

Public interest, societal expectations and transparency: "the new normal" and its impact on effective operation of tax systems

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What do we mean by “effective operation of tax systems”?

“A cultural normality where taxpayers, advisers and the tax authority work together in a relationship that is collaborative and professional, robustly recognising their distinct roles when differences of opinion occur, and with the outcome that taxes intended to be collected under the law are collected as efficiently as possible.....”

? A relationship where....

Taxpayers

- *comply with their statutory tax reporting and payment obligations;*
- *disclose all relevant income and gains, together with information necessary for the tax authority to assess the position;*
- *make reasonable efforts to understand the proper application of the law to their circumstances;*
- *openly discuss points of uncertainty or disagreement;*
- *pay taxes correctly due when they become due;*
- *Work collaboratively and professionally with tax authorities as they carry out their responsibilities, including making reasonable enquires to satisfy themselves on compliance.....*

? And tax authorities are trusted to:

- *apply the law fairly and consistently to all taxpayers;*
- *publish their opinion on the correct application of the law where this is not clear from the law itself;*
- *assist taxpayers in accessing reliefs where they are entitled to do so;*
- *openly discuss points of uncertainty or disagreement, and reach resolution as efficiently as possible;*
- *make it as easy as possible for taxpayers to comply with their tax reporting and payment obligations;*
- *maintain appropriate confidentiality of taxpayer information, in accordance with laws and regulations in place;*
- *flag to their Governments areas where they believe the law is not operating as intended, such that proper consideration can be given to whether the law should be changed;*
- *deal with enquiries on a taxpayer's affairs as efficiently as possible, including risk-assessment driven selection of tax audits;*
- *recognise that their opinion on the application of the law may be challenged under proper legal process, and that an important part of trust in the tax system is that taxpayers can instigate such challenge, seeking independent professional advice where they feel the need to do so.*

“The new normal” – our changed and changing environment

- Broader range of stakeholders, with conflicting views
- Media, political and public interest
- Supporting conflicting policy aims
- Confusion between “the system” and behaviour
- Call for greater and greater transparency
- Technological advancement
- Access to information (official and unofficial)
- Greater co-working and sharing of information between tax authorities
- Implementation of changing international rules & agreements
- Segmentation of taxpayers (customer experience and enforcement)

“The new normal” – our changed and changing environment

All of these changes bring both opportunities & challenges in the quest for improvement in systems, and trust in those systems

“The new normal” – our changed and changing environment

The challenge for all of us as we work together in this dynamic and challenging world is to hold on to the benefits (for society as a whole, not just for business) of professional collaboration, working together in relationships of integrity and respect which nevertheless robustly recognise differences in roles.

And to do so in a way which can build trust in the way we – and the system as a whole – operate.

Developing countries & capacity building

The benefits of private sector involvement & the barriers.
Can we overcome them?