

IOTA WORK PROGRAMME 2018



IOTA

Intra-European Organisation
of Tax Administrations

Executive summary

One of the main strategic directions set out in the IOTA Strategy 2018-2022 is to offer a flexible work programme, including tailored events for regional or specific priorities and inter-member collaboration projects, etc. A considerable part of the strategy process has been focused on formulating the strategic and operational objectives of IOTA for the forthcoming 5-year period along with the strategic action lines of the Implementation Plan. The formulation of IOTA Work Programme for 2018 has been aligned to the strategy process. The strategy process has also contributed to defining **4 priority areas of IOTA work**. For each of these priority areas, IOTA Secretariat together with the Strategy Group has identified sub-priorities based on which activities of IOTA will be conducted with sufficient interest to attract the participation of different target groups from IOTA member tax administrations.

It is important for IOTA Work Programme to ensure more involvement from the membership's most senior members. The IOTA Secretariat has re-defined the target groups of activities **broadening their range from tax officials with specific expertise to senior executives**, thus creating more opportunities for targeted and diversified IOTA deliveries.

Furthermore, the portfolio of **IOTA activities has been added with Benchmarking** offering the members to conduct benchmarking initiatives by comparing performance, processes and functions that can potentially lead to improvement.

Also, the IOTA Work Programme will bring **more diversity and flexibility** providing opportunities to organise **tailored (special interest, regional or country specific) events and intra-collaboration projects with tangible products and outputs** to address urgent needs for a collective and immediate action or solution, particularly requiring multilateral and cross-border co-operation between IOTA members.

The IOTA Secretariat plans to organise a maximum of **21 technical activities and 4 projects** under the Work Programme 2018 which will provide **opportunities for a more active engagement of IOTA members** and will support tax administrations in their response to the complex and formidable challenges they currently face globally.

Some of the IOTA activities have been planned with a view to **continue and further advance the work already being successfully undertaken by IOTA** through the established forums and expert groups in the specific areas (e.g. combating VAT fraud, use of data from AEoI, implementation of BEPS, debt management, learning and development, etc.).

A number of activities have been incorporated into the Work Programme for 2018 on the basis of the **proposals collected from IOTA membership** during the consultation conducted by IOTA Secretariat in May 2017.

The 2018 Work Programme will also include at least **6 activities open and flexible for collaborative initiatives** of the membership to address new developments and to meet the key emerging challenges for tax administration.

IOTA will focus in 2018 promoting and facilitating **a maximum of 4 multilateral projects** with tangible and easy accessible results and deliverables for multiple and/or specific target groups within IOTA membership.

In 2018, IOTA will seek to **offer most adequate formats of events and innovative forms of action** (case study workshops, workshops, video conferences, webinars, etc.) for identifying and supporting the implementation of good tax administration practice.

IOTA will continue to address areas (e.g. BEPS, FATCA, AEoI, share of information on aggressive tax planning trends, etc.) where **closer cooperation, correlation and/or complementary activities** to the work already completed or being underway by other international organisations, such as OECD, European Commission, IMF, etc., is essential.

Priority 1: Progress in e-services and quality of taxpayer services

Sub-Priority: *Digitalisation of taxpayer services*

More specifically the work of IOTA may include, but not be limited to:

- › follow-up to ongoing progress towards **full online tax administration** offering end-to-end, modern e-services meeting the highest standards of security while being easy to access and use
- › explore the innovative efforts of **partnership with other government agencies and third parties** as well as successful implementation of **customer engagement strategies** to provide high-quality services through secure digital and self-service channels

Activity: The newest possibilities and future trends of taxpayer services (workshop)

The aim of this workshop will be to get acquainted with forward-looking solutions applied in IOTA member countries in order to increase customer understanding, use of robotics in taxpayer services as well as develop tailor-made service paths for customer segments.

Furthermore, the event will provide a great occasion for experts to share new ideas for solutions and to discuss the use of cutting-edge mobile technology, pre-populated tax returns, special client identification methods, digital communication channels as well as electronic possibilities of intermediaries (persons and organisations as well).

Priority 2: Development of IT and implementing new technological solutions

Sub-Priority: *Use of cutting-edge technology and intelligent solutions*

More specifically the work of IOTA may include, but not be limited to:

- › analyse existing approaches of **developing a flexible and agile technology environment** that enables IT to create automated, transparent processes allowing tax administrations to improve operational efficiency, increase collections and compliance

Activity: Application of machine learning methods in tax administration (special interest workshop)

This special interest workshop will explore the possibilities of applying the machine learning methods in tax administration (for instance online cash registers, e-invoices reported data in the electronic public road trade control system). Participating IOTA member tax administrations will exchange experiences in relation to the application of the machine learning system, present case studies demonstrating concrete advantages as well as possible disadvantages and risks, respectively, of the introduction of such system.

