

2008 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 2008. 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 Secretariat and the extensive scope of the work programme, the Organisation succeeded in managing the 2008 Work Programme in an efficient and cost-effective way.

1.1. Membership

On 1 January 2009 IOTA had 41 full Members, being the tax administrations of Albania, 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, 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 2009 IOTA had 2 Associate Members, being the tax administrations of Jordan and Kazakhstan.

1.2. General Assembly

The 12th General Assembly of IOTA, fully funded by the membership of IOTA, took place in Portorož, Slovenia on 30 June - 1 July 2008. A total of 105 delegates and 25 support staff members representing 41 tax administrations and 9 international and regional organisations and institutions (CATA, CFE, EC, IBFD, IFA, IMF, OECD, SOGEI, and USAID) participated in the Assembly.

The Members unanimously approved the Report on IOTA Activities carried out in 2007. They also approved the Financial Report for 2007, and the Report of the Internal Auditors.

The Members unanimously accepted the application for immediate full membership of the Organisation by Belarus, and for associate membership by the Tax Administration of Kazakhstan with effect from 1 January 2009.

The members approved the IOTA Strategy 2008-2012 and the amendments to the Charter.

The Members decided by qualified majority that the 13th General Assembly of IOTA will be held in Sweden whereas the head of the Swedish 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, France, the Netherlands, Poland, Slovenia, Sweden (presiding), Switzerland and the United Kingdom.

Mr. Miklós Kok from Hungary and Mr. Nordmunds Rudzītis from Latvia were appointed as the Internal Auditors of the Organisation between the 12th and 13th General Assemblies.

The Members adopted the Work Programme for 2009. They also selected the professional theme of the 13th General Assembly which is: “Common measures of tax administrations against tax fraud taking into account the confidentiality of taxpayer data”.

The Members approved the budget for 2009.

The participants discussed the professional theme “Joined up Government: more efficiency and reducing the administrative burden through cooperation between other governmental bodies” and adopted the declaration related thereto.

1.3. Executive Council

The Executive Council of IOTA met 5 times during 2008, three times in its previous composition (Czech Republic, Estonia, Germany, Hungary, Ireland, the Netherlands, Slovenia, Sweden and Switzerland) and twice in its new composition (Czech Republic, Estonia, France, the Netherlands, Poland, Slovenia, Sweden, Switzerland and the United Kingdom).

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

- the 2009 draft budget, including the 2009 Work Programme for full and associate members, as well as basic conditions of funding events in 2009;
- the draft IOTA Strategy for 2008-2012;
- the Internal Rules of IOTA which will become effective on 1 June 2008 by superseding the Internal Regulation of 28 September 2004 and its subsequent amendments.
- the establishment of a working group consisting of the PCPs from Sweden, Estonia, Lithuania, Holland and Latvia along with the Secretariat to prepare a draft document on the process of preparation of the future IOTA work programmes;
- the acceptance of the report on the implementation of the Financial Management Strategy in accordance with Strategic Initiative of 3.1 of the IOTA Strategy for 2008-2012;
- the review and evaluation of the projected size and scope of the Annual Work Programme and of the resources that will be required to deliver it to the current high standards in accordance with Strategic Initiative 2.3 of the IOTA Strategy;
- the commencement of the implementation of Strategic Initiative 5.2 of the IOTA Strategy: “To undertake discussions with the OECD (Forum on Tax Administration), the European Commission and other organisations, about the extent to which it would be appropriate, and possible, for IOTA to act as a partner in the European region for the familiarisation or use of tax administration guidelines.”

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 2008.

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 2008 in Budapest, Hungary and in Sarajevo, Bosnia and Herzegovina. During the events, the Principal Contact Persons represented 40 and 35 IOTA members, respectively.

The participants of the Forum shared experiences, discussed challenges and exchanged good practice relating to their responsibilities in consulting with and seeking the requirements of their tax administration for the IOTA technical activities programme.

In addition, the PCPs and their representatives discussed and accepted the proposal of the new procedure for the development of the IOTA technical activities programme developed by the Working Group on IOTA Work Programme and the IOTA Secretariat.

The PCPs and their representatives expressed their concern about the current financial constraints related to hosting IOTA events, which was addressed by the Executive Council of IOTA in the form of the decision on the increase of the basic conditions of running IOTA events in 2010.

1.6. Secretariat

The IOTA staff ensured the successful implementation of the extensive 2008 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 2008.

