

2007 IOTA ACTIVITY REPORT

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1. STATUTORY ISSUES AND ADMINISTRATIVE PROGRAMME

The present report includes a summary of the activities of IOTA in the year 2007. It also aims to demonstrate how the financial means available to IOTA were used to achieve the objectives of the Organisation. Despite the relatively small size of the staff and the extensive scope of the work programme, the Secretariat of IOTA succeeded in managing the 2007 Work Programme in an efficient and cost-effective way.

1.1. Membership

On 1 January 2008 IOTA had 40 full Members, being the tax administrations of Albania, Austria, Azerbaijan, Belgium, Bosnia & Herzegovina, 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, Portugal, Romania, Serbia, Slovakia, Slovenia, Republic of Srpska (Bosnia & Herzegovina), Spain, Sweden, Switzerland, Ukraine and the United Kingdom.

On 1 January 2008 IOTA had one Associate Member from Jordan.

1.2. General Assembly

The 11th General Assembly of IOTA, fully funded by the membership of IOTA, took place in Varna (Golden Sands), Bulgaria on 11 - 12 June 2007. A total of 97 delegates and 20 support staff members representing 41 tax administrations and 2 international and regional organisations (CATA and SGATAR) participated in the Assembly.

The Members unanimously approved the Report on IOTA Activities carried out in 2006. They also approved the Financial Report for 2006, and the Report of the Internal Auditors.

The Members approved the Financial Regulations and the amendments to the Charter.

The Members unanimously accepted the application for immediate full membership of the Organisation by the Indirect Tax Authorities from Bosnia & Herzegovina and with effect from 1 January 2008 by the Portuguese Tax Administration, and for associate membership by the Tax Administration of Jordan.

The Members decided by qualified majority that the 12th General Assembly of IOTA will be held in Slovenia whereas the head of the Slovenian tax administration will be the President of IOTA.

The Executive Council of IOTA was appointed, the Members of which are representatives of the Tax Administrations of the Czech Republic, Estonia, Germany, Hungary, Ireland, the Netherlands, Slovenia, Sweden and Switzerland.

Ms. Rosine Adler from France and Ms. Diana Pavlova from Bulgaria were appointed by qualified majority as the Internal Auditors of the Organisation between the 11th and 12th General Assemblies.

The Members adopted by qualified majority the Work Programme for the second half of 2007 and for 2008. They also selected by qualified majority the professional theme of the 12th General Assembly which is: "Joined up Government: more efficiency and reducing the administrative burden through cooperation between other governmental bodies".

The Members approved by qualified majority amendments to the 2007 budget and the budget for 2008.

The participants discussed the professional theme "Electronic Taxpayer Services of the Modern Tax Administration".

1.3. Executive Council

The Executive Council of IOTA met 3 times during 2007, twice in its previous composition (Bulgaria, France, Germany, Hungary, the Netherlands, Sweden, and Switzerland) and once in its new composition (Czech Republic, Estonia, Germany, Hungary, Ireland, the Netherlands, Slovenia, Sweden and 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.

1.4. Internal Auditors

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 Internal Auditors carried out two audits at the premises of IOTA in Budapest in April and November 2007.

1.5. 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 September 2007 in Budapest, Hungary 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 events, the Principal Contact Persons represented 33 and 34 IOTA members, respectively.

1.6. Secretariat

The IOTA staff ensured the successful implementation of the extensive 2007 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 2007.

The IOTA Secretariat organised and facilitated the administrative sessions of the 11th 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.

The Secretariat operated with a total of 9 members - 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, and two Technical Taxation Advisors seconded to the Organisation as 'contributions in kind' by the tax administrations of Germany and France.

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.

2. TECHNICAL ACTIVITIES PROGRAMME

The Work Programme for the year 2007 was adopted by the 10th General Assembly. The Secretariat organised 17 technical events during the year, as well as the technical sessions of the 11th General Assembly, which is considered as an administrative and technical event.

