 2006 by Mr. János Szikora, the President of IOTA and Mr. Robert Verrue, the Director General of DG TAXUD, formalizing the relationship between the two Organisations.

In 2006, IOTA continued co-operation with the Directorate General Taxation and Customs Union of the European Commission. As a result, two Workshops, 'E-audit approaches - tools and methodologies' and 'Risk analysis for the selection of taxpayers for audit' were organized jointly by IOTA and DG TAXUD in Budapest in October and November 2006.

The representatives of the European Commission were invited to participate at the 10th General Assembly of IOTA as special guests.

A number of meetings were held between the IOTA President and the EU Commissioner as well as between the Executive Secretary of IOTA and representatives of the European Commission in order to discuss cooperation issues.

II. Organisation for Economic Cooperation and Development (OECD)

By signing the new **Memorandum of Understanding for International Cooperation between IOTA and the OECD** the basis for long-term co-operation between the two Organisations was established in 2005.

In the spirit of the agreement, IOTA and the OECD co-organised a technical workshop 'Approaches to raising compliance in the small and medium sectors' in Budapest in September 2006.

The representatives of the OECD were invited to participate at the 10th General Assembly of IOTA as special guests.

III. Committee of the International Organisations of Tax Administrations (CIOTA)

During the Global Conference on E-Commerce and Taxation in Montreal in June 2001, which was hosted by the Canadian Customs and Revenue Agency and organised in close co-operation between CATA, CIAT, CREDAF, IOTA and the OECD, the Committee of the Executive Directors/Secretaries of the International Organisations of Tax Administrations (CIOTA) was established.

The main purpose of establishing CIOTA, which is a non-bureaucratic body, was to ensure exchange of information on the activities of the International Organisations providing technical assistance to the tax administrations in the various regions of the World.

It was agreed that members of CIOTA will have periodic meetings to exchange information on their Work Programmes, co-ordinate their activities and define areas for co-operation.

The representatives of the CIOTA members were invited to participate at the 10th General Assembly of IOTA as special guests.

IV. Inter-American Center of Tax Administrations (CIAT)

The Executive Council approved the proposal of the Executive Secretary of IOTA to define and find ways of cooperation and to formalize the relationship with CIAT, one of the most experienced Organisations for tax administrations in the World.

The Memorandum of Understanding for International cooperation between CIAT and IOTA was signed in Florianopolis, Brazil on 6 April 2006 by Mr. János Szikora, the President of IOTA and Mr. Jorge Rachid, the President of CIAT, defining the scope of co-operation between the two organisations.

V. International Bureau of Fiscal Documentation (IBFD)

The external fiscal documentation purchased by IOTA helped the Organisation to perform its technical activities.

IOTA subscribed for the European Taxation Database (on-line version) to be used by the IOTA Secretariat in 2006.

The representatives of the IBFD were invited to participate at the 10th General Assembly of IOTA as observers.