The IOTA Secretariat organised and facilitated the administrative sessions of the 12th General Assembly of IOTA, meetings with the IOTA President, meetings of the Executive Council of IOTA, meetings of the Internal Auditors of IOTA, meetings of

the 3rd Strategic Working Group, meetings of the Working Group on IOTA Work Programme, 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 an extended duration, 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 2008 was adopted by the 11th General Assembly. The Secretariat organised 23 technical events during the year, as well as the technical sessions of the 12th General Assembly, which is considered both 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 2008 participation in the Area Group extended to 36 tax administrations. The Area Group held two meetings during the year, in Finland/Sweden and in Oslo, Norway during which the participants covered the following topics:

Recent topics discussed by members of this Area Group include:

- Tax evasion;
- Tax avoidance;
- Update of new developments;
- Tax haven issues.

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 spring 2009;
- Definition of a Large Taxpayer - produced their report on the Definition of a Large Taxpayer;
- EDP Audit 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 2009.

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

Participation in the Area Group increased to 29 tax administrations. The Area Group held two meetings in 2008, in Paris, France and in Bern, Switzerland during which the participants covered the following topics:

Recent topics discussed by members of this Area Group include:

- Use of risk analysis techniques;
- Pre-registration and post-registration controls;
- Use of a strategic 'VAT Gap' methodology;
- Individual strategies and initiatives for managing risk in relation to VAT application forms and newly registered companies;
- Use of the 'reverse charge' mechanism;
- Approaches to tackling 'Phoenix' companies, including the use of the 'requirement to provide security' as a means of preventing such VAT frauds;

- The securing of assets;
- Contrived insolvency through the use of liquidators and provisional liquidation;
- Tax evasion schemes and fraud in the cleaning business.

In addition, within the Area Group the following four Task Teams were operational each involving a small number of members as well as national experts with the aim of producing comparative reports on the following:

- VAT de-registration methods, report to be published early in 2009;
- Risk areas, report to be published in early 2009;
- Securing of assets, report published in December 2008.

2.1.3. Area Group Taxpayer Education and Services (TES)

Currently 33 tax administrations participate in the group and the Area Group met twice in 2008, in Krakow, Poland and Brussels, Belgium.

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:

- Digital tax returns and other e-services;
- Dealing with taxpayers' feedback;
- Developing service standards and a code of ethics;
- Effective staff training strategies;
- 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;
- Communication with special interest groups;
- Taxpayer services for migrant workers;
- Quality measurement of taxpayer services;
- Use of 'mystery caller' and 'mystery shopping' initiatives to improve the delivery of taxpayer service

Three task teams worked as part of the Area Group in 2008:

- Fiscal education of the young, report published in late 2008
- External email communications, report to be published in 2009
- The use of public relations and the role of the media in tax administrations, report completed in draft and will be published in February 2009.

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

The Area Group brings together 26 tax administrations and two meetings were held in 2008 in Egmond Aan Zee, the Netherlands and Sofia, Bulgaria and the following topics were covered:

- Construction industry: definition and parameters;

- Construction industry: tax administration organization, strategy;
- Subcontractors: fiscal treatment, withholding tax, detection of fraudulent cases;
- False and fictitious invoices;
- Audit methodologies;
- Horizontal controls;
- Taxpayers education and services approach;
- Strategy towards voluntary compliance;

Three task teams were active in 2008 in the field of:

- Tax audit methodologies related to the construction industry, due to report in 2009;
- Subcontractors' major issues with a special focus on countermeasures implemented by tax administration (reverse charge, withholding tax etc.), due to report in 2009;
- False/fictitious invoices, due to report later in 2009.

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. VAT Fraud

Following the success of the VAT Fraud Case Study Workshop in Krakow, Poland in 2007, an early opportunity was taken by IOTA to include a second event in the Work Programme 2008.

Organised this time in Paris, France from 25 to 27 March 2008, the workshop brought together 46 participants from 27 IOTA member tax administrations at IGPDE, the Public Management Institute and Economic Development Centre in Vincennes, Paris.

The 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 issues on various topics arising from the particularities of the area 'VAT fraud' raised in each case study completed by general and informative presentations.

The workshop comprised the presentations of eight case studies from Serbia, France, Lithuania, Switzerland, Denmark, Belgium, Estonia and Portugal, each followed by a series of questions that were to be discussed arising from the case in working 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 from Denmark, Estonia, Serbia and the United Kingdom, experts in the field of VAT, who supported the Technical

Advisory Committee (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, in the developed workshop concept was well received by the participants.

2.2.2. Financial Instruments: - Intermediate Level and Advanced Level

Two case study workshops were held in the German Federal Tax Academy (Bundesfinanzakademie), Brühl, Germany in week commencing Monday 14 April 2008.