2.1. 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 possibilities for liaison between personnel in the 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 facilitating this regular contact between the same individuals from a wide group of the member tax administrations. This regular contact takes three main forms; a possibility 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 connected task teams.

The concept of Area Group envisages that each participating tax administration can nominate a single Area Group member to participate in an IOTA Area Group. This means that the Area Group is of 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 in the IOTA Area Group can be used back in the tax administration, when and where this is considered useful. It also allows the individual Area Group members to feed in knowledge and expertise from their own tax administration.

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 activities as varied as receiving specific training, making study visits, drafting so-called 'Good Practice Guides', producing comparative reports and sharing knowledge and experience.

2.1.1. Area Group Large Taxpayer Treatment and Audit (LTTA)

In 2007 participation in the Area Group extended to 31 tax administrations. The Area Group held two meetings during the year, in Paris (France) and Budapest (Hungary), in which the participants covered the following topics:

- Measures to Encourage Voluntary Compliance of Large Taxpayers;
- EDP Audit;
- Audit of Software Packages;
- Developments in Remote Audit.

In addition, within the Area Group the following Task Teams were operational:

- Structure, Organisation and Strategies of Large Taxpayer Units - a final report is expected to be published in the fourth quarter of 2008;
- 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 early in 2008;
- EDP Audit has initiated one questionnaire regarding EDP Audit Tools and Software used in IOTA member administrations. After the analysis of the replies and the draft of a summary report, publication on the IOTA website is planned by the end of 2008.

2.1.2. Area Group Prevention and Detection of VAT Fraud (PDVF)

Participation in the Area Group increased to 26 tax administrations. The Area Group held two meetings in 2007, in Ostend (Belgium) and in Gothenburg (Sweden), during which the participants covered the following topics:

- Approaches to tackling phoenix companies through the experiences of several tax administrations;
- Risk analysis in the field of VAT, with several presentations and a working group session dedicated to tools/software implemented to select fraudulent cases, as well as methods developed by tax administrations to select tax payers for audit;
- E-commerce and Internet fraud through plenary presentations and working group sessions;
- Current VAT issues in the IOTA region through the implementation of a new session in early 2007 aimed at giving the floor at the beginning of each area group meetings to tax administrations having recently implemented new reforms, regulations or even tools or methods to tackle VAT fraud;
- Update sessions of the task teams with a specific focus on the use of de-registration, the definition of risk areas and Securing of assets methods.

In addition, within the Area Group the following four Task Teams were operational.

Three task teams were set up in 2007, each involving a smaller number of area group members as well as national experts with the aim of producing comparative reports in 2008 on the following:

- VAT de-registration methods, to list and describe good practices existing in the field of deregistration in order to improve the effectiveness and quality of the procedures;
- Risk areas, aiming at having a better knowledge of risky sectors and measures taken to improve the effectiveness of the actions undertaken by tax administrations;
- Securing of assets, the goal being to describe existing debt enforcement methods in the IOTA region in order to improve the effectiveness and quality of procedures.

One task team (operational from 2006) will deliver a report in early 2008 on VAT registration forms and possible solutions to spot fraudulent activities at a very early stage. This task team dedicated its work in 2007 to the collection of information on the application forms in use in the IOTA region.

The second meeting of the Area Group in Gothenburg gave delegates the opportunity to express their desire to further develop the following topics:

- Third-party information;
- Tax evasion schemes.

2.1.3. Area Group Taxpayer Education and Services (TES)

The focus of the Area Group Taxpayer Education and Services is on tackling key issues relating to the relationship between taxpayers and tax administrations. Recent topics explored by members of this Area Group include:

- Use of call centres by tax administrations;
- Pre-filled tax returns;
- Digital tax returns and other e-services;
- Dealing with taxpayers' complaints;
- Developing service standards and a code of ethics;
- Taxpayer consultation and education initiatives;
- Use of interactive web and IT based applications for taxpayer education;
- Use of charter standards and quality measurement tools in the taxpayer education and services area;
- Comparison of 'benchmark service' oriented tax administrations;
- Quality measurement of taxpayer services;
- Use of 'mystery caller' and 'mystery shopping' initiatives to improve the delivery of taxpayer services.