The first, described as Intermediate Level, was attended by 24 participants from 15 IOTA member tax administrations; and the second, Advanced Level, by 18 participants from 11 IOTA members. IOTA was pleased to welcome Dr. Roland, the President of the Tax Academy to open the first workshop and greet participants.

Each event was supported by three experts who selected the cases for presentation and facilitated the group work discussions, providing their expertise and experience in formulating solutions to the cases and helping the exchange of good practice. The tax administrations of Belgium, France and Germany provided the experts who performed the invaluable task of guiding their colleagues through the taxation issues related to this complex and difficult subject.

The workshops were 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 issues related to the taxation of financial instruments raised in each case study complimented by general and informative presentations arising from this area of taxation.

The events were structured around a series of selected case studies and highlighted issues in the area of financial instruments, which were initially presented to the wider group before allowing participants to work together in smaller groups discussing approaches and solutions.

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

There was a general consensus that the level and complexity of the cases and issues discussed were ideal for the participants. The standard of cases continues to improve and there remains a consistently high level of interest in participating in these very practical events.

2.2.3. Transfer Pricing: Intermediate Level and Advanced Level

Following the success of the Transfer Pricing - Intermediate and Advanced level workshops held in 2007 in Brühl, Germany, an early opportunity was taken by IOTA to include another event in the Work Programme 2008.

Organised in Bucharest, Romania from 21 to 25 April 2008, the Intermediate workshop brought together 46 participants from 26 IOTA member tax administrations and the Advanced Level workshop 36 participants from 18 IOTA member tax administrations.

The meeting was opened by Mr. Octavian Deaconu, General Director for International Co-operation, Mr. Wolfgang Büttner, Senior Advisor in the Centre for Tax Policy and Administration of OECD and the IOTA technical advisors.

Jointly organised with the OECD, the 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 issues on various topics arising in the area of transfer pricing

Nine case studies from Switzerland, Denmark, Sweden, Slovak Republic, Poland, Italy, Belgium, Estonia and Latvia at Intermediate Level and nine case studies from Sweden, Denmark, Lithuania, Norway, Finland and the Netherlands at advanced level were discussed during the event

Experts in the field of transfer pricing from OECD, Austria, Germany and Italy supported the Technical Advisory Committee (TAC) in the selection of the case studies and the preparation of the agenda. They also facilitated the discussions during the event and their efforts were much appreciated by the participants.

2.2.4. Application of Tax Treaties

Strong demand from the member administrations led the Technical Advisory Committee and the Principal Contact Persons to decide to include this topic in the Work Programme 2008 by organising a pilot workshop.

The workshop was opened by Mrs. Nelija Jezdakova, the Deputy Head of the Latvian State Revenue and Service and brought together 35 participants from 23 IOTA member tax administrations in Jurmala, Latvia for 2.5 days from 12 to 14 November 2008.

Organised in cooperation with the Latvian State Revenue Service the workshop combined presentations of selected case studies with the opportunity for all participants to share their own views and opinions on the approach to resolving issues relating to the application of tax treaties.

The workshop comprised the presentations of nine case studies from United Kingdom, Austria, Slovak Republic, Latvia, Croatia, Germany, Sweden, France and Poland each followed by a series of questions arising from the case that were to be discussed in working groups sharing approaches and seeking solutions.

Each 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 from Latvia, Slovak Republic, Germany and Italy, experts in the field of tax treaties, who supported the IOTA experts 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.

2.3. Workshops

2.3.1. Human Resources Managing Change

The workshop was held on 12-14 February 2008 at the Danubius Health Spa Resort Helia, Budapest, Hungary.

42 attendees, from 24 IOTA members, were mostly from a Human Resources background (previously known as Personnel Departments). However, also present were Change Management experts, strategic planners and managers, educational specialists, counsellors and those involved in training.

Change management is a highly complex issue for public sector bodies, where continuous changes in legislation bring new requirements almost every day. The critical issue is that change deals with people. Real people, who have hopes and fears, wants and aspirations and often unconsciously, will interpret and report situations and opportunities through the filter of their own experiences and aspirations, and that is what needs to be taken into account.

Over the 2.5 days the participants shared experiences and viewed change from a number of different perspectives:

- What is “change management”?
- How are “change” strategies conceived and implemented?
- What are the potential problems faced by Human Resource Departments when handling change for staff.
- What solutions have been found that enable significant changes to be introduced effectively and constructively for tax administration staff.

Presentations from 9 IOTA member tax administrations giving details of individual members’ change programmes, and the challenges they faced, were supplemented with group work sessions looking in such areas as:

- communication strategies
- the use of competences in re-skilling
- staff surpluses and shortages
- measuring success (or failure)

The event was deemed a great success and the strong hope was expressed that other topics related to Change Management would be included in future IOTA technical activities programmes.

2.3.2. Tax Collection Issues

The workshop was held on 7-9 May 2008 at the European Youth Centre (EYC), Budapest, Hungary.

46 attendees, from 24 IOTA members, were mostly from a Tax Collection Background covering a wide range of knowledge and expertise from working at the level of a local tax office as a head of division to competent officials for tax collection issues in the respective Ministry of Finance.

Tax collection is one of the major elements of each tax administration and therefore the need for inclusion of such a meeting in the IOTA Work Programme was acknowledged by the Principal Contact Persons and the Technical Advisory Committee.

Over the 2.5 days the participants shared experiences and viewed change from a number of different perspectives:

- What is the definition of “tax arrears”?
- How do the different member administrations organise their tax collection process?
- What are the specific problems for tax collection departments in the case of merging organisations within one country?
- How to use soft approaches to convince taxpayers to pay on-time and the full amount of the tax due?

Presentations from 8 IOTA member tax administrations set the framework for the two group work sessions prepared in advance by the TAC.

The event was deemed a great success and participants expressed their satisfaction that the Work Programme 2008 offers a second opportunity to meet with IOTA’s workshop on Risk Management in Tax Collection in October 2008.

2.3.3. Tax Investigation

The workshop was held on 28-30 May 2008 at the European Youth Centre (EYC), Budapest, Hungary.

43 attendees, from 26 IOTA members, came mostly from a Tax Investigation background covering a wide range of knowledge and expertise as working on the level of a local tax office as a head of division or investigator in the field to officials working in the administrations’ office for liaison with partner administrations.

Overall six presentations and two group work sessions were included in the agenda and colleagues provided an insight in various fields and activities of the tax administrations.

The main focus was given to the following topics.

- Legal issues in the field of tax investigation;
- Problems generated by the globalisation of tax crime activities and the need for cross border co-operation between tax administrations;
- Ethical issues in relation to collecting information and making use of it for taxation purposes;
- A need for use of IT to take and related problems like data conversion of seized documentation in digital formats.

The participants underlined the importance of these international meetings on a frequent basis to enable them to discuss technical issues, exchange experience and update each other on new developments.

In addition the event was an opportunity for the delegates to be provided with an overview of the organisation itself and the main targets and strategies for the next years.

2.3.4. Special Interest Workshop: Common Aspects of Merging Tax and Customs Departments

This special interest workshop was attended by 55 participants and organised in Tallinn, Estonia on 18-20 June 2008 in partnership with the Estonian administration. The workshop was designed to provide a forum for officials from interested IOTA tax administrations to discuss the issues arising from the merger/integration of tax and customs agencies. Representatives from 22 IOTA member tax administrations together with personnel from customs agencies and Ministries of Finance, all of whom were either considering such a merger or in the process of merging, came together to hear from and discuss with colleagues from IOTA administrations that have completed the task of merger.

Presentations were provided by the tax administrations of Denmark, UK, Poland, Ireland, Estonia, Spain and Latvia; these were followed by two facilitated discussion sessions, where smaller groups met and shared experiences and approaches in the field of merging public bodies. This was a lively and very interesting workshop, hosted in a most friendly and professional way by the Estonian Tax and Customs Board. Participants left with a considerably enhanced understanding of the challenges and rewards of merging tax and customs agencies.

2.3.5. Benchmarking

Held in Budapest on 25 - 27 June 2008, the meeting gathered 39 participants from 22 IOTA member administrations and a representative from DG TAXUD. IOTA was pleased to welcome Mr Ludwig De Winter from the European Commission as a guest speaker; he presented details of the background and application of Fiscal Blueprints, which are available for use to aid the reform of tax administrations.

This workshop was designed to share good practice in the area of benchmarking and the application of Excellence Models. Aiming to address the management and measurement of performance in the public sector, the workshop included contributions by way of presentations and collaborative activities in order to help IOTA members develop plans on how to adopt good practice, with the aim of increasing the quality of services provided by tax administrations.

Other contributions came from the tax administrations of Norway, France, Ireland, Spain, Germany, Italy and FYR Macedonia; these country experiences stimulated lively debate, and participants learnt about the various processes being used to measure performance. Two group work sessions allowed participants to exchange on the place of benchmarking in our tax administrations (definition, models used, experience of international benchmarking, scope, etc.) and its implantation (reasons, obstacles, benchmarking core functions, front and back offices, measurement of performance etc.).