Currently 30 tax administrations participate in the group and two meetings will be held in 2008, the topics for these meetings will be selected by Area Group members several months before the group assemblies.

The members of the Area Group met twice in 2007:

- Baku, Azerbaijan

This meeting of the area group focussed initially on the topic of fiscal education of the young in the IOTA region and was followed by group work organised by the Task Team Pre-Filled and Electronic Tax Returns. The final part of the meeting was designed to discuss the formation of Task Teams working on outputs for the Area Group over the next 18 months or so.

- Bern, Switzerland

The Area Group Taxpayer Education and Services met for their second meeting of the year. 32 participants from 27 countries attended the event. The aims of the event were to develop the Task Team activities currently taking place and to share good practice and experience on the latest communication techniques, including the tax portal (TP).

TP is a gateway to online services and it provides easy and convenient access to information and allows for the conduct of tax business in a secure online environment. In addition to state government taxes, in some cases it is possible to also find links to county and city/local tax portals and to other related organisations. The meeting agenda contained a number of presentations and demonstrations of tax portals developed by member administrations.

In early 2007 the task team Call Centres in close co-operation with the IOTA Technical Advisory Committee published the IOTA Good Practice Guide for Tax Administrations- Call Centres.

The task team 'Pre-filled & Electronic Tax Returns' continued to research and gather information in relation to the use of both pre-filled and electronic tax returns by European tax administrations during 2007 and they anticipate producing a Good Practice Guide in the second quarter of 2008.

Three new task teams were created in 2007 to review:

- Fiscal education of the young;
- External email communications;
- The use of public relations and the role of the media in tax administrations.

2.1.4. Area Group Treatment of Specific Industry - Construction (TSIC)

Launched in 2007, the first Area Group meeting brought together 26 tax administrations in Belgrade, Serbia and the following topics were covered:

- Definition of the construction industry through a presentation and a working group session aimed at identifying the main features of this industry;
- IOTA tax administrations' approaches to the constructions industry with several presentations and a working group session designed to detect organisational solutions to better respond to fiscal issues related to the construction industry. It also fostered exchange of experience in the field of multi lateral co-operation with other tax agencies.

A working group session was organised to discuss the future of the area group and its likely outputs. It resulted in the constitution of three task teams which will be active in 2008 in the field of:

- Tax audit methodologies related to the construction industry;
- Subcontractors' major issues with a special focus on countermeasures implemented by tax administration (reverse charge, withholding tax etc.);
- False/fictitious invoices.

These three task team will produce an action plan in early 2008 which will settle the framework as well as the direction for future activities.

Except the three topics which will be dealt with through task team activities, the first meeting of the area group in Belgrade gave delegates the opportunity to express their willingness to further develop the following topics:

- Reverse charge as a possible solution to tackle VAT problems in the construction industry;
- Risk analysis;
- Cross borders activities.

2.2. Case Study Workshops

A number of individual workshops were undertaken during the year, covering a wide range of tax administration topics.

2.2.1. Transfer Pricing - Intermediate Level

The workshop was held in Brühl, Germany on 29 -30 January 2007 and attended by 36 participants from 18 tax administrations.

This workshop was included in the Technical Activities Programme for 2007 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 experience, together with the possibility to 'brainstorm' actual transfer pricing issues with a smaller team of more experienced transfer pricing auditors working as experts in co-operation with the TAC.

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 2007 and beyond.

2.2.2. Transfer Pricing - Advanced Level

The workshop was held in Brühl, Germany on 31 January - 2 February 2007, and attended by 22 participants from 12 tax administrations.

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 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, guided by the appointed experts, 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 of the IOTA Secretariat 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 in future.