Delegates expressed their willingness to further encourage mutual collaboration between tax administrations in the field of benchmarking.

2.3.6. Risk Management in Tax Collection

The workshop was held on 1-3 October 2008 at the European Youth Centre (EYC), Budapest, Hungary.

54 attendees, from 31 IOTA members, were from a Tax Collection or Risk Management background covering a wide range of knowledge and expertise from working at the level of a local tax office as a head of division to competent officials for tax collection issues in the respective Ministry of Finance.

Tax collection is one of the major elements of each tax administration and therefore the need for inclusion of such a meeting in the IOTA Work Programme was acknowledged by the Principal Contact Persons and the Technical Advisory Committee; risk management activities in that field are going to be developed in most administrations but only a small number has already started activities and gathered experience. The challenge for each administration identified during the workshop was to bring together experts from both groups, the tax collection and the risk management, to understand each other and enabling them to create a valuable set of tools to collect taxes more efficient and less costly for the administrations.

Over the 2.5 days the participants shared experiences and exchanged views from different perspectives:

- What are the similarities of risk management in general and in the field of tax collection?
- What are possible fields of co-operation nationally and internationally to optimise risk management in tax collection?
- Which sources of information can your tax administration use to create a list of risk indicators/parameters?
- A list of the risk indicators/parameters your tax administrations use to identify risky taxpayers.

Presentations from four IOTA member tax administrations set the framework for the two group work sessions prepared in advance by the TAC.

The event was deemed a great success and participants expressed their satisfaction that the Work Programme 2008 offered a second opportunity to meet with IOTA's workshop on Risk Management in Tax Collection after the successful first workshop in May 2008.

In addition the workshop was used to introduce the results of the Task Team 'Securing of Assets' to the group of collection experts from most of the IOTA member administrations.

2.3.7. E-Audit Tools and Techniques

This workshop was designed as a forum for discussion to share good practice in the area of e-audit tools and techniques.

E-audit was part of the 2006 IOTA work programme with the organisation of a pilot workshop during the course of which an overview of e-audit tools and techniques was provided. In 2007 a follow-up event took place in order to offer a training session to those countries that had not yet implemented any e-audit strategy or had only limited experience.

The 2008 workshop aimed to combine these two complementary approaches: overview of audit-tools and organisation of a training session, by providing a forum for personnel from the IOTA tax administrations to share experiences of current approaches to e-audit.

To address the new solutions and means that have been recently implemented, the workshop included theoretical contributions by way of presentations and collaborative activities or “hands-on” with the objective of helping the IOTA members develop plans on how to adopt good practice but also the objective of increasing the quality and effectiveness of processing e-audit techniques used by tax administrations.

Six IOTA tax administrations were invited to make presentations and they gave practical demonstrations of the software that they have developed or adopted to assist the auditing of taxpayers, using computerized accounting systems.

The agenda comprised six presentations related to e-audit (e.g. technical and legal environment; possibilities, limits and constraints of e-audit, etc.) through the presentations of some e-audit tools and “Hands-on” presentations in smaller groups during which delegates actively participated.

These practical sessions consisted in presentations designed to describe the process of analysis and auditing an e-audit file.

2.3.8. The Role of the Media and its Relationship with Tax Administrations

This workshop in Budapest, attended by 40 participants from 21 IOTA member tax administrations, was designed to explore the relationship between the tax administration and the media.

The aim of this workshop was to combine presentations and working group sessions covering practical and theoretical aspects in the relationship between the media and the tax administration:

- to examine how the Media can help to build good relationships,
- how to influence public opinion through the media
- how to advise staff when they are approached by journalists
- training programmes for staff who have contact with the media
- how to respond to potentially damaging news items.

The meeting was opened with a presentation by Mr Yves Cappelier, Belgium, giving an overview of the report prepared by an IOTA task team entitled PR and Marketing in IOTA Tax Administrations, which is to be published shortly on the IOTA website. This was followed by presentations from Bulgaria, Poland, Hungary and Azerbaijan each describing their involvement with their local media.

On the second day more specific issues were addressed including a presentation from the UK describing the circumstances that led up to the data loss in 2007 and how the UK press office operated during the crisis. There were also very interesting presentations from Ireland, Sweden and Denmark. Each day included an opportunity for the participants to meet in smaller groups to discuss specific issues arising during the event.

The quality of presentations and discussions was very high and contributed to the success of the event and there was a clear consensus amongst delegates that this topic should be considered for inclusion in future IOTA work programmes.

2.4. Training Forum

The 5th annual IOTA Training Forum was organised on 14-16 May 2008, in Budapest, Hungary. It saw 60 participants from 31 member tax administrations taking part, making this the most popular IOTA event to date.

Topics discussed over the two days included *Return on investment* as a measure of the value of training and *Technology Enhanced Learning*. The Training Forum is a natural venue for sharing innovation and good practice and this year it was particularly useful listening to the informed feedback from the small working groups organised during the event and many new ideas emerged and were discussed.

Also included was what we hope will become a regular feature described as *Training Headlines*. This was a session that gave the opportunity for participants to briefly describe noteworthy new ideas, achievements and initiatives or challenges overcome relating to training/learning from their own tax administration. A limit of 5-10 minutes for each contributor was set to give some details of what is currently hot news back home.

Feedback was very positive and participants are already considering further improvements and new ideas for the next Training Forum in 2009.

2.5. Enquiries Service

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

In 2008 the Technical Advisory Committee of the IOTA Secretariat continued to deal with technical enquiries, receiving 34 requests from IOTA Member tax administrations, seeking information and assistance from the IOTA membership.

The topics of enquiries made in 2008 include:

- Transfer of Property
- E-goods and services
- Tax Appeal systems
- Car trading - official documents
- Contact Centres

- VAT exemptions
- Business process models
- Redress

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.

2.6. 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.

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.

For the year 2008, IOTA published one issue of the magazine with the following title:

- In Focus... The Technical Activities Programme 2008 (Issue 25).

In 2008 the Tax Tribune included 200 pages (25% increase in comparison with the previous year), comprising 49 articles (~30% increase in comparison with the previous year) from 26 IOTA Member tax administrations and covering all the topics discussed during the IOTA technical events in 2008.

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.

2.6.2. 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 technical outputs from Task Teams can take a number of forms such as good practice guides, reports or comparative studies, or even knowledge databases. In 2008 the Task Teams were working towards producing outputs using new electronic media rather than traditional publication methods.

From June 2008 the following reports were published on the IOTA website:

Prevention and Detection of VAT Fraud:

- VAT Registration Forms
- Securing the Assets

Taxpayer Education and Services:

- Pre-Filled and Electronic Income Tax Returns
- Fiscal Education of Young Taxpayers

Large Taxpayer Treatment and Audit:

- Definition of Large Taxpayer

The remaining Task Teams were working on reports to be published in 2008/2009:

Prevention and Detection of VAT Fraud:

- VAT Risk Areas
- De-Registration

Taxpayer Education and Services:

- Public Relations and Marketing for Tax Administrations
- Email Management

Large Taxpayer Treatment and Audit:

- Structure and Organisation of Large Taxpayer Units
- Audit Procedures - EDP Audit

Treatment of Specific Industries: Construction:

- Audit Methodologies in the Field of the Construction Industry
- Subcontractors in the Construction Industry
- False/Fictitious Invoices in the Construction Industry.

2.6.3. Post-Event Reports

The main target groups for the post-event reports are participants at the IOTA technical events and IOTA Principal Contact Persons. 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 2008, 22 post-event reports (22% more in comparison with the previous year) were prepared by the IOTA technical experts for circulation to the IOTA membership. From 2008 all the post-event reports of IOTA technical events could 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 planned technical events programme and the structure and organisation, the Secretariat issued the "IOTA Booklet 2008/2009" as a tool in promoting IOTA to a wider audience of interested parties.

2.6.5. IOTA Website Newsletter

Following the 2008 development stage, from January 2009 the IOTA Secretariat commenced 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.

2.6.6. Website

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

It was only the first stage of the new IOTA website development as it was considered to be very important to have continuous development based on the latest requests and needs of our membership and also taking into consideration recent technological innovations.

As a result two more development stages were already implemented within 1.5 year after launching the website, and starting from the beginning of 2009 the 4th stage has started:

- 1st stage - development until June 2007:
 - Content: virtual library; presentation materials; updated IOTA news and calendar items; information about each Member tax administration; complete information on IOTA (for general public - basic information; for registered users - materials from IOTA technical and administrative activities, IOTA publications and administrative documents).
 - All the basic functionalities were created: news management system with archive; events - activities management - calendar; reference library module; user management; search engine optimization; easy content management system; discussion forums; e-registration for IOTA events; digital photo and video gallery tool; profound website and user statistics; private messaging module.
- 2nd stage - June 2007/February 2008:
 - Content: PCP Corner; General Assembly (1997 - 2008) pages; international missions' pages; AG "TSIC" Task Team pages; IOTA Summaries of Enquiries in the library.
 - Functionalities: (new) possibility for registered users to see who is online; major library development; regular backup procedures; analyzed website security system; (improved) users management system; messaging system; registered users directory, password reminder function, e-registration procedures and forms.