2.2.3. Taxation of Financial Instruments - Intermediate Level

The workshop was held in Budapest, Hungary on 5 -6 March 2007, and attended by 21 participants (included three speakers) from 13 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 constitute 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.

2.2.4. Taxation of Financial Instruments - Advanced Level Workshop

The workshop was held in Budapest, Hungary on 7 - 9 March 2007, and attended by 18 participants from 11 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 of the IOTA Secretariat 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 in future.

2.2.5. VAT Fraud Cases - One-level Case Study Workshop

Following a request from member tax administrations, the series of case study workshops was extended to cover the problems in the field of VAT fraud. As a result, 39 participants representing 23 member tax administrations met at a venue provided by the Polish tax administration in Krakow, Poland on 26-28 June 2007.

The 'pilot' workshop was practical in nature, combining presentations of selected case studies with the opportunity for all participants to share their own views and opinions on the approach to resolving the taxation issues in respect of financial instruments raised in each case study completed by general and informative presentations on various topics arising from the particularities of the area of VAT fraud.

The event was structured around a series of selected case studies and highlighted issues in the area of non compliance in indirect taxation, which were initially presented to the wider group before allowing participants to work together in smaller groups discussing approaches and solutions.

Each individual group was finally required to present their ideas and suggestions during the plenary sessions when the various suggested approaches and solutions were debated by the wider group.

The inclusion of highly experienced colleagues as experts, who supported the TAC in the selection of the case studies and the preparation of the agenda and who led the discussions in the plenary and the group work sessions, was well received by the participants.

There was general consensus that the level and complexity of the cases and issues discussed was too high for some of the participants. The more detailed setting out of the case study and a clearer description of the problems was one of the wishes expressed by the participants. It was highlighted that case studies should be discussed in detail and that quality rather than quantity was the major requirement of the participants.

2.3. Workshops

2.3.1. Risk Analysis for the Selection of Taxpayers for Audit

The workshop was held in Budapest, Hungary on 21 - 23 March 2007, and attended by 55 participants from 28 tax administrations. The full topic of the event was "Further Developments in Risk Analysis for the Selection of Taxpayers for Audit" and was organised in co-operation with DG TAXUD.

This workshop was the second joint event organised in co-operation with DG TAXUD in the field of risk analysis.

The meeting in 2006 was designed to present an overview of new and innovative risk analysis methods used for the specific purpose of identifying those taxpayers that require to be audited. This second workshop provided an opportunity for personnel from the IOTA tax administrations to further become acquainted with risk analysis techniques used to select taxpayers for audit.

This workshop aimed at presenting software tools used in the IOTA region with a special focus on exploring the possibilities provided by these tools to select cases in order to be audited.

Further developments and country specific approaches were presented by the speakers and this was followed by five simultaneous presentations held for that purpose of allowing smaller groups to explore the software tools functionalities.

2.3.2. Strategies and Tools for Tackling the Grey Economy

The workshop was held in Budapest, Hungary on 2 - 4 April 2007 and attended by 44 participants from 24 tax administrations. It was organised as a joint event of IOTA and DG TAXUD presenting a broader view on the topic to the participants.

The purpose of the event was to discuss strategic and operational methodologies and tools used in the field of detection, treatment and prevention where possible of the 'grey economy' and counter-measures taken against 'grey economy' by the IOTA member tax administrations.

2.3.3. Improving the Exchange of Information between Tax Administrations

The workshop was held in Budapest, Hungary on 13 - 15 November 2007, and organised as a joint event between IOTA and OECD thus presenting a broader view on the topic to the participants. Overall 51 participants representing 28 member countries were present at the meeting.

The purpose of the workshop was to discuss existing and new problems in the field of exchange of information in the VAT and direct taxes area.

Colleagues from the Central Liaison Offices of EU Member States and from audit and training and assessment discussed their problems in their daily work.

During group work sessions participants reviewed case studies and attempted to find solutions by describing how their administration would deal with these issues.

2.3.4. E-audit - Tools and Techniques

This common interest workshop was held in Sofia, Bulgaria on 11 - 12 December 2007, with 35 delegates, representing 14 IOTA member tax administrations.

The idea to organise a common interest workshop on e-audit was initiated during a workshop held in 2006 in Budapest where several tax administrations expressed their needs to improve their expertise in this area.

The aim of this event was to provide a forum for officials from interested IOTA tax administrations new to e-audit processes to learn through the presentation of practical and theoretical aspects of e-auditing. Strategies adopted to make effective use of computer-assisted audit were reviewed and a specific focus was provided on tools and methodologies used by experienced tax administrations.

Four IOTA tax administrations were asked to give presentations and practical demonstrations of the software that they have developed or adopted to assist in the auditing of taxpayers who use computerised accounting systems.

The software selected for review:

- SESAM (Finland);
- ALTO (France);
- IDEA (Germany);
- CEDAT (UK).

2.4. Training Forum

The 4th Forum of Heads of Training on Insights into Training Strategies was held in Utrecht, the Netherlands on 25 - 26 April 2007, and attended by 54 participants representing 30 tax administrations.

This year's forum was of particular interest because a large number of colleagues from tax administrations were willing to participate and make presentations; furthermore after the discussion in Vienna in 2006 the TAC was seeking for ways to make this event a more exciting and proactive experience for participants.

The Dutch hosts were particularly active in helping design the agenda and contacting potential presenters in order that the best use could be made of participant's time. Unusually the event was able to run a series of simultaneous presentations from 8 member tax administrations giving participants a menu of different training strategies from which to choose.

It was particularly interesting to listen to the experiences of the Dutch administration in the area of blended learning and the use of new technology. Also of particular note was the presentation delivered by Karl Wappel from Austria using a presentation of the Worst Case Scenario to explore how training situations go wrong and how such situations can be avoided. The event became an innovative learning experience, appreciated by all who took part and leading to the decision to extend the duration of the Forum by one day to 2.5 days in 2008.

2.5. Enquiries Service

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

In 2007 the Technical Advisory Committee of the IOTA Secretariat continued to deal with technical enquiries, receiving 23 requests from IOTA Member tax administrations, seeking information and assistance from the IOTA membership.

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

Six enquiries with their responses were selected for specific summary reports by the TAC to be made available on the IOTA website:

- Communication Strategies;
- Representative Expenses;
- Staff Suggestion Schemes;
- Taxation of Immovable Property;
- Information Security Strategy - Electronic Data;
- E-filing.

2.6. Publications and Website

2.6.1. Tax Tribune

The Tax Tribune is a magazine dealing with contemporary practical issues in relation to tax administration. It is issued once a year (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 2007, IOTA published one issue of the Magazine with the following title:

- In Focus... The Technical Activities Programme 2007 (Issue 24).

In 2007 the Tax Tribune for the first time exceeded 150 pages, comprising 33 articles from 20 IOTA Member tax administrations and covering all the topics discussed during the IOTA technical events in 2007.

2500 copies of the magazine were printed for distribution among the IOTA Members.

2.6.2. Task Team Outputs

IOTA aims to produce a series of technical publications arising out of the work of the Task Teams linked to Area Groups. The technical outputs from Task Teams can take a number of forms, for example the Task Team “Call Centres” was for two years collecting data and practical experiences that resulted in a Good Practice Guide on Call Centres, their work was completed in 2006 and the guide was published in January 2007. It consists of specific guidance, together with general commentaries on different approaches that vary in their success of application in different types of Call Centre. Each section also includes ‘country examples’, the purpose of which is to provide real examples of contrasting experiences and approaches.

In the future Task Teams will be working towards producing outputs using new electronic media rather than traditional publication methods.