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- 3rd stage - February 2008/December 2008:
 - Content: IOTA Reports for Tax Administrations; PCP Forum pages; former members of IOTA Secretariat.
 - Functionalities: (new) newsletter; e-mail subscription management; glossary database; information on the latest gallery items on the home page; information on the latest registered users on the home page; (improved) registered users directory, improved home page layout.
- 4th stage - from January 2009:
 - Functionalities: (new) Task Team reporting tool - knowledge database.

Website Statistics for 2008

In January 2009 1165 (50% increase in comparison with the previous year) registered users from the IOTA Member tax administrations have created profiles on the IOTA website.

Statistics on registered users by IOTA Member tax administrations from January 2009 in comparison with statistics from January 2008 (in brackets):

Albania	6 (4)	Kazakhstan	1 (0)
Austria	50 (25)	Latvia	31 (14)
Azerbaijan	26 (10)	Lithuania	24 (8)
Belarus	1 (0)	Malta	12 (9)
Belgium	32 (12)	Moldova	10 (5)
Bosnia and Herzegovina (ITA)	18 (9)	Montenegro	3 (3)
Bulgaria	40 (16)	Netherlands	31 (14)
Croatia	51 (39)	Norway	17 (9)
Cyprus	9 (4)	Poland	98 (69)
Czech Republic	29 (10)	Portugal	52 (5)
Denmark	48 (32)	Republic of Srpska (B&H)	7 (4)
Estonia	34 (18)	Romania	25 (7)
Finland	42 (24)	Serbia	17 (8)
France	23 (12)	Slovakia	26 (13)
Georgia	2 (3)	Slovenia	36 (16)
Germany	44 (26)	Spain	16 (6)
Greece	6 (6)	Sweden	81 (35)
Hungary	16 (9)	Switzerland	29 (13)
Iceland	4 (3)	FYR Macedonia	14 (10)
Ireland	28 (8)	Ukraine	6 (5)
Italy	62 (16)	United Kingdom	40 (23)
Jordan	4 (3)	IOTA Secretariat and other accounts	14 (9)

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Statistics on registered users by specific user groups (January 2009):

- Principal Contact Persons 43
- Executive Council members 10
- AG Taxpayer Education and Services members 29
- AG Large Taxpayer Treatment and Audit members 32
- AG Prevention and Detection of VAT Fraud members 31
- AG Treatment of Specific Industries members 27

During the period from 1 January 2008 until 1 January 2009 altogether there were 201,654 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 549.47 sessions (twice more than in the previous year).

There were 1,728,083 page views (daily average - 4,708.67, which is also twice more than in the previous year), 3,600,946 hits (daily average - 5,811.84), average page views per session - 8.57, average hits per session - 17.86, and average length of session ~ 11 minutes.

Altogether the IOTA Secretariat was administering and updating 175 pages of the website. In 2008 IOTA received 102 items of news for the News Section of the website whereas the Reference Library of the website was complemented with 304 new materials.

3. EXTERNAL RELATIONS

In line with Strategic Initiatives 4.3 and 5.1, some operations of the Organisation focused on ensuring that the role of IOTA be known by regional and worldwide players in the field of taxation, as well as maintaining good working relations with international organisations and institutions working in the tax administration area so that IOTA is able to engage positively and constructively with them and that any inefficient duplication of effort is avoided.

During the year 2008 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 2008, IOTA continued co-operation with the Directorate General Taxation and Customs Union of the European Commission. As a result, one workshop titled “Benchmarking Performance” was organised in Budapest, Hungary on 25-27 June 2008 with a technical support from DG TAXUD.

The representative of the IOTA Technical Advisory Committee participated in the EU Risk Management Platform activities organised within the framework of the Fiscalis, including the meeting held in Stockholm, Sweden on 26 November 2008. As a member of the Steering Group, an IOTA expert assisted in the further development of the platform and dealt with the preparation of a catalogue of implemented risk tools in the EU Member States to be delivered by a subgroup consisting of delegates from Belgium, France, Portugal, Germany, United Kingdom and IOTA. The whole project will be finalised in 2009.

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 EU documents related to tackling VAT fraud and electronic invoicing.