Task Teams currently working to Area Groups and aiming to produce reports in 2008 and 2009 are as follows:

Prevention and Detection of VAT Fraud:

- VAT De-Registration
- Risk Analysis in the Field of VAT Fraud
- Securing the Assets

Taxpayer Education and Services:

- Pre-Filled and Electronic Tax Returns
- Fiscal Education of Young Taxpayers
- Email Management as part of a new Good Practice Guide entitled Contact Centres
- Public Relations and Marketing for Tax Administrations

Large Taxpayer Treatment and Audit:

- Definition of Large Taxpayer
- Audit procedures, EDP Audit
- Tax Administrations’ Structures Dealing with Large Taxpayers - Identification of Possibilities to Increase Voluntary Compliance Offering Good Taxpayer Service etc.

Treatment of Specific Industries: Construction:

- Tax audit methodologies related to the construction industry
- Subcontractors’ major issues with a special focus on countermeasures implemented by tax administration (reverse charge, withholding tax)
- False/fictitious invoices

2.6.3. Post-Event Reports

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

In 2007, 17 post-event reports were prepared by the Technical Advisory Committee of IOTA for circulation to the IOTA membership. From 2007 all the post-event reports of IOTA technical events can be found on the IOTA website.

2.6.4. 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.

At the end of 2007 the new concept of IOTA booklet was created. The target audience was defined and the regularity of production (from 2008 the booklet will be produced at least once a year within two months from the annual General Assembly), the structure and content, as well as the new design and layout were agreed. The first IOTA booklet (2007/2008) based on the new concept is planned to be published at the beginning of 2008.

2.6.5. Website

At the beginning of June 2007 IOTA Secretariat launched the new website of IOTA, which provides IOTA membership with new functionalities, new design and new content as well as greater opportunities for cooperation through the website.

Development Stages of the New IOTA Website

The first IOTA website was launched in 2001 and financed by the World Bank. It was established in a very simple and informative form based on the needs and possibilities at that time.

The concept of the new website was prepared by October 2002. It was fine-tuned during 2003 and 2004 through the discussions and consultations with IOTA Principal Contact Persons and IOTA Editorial Board members, and finally approved by the Executive Council during the 49th Meeting of the Executive Council, which took place in Warsaw, Poland in 27-28 September 2004.

The final concept of the new IOTA website was agreed based on the expressed proposals, comments and wishes of the IOTA membership. The new concept consisted of the following components: objectives; reasons why the new website had to be developed; beneficiaries; possible structure and content and proposals for the updating, maintenance, promotion and evaluation of the website. The overall objective for developing the new website was to help IOTA better fulfil its mission - “To promote co-operation between the tax administrations in the European region and to support their development according to their individual needs”.

2007 IOTA Activity Report

The year 2005 was devoted to the preparation and organisation of the tender “Development of a new website for IOTA”; and the year 2006 and beginning of 2007 was the time when the new concept of the website was technically implemented.

Website Statistics for 2007

During the first seven months from the launching of the website (from June 2007 until January 2008) 574 Registered Users from the IOTA Member tax administrations created profiles on the new website. This exceeded the expected number which was ~500 Registered Users. It means that daily around 3 new Registered Users create their profiles on IOTA website.

Statistics on Registered Users by IOTA Member tax administrations (31.01.08.):

Albania	4	Latvia	14
Austria	25	Lithuania	8
Azerbaijan	10	Malta	9
Belgium	12	Moldova	5
Bosnia and Herzegovina	9	Montenegro	3
Bulgaria	16	Netherlands	14
Croatia	39	Norway	9
Cyprus	4	Poland	69
Czech Republic	10	Portugal	5
Denmark	32	Republic of Srpska (B&H)	4
Estonia	18	Romania	7
Finland	24	Serbia	8
France	12	Slovakia	13
Georgia	3	Slovenia	16
Germany	26	Spain	6
Greece	6	Sweden	35
Hungary	9	Switzerland	13
Iceland	3	The Former Yugoslav Republic of Macedonia	10
Ireland	8	Ukraine	5
Italy	16	United Kingdom	23
Jordan	3	IOTA Secretariat	9

Statistics on Registered Users by specific User groups (31.01.08.):

- Principal Contact Persons 40
- Executive Council members 8
- IOTA Secretariat members 9
- AG Taxpayer Education and Services members 29
- AG Large Taxpayer Treatment and Audit members 30
- AG Prevention and Detection of VAT Fraud members 28
- AG Treatment of Specific Industries members 23

During the period from 1 June 2007 until 1 January 2008 altogether there were 58,986 website sessions (session is a series of clicks on IOTA website by an individual visitor during a specific period of time; it is initiated when the visitor arrives at the site, and it ends when the browser is closed or there is a period of inactivity). Daily average was 274.35 sessions.

There were 504,063 page views (daily average - 2,344.48), 1,223,573 hits (daily average - 5,691), average page views per session - 8.55, average hits per session - 20.74, and average length of session ~ 10 minutes.

During 2007, IOTA received 48 items of news for the News section of the website from 17 IOTA Member tax administrations and the Reference Library of the website was complemented with 210 new materials.

Features, Content and Design of the New Website

The new IOTA website is a unique, richly featured customised website including the following functionalities:

- Multilevel user registration and management system (providing safe user registration process, my profile page, registered user's directory, password reminder function, possibilities to create and manage different user groups);
- Events - activities management/calendar;
- News management system with archive;
- Reference library module;
- Different types of search engines (4 types of search for different modules);
- Easy Content Management System (CMS) (Joomla! CMS with multi-administrator possibilities);
- Discussion forums (open and close forums with the possibility to upload and share files);
- E-Registration module;
- Polls/surveys/questionnaires online (single and multiple page online surveys);
- Digital photo and video gallery tool;
- Private messaging module.

The technical framework of new IOTA website also allowed uploading and sharing new content with IOTA Membership:

- The most updated news and calendar items from IOTA and Member tax administrations;
- Complete information on IOTA;
- Information about each IOTA Member tax administration;
- Complete information on IOTA events and activities, including all the working documents for downloading;
- Reference Library with a wide collection of publications on tax administration issues in English and all the materials and presentations from each technical and administrative event starting from 2002.

The new corporate image design was implemented for the new website, which was highly evaluated by the Principal Contact Persons of IOTA as well as the users of the website.

87% of Principal Contact Persons were very satisfied with the new design and 78.9% of the users who participated in the public mini poll on the website indicated that they liked it very much.

First Evaluation and Additional Developments

Already four months after launching the website, it was decided to collect the first impressions about it from the Principal Contact Persons and thus to set the course for future developments.

Before the 10th Forum of IOTA Principal Contact Persons, which took place in Budapest, 18-20 September, the pre-event questionnaire was prepared, in order to collect the opinions about the quality of the new website. During the Forum PCPs were introduced to the capabilities of the new website, they had an opportunity to express their opinions and raise questions concerning the functioning of the website as well as to give contributions for the future development of the portal.

As a result of these discussions new web developments were implemented by the end of 2007 based on the requests of PCPs:

- Users Management system was improved in order to reduce human errors;
- Messaging system was improved;
- Registered users directory was improved;
- Password reminder function was improved;
- Possibility for registered users to see who is online was created;
- Major library development was implemented;
- Regular backup procedures was implemented;
- Website security system was analyzed;
- E-Registration procedures and forms were improved.

3. 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 2007 IOTA maintained co-operation with various international organisations that provide technical assistance to tax administrations worldwide.

3.1. European Commission (DG TAXUD)

The European Commission is the strategic partner of the Organisation. This status was enhanced through the cooperation under 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.

In 2007, IOTA continued co-operation with the Directorate General Taxation and Customs Union of the European Commission. As a result, two workshops, “Further Developments in Risk Analysis for the Selection of Taxpayers for Audit” and “Strategies and Tools for Tackling the Grey Economy” were organised jointly by IOTA and DG TAXUD in Budapest in March and April 2007.