In addition, the representatives of IOTA and the European Commission held a meeting on 14 November 2008 in Stockholm, Sweden. The objective of the meeting was to discuss the enhancement of the co-operation between IOTA and DG TAXUD. Having expressed the satisfaction with the long-standing record of the robust co-operation, the participants of the meeting focused on the ways of finding further synergy in the activities offered by the European Commission and IOTA.

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 organised case study workshops for intermediate and advanced levels on transfer pricing in Bucharest, Romania on 21-25 April 2008 with a technical support from OECD.

The IOTA expert participated in the 50th Anniversary of the Model Tax Convention held on 8-9 September 2008 in Paris, France whereas the IOTA President and Executive Secretary took part in 4th OECD Forum on Tax Administration held in Cape Town, South Africa on 11-12 January 2008.

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.

In line with the agreement, the President of IOTA participated in the 42nd CIAT General Assembly held on 21 - 24 April 2008 in Antigua Guatemala, Guatemala.

3.4. Other

An IOTA expert participated in the Meeting of the Ad-Hoc Group on Transfer Pricing Issues, organised by the United Nations (UN) on 27-28 August 2008 in Amsterdam, the Netherlands. The topic of the meeting was focussed on the influence of transfer pricing issues (mispricing) and its influence on the budget and fund raising of developing countries. UN was very much interested in the work of IOTA as they accepted IOTA as a valuable contributor in the field of tax administration.

On 18 December 2008 in Tirana, Albania, the Executive Secretary of IOTA participated in the second meeting of Directors General of tax administrations of the Balkan region. The main topic of the event was "Modernisation of Tax Administration - Key for Successful Reforms in Any Country". In the course of the meeting, IOTA presented its work programme for 2009. In addition, the participants discussed the expectations and needs of the Balkan tax administrations in respect of co-operation with IOTA.

In response to an invitation from the International Fiscal Association, the IOTA President and Executive Secretary attended the Congress of this Organisation on 31 August - 5 September 2008, Brussels, Belgium. During the event, the IOTA representatives met with the IFA management and discussed the possibilities of mutual co-operation, including the exchange of information and use of IFA academics during the IOTA events. The principles of the co-operation were to be agreed in 2009.

4. SPECIAL THANKS

IOTA would like to give special thanks to the following, all of whom contributed significantly either to events during 2008 or to our publications.

4.1. 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:

- Reino Nielsen, Denmark
- Keith Barry, UK
- Sanda Malevic, Serbia
- Rando Undrus, Estonia

- André Nsabimana, Belgium
- Christian Borie, France
- Jörg Bender, Germany

- Gerhard Steiner, Austria
- Roland Macho, Austria
- Horst Kolb, Germany
- Paolo Barbantini, Italy

- Birgit Hirscher, Germany
- Gianluca Pirozzi, Italy
- Dana Slivkova, Slovak Republic
- Kevin Madley, UK

4.2. 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 2008.

4.2.1. Area Group Taxpayer Education and Services

Prefilled and Electronic Tax Returns:

- Tunde Egerhazi (Hungary),
- Lise Halvorsen (Norway),
- Kay Kojer (Sweden)
- Carlos Six (Belgium)
- Carmen Muniz Sanchez (Belgium)

Fiscal Education of the Young:

- Bo Helbaek Thomsen (Denmark);
- Malene Bonavent (Denmark);
- Tünde Egerhazi (Hungary);
- Andre Booms (Netherlands);
- Jon Arild Ruud (Norway);
- Victoria Goverdovskaya (Ukraine).

4.2.2. Area Group Prevention and Detection of VAT Fraud

Securing of Assets

- Allan Caspersen (Denmark)
- Heidar Hilmarsson (Sweden)
- Reino Nielsen (Denmark)
- Maurice O'Connor (UK)
- Marie-Claire Prigent (France)
- Lennart Sennmark (Sweden)

4.2.3. Area Group Large Taxpayer Treatment and Audit

Definition of Large Taxpayers

- Marja Hälli (Finland);
- Daniel Bovigny (Switzerland);
- Tea Haaviste (Estonia);
- Maria Gabriella Lusi (Italy);
- Liliana Manea (Romania);
- Aniko Réfi (Hungary);
- Lidija Stojanovic (Serbia);
- Danijela Tesic (Republic of Srpska of B&H);
- Vanessa Mauri (Switzerland).

4.3. Hosting Administrations

The following administrations kindly hosted events in 2008:

- Belgium
- Bulgaria
- Finland
- France
- Germany
- Latvia
- Netherlands
- Norway
- Poland
- Romania
- Switzerland

4.4. 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 43 member administrations.