From February 2007, the representative of the IOTA Technical Advisory Committee participated in the EU Risk Management Platform activities organised within the framework of the Fiscalis programme in Brussels, Rome and London. As a member of the Steering Group, the TAC member assisted in the preparation of the formation meeting of the platform and dealt with the preparation of a catalogue of implemented risk tools in the EU Member States. In addition, the members of the IOTA Secretariat attended a seminar on Blended Learning, organised in Budapest within the EU Customs programme.

Based on the co-operation between IOTA and the European Commission's Taxation and Customs Union Directorate-General, the IOTA website library was updated with two publications: “Guide to Tackling Intra-Community VAT Fraud” and “Risk Management Guide for Tax Administrations”.

In addition, the representative of the IOTA Technical Advisory Committee participated in the EU Conference on VAT Fraud, organised on 29 March 2007 in Brussels, Belgium, as a follow up to the Commission's Communication of May 2006 concerning the need to develop a co-ordinated strategy to improve the fight against fiscal fraud (COM(2006) 254). The objective of this conference was to provide European businesses with the opportunity to express their views on the way VAT fraud is tackled today, to comment on the ideas which have been put forward within the Commission's Communication and to present any other idea which could contribute to the fight against VAT fraud.

3.2. 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 “Improving the Exchange of Information between Tax Administrations” in Budapest in November 2007.

The representative of the IOTA Technical Advisory Committee participated in the OECD Global Forum on the Application of Tax Treaties held on 20-21 September 2007 in Paris, France.

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

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

The representatives of IOTA were invited to attend the 41st CIAT General Assembly - “Key Structural Aspects of the Tax Administrations” held on 21 - 24 May 2007 in Bridgetown, Barbados. The attendees of the event came from all the CIAT Members, including the IOTA tax administrations from: France, Spain, the Netherlands, Portugal and Czech Republic.

3.4. Other

The President of IOTA participated in the Global Conference on Taxation of Small and Medium Enterprises, organised by the International Tax Dialogue (ITD) and the Government of Argentina on 17-19 October 2007 in Buenos Aires, Argentina.

On 1-3 November 2007 in Skopje, the Former Yugoslav Republic of Macedonia, the Executive Secretary of IOTA participated in the first meeting of Directors General of tax administrations of the Balkan region. The main topic of the event was “Modernisation of Tax Administration - Main Key for Successful Reform for Each Country”. In the course of the meeting, IOTA presented its work programme for 2008. In addition, the participants discussed the expectations and needs of the Balkan tax administrations in respect of co-operation with IOTA.

The participants were the competent tax authorities from: FYR Macedonia, Albania, Bosnia and Herzegovina, Bulgaria, Montenegro, Serbia, as well as representatives of international institutions and organizations such as: International Monetary Fund (IMF), Customs and Fiscal Assistance Office (CAFAO) - a European Commission-funded programme, IOTA, and Ministry of Finance and Embassy of the Netherlands.

In response to an invitation from the Norwegian Tax Administration, the representatives of IOTA attended a meeting at the Norwegian Directorate of Taxes in Oslo on Friday 3 March 2007. The meeting was to give IOTA the opportunity to hear about the work that the tax administration is doing

in partnership with Junior Achievement - Young Enterprise Europe (JA-YE Europe). JA-YE enterprise and economic education programmes are designed for young people ages 6-30 and are implemented through a partnership between local businesses and schools. JA-YE organisations teach enterprise, entrepreneurship, and “economic literacy”, focusing on the importance of market-driven economies; the role of business in the economy; the relevance of education in the workplace; the impact of economics on a child’s future; and the commitment of business to social, environmental, and ethical issues. JA-YE programmes are hands-on, activities-oriented, and “fun” and involve experienced businesspeople directly in the teaching process.