Sub-Priority: Use of big data and the deployment of analytics

More specifically the work of IOTA may include, but not be limited to:

- › identify and promote **solutions maximising access to and use of data, intelligence and analytics** to conduct the real-time identification of potential risk and promptly tackle tax non-compliance and evasions
- › help **to expand and sharpen research and analytics capabilities** fostering a culture of evidence-based and data-driven decision making across IOTA member tax administrations

Activity: Use of techniques and modern tools for big data processing (workshop)

The event will provide IOTA member tax administrations with an opportunity to learn about newest IT tools for structuring data/preparing data for analysis (preliminary analysis) and presenting results and evolutions as dashboards/datamining/web-scraping/social network analysis. It will offer the insights into best practices of IOTA members with advanced experience in applying data analytics in risk analysis in the field of online transactions.

Priority 3: The administrative capacity of Tax Administrations

Sub-Priority: Human Resources development and smart management of staff

More specifically the work of IOTA may include, but not be limited to:

- › identify and support dissemination of best practices regarding **workforce planning and integrated Learning & Development strategies** to enable transformational change, build an agile, engaged and skilled workforce (including the work of **IOTA Forum on Tax Professional Learning and Development**)
- › encourage innovative thinking in member tax administrations and identify **new approaches for staff performance management**

Activity: Tax Professional Learning and Development (TPLD) Forum

IOTA members are continually challenged with the task of maintaining staff with diverse, advanced skill sets. An additional challenge is “ageing” where a considerable percentage of employees in majority of tax administrations across Europe is currently eligible for retirement. These employees possess valuable experience, knowledge and skills that tax administrations cannot allow to disappear.

As Tax administrations respond to the challenges of constant change in cost effectively maximising administration’s performance, the Tax Professional Learning and Development (TPLD) Forum is vital for developing staff, not only to respond to these challenges but also to predict them. The Forum provides an effective practical platform for sharing innovations and changes relating to:

- organisational learning and development management, training strategy and learning systems management;
- designing and implementing learning events;
- new learning innovations;
- new training techniques and methodologies;
- new technology that aids learning and development

The following areas will be covered by the TPLD Forum under the Mandate for the period of 2018:

- › Support implementation of knowledge management solutions and effective methods of identifying and closing skill gaps in tax administrations.
- › Explore new tendencies in professional learning and development, including establishment of Professional Development Centres, Learning Management System, and talent management in tax administrations.
- › Identify and support dissemination of best practices regarding development of leadership and creation of a coaching culture.

The Forum's programme is focused on interaction and innovation and includes icebreakers, a variety of networking possibilities, individual and group activities, reflection times, participant-led work sessions, parallel 'show, share, lead and learn' sessions, team work, etc. A Steering Group, comprising of staff training and development experts from Austria, Estonia, Poland and United Kingdom, together with the IOTA Secretariat, plan and prepare the Forum's meetings (organising the session(s), making agreements with content creators, breaks, venue, technological issues etc). During the Forum's meeting, the responsibilities are divided between Steering Group members to support the organisation of the event and the delivery of the sessions during the Forum.

Priority 4: Tax Compliance

Sub-Priority: *Combating international tax avoidance and aggressive tax planning*

More specifically the work of IOTA may include, but not be limited to:

- › assist and facilitate **the implementation on AEOI, CRS and FATCA**, identification of challenges for conducting automatic exchange of information, and development of effective ways to access and use global tax information (including the work of **IOTA Forum on Use of data from automatic exchange of information**)
- › support member tax administrations to work collaboratively towards meeting the emerging **challenges of the BEPS implementation** (including the work of IOTA Forum on Implementation of measures to counter BEPS)
- › facilitate and contribute to the **OECD's work of Inclusive Framework on BEPS** in Eastern Europe and Central Asia region

Activity: Forum on Use of Data from Automatic Exchange of Information (AEOI)

The focus of the Forum's work will be on the development of effective ways to access and use the Common Reporting System (CRS) data in the following priority areas:

- › To ensure that all domestic Financial Institutions (FIs) are identified as (non-) reporting FIs by the tax administration, and to ensure compliance of FIs;
- › To ensure proper risk-management (incl. risk analyses, data mining, risk profiling, use of segmentation), assure that the received data is declared by the taxpayer, and map the financial interests and cross-border operations of taxpayers;
- › To match the received and examined CRS information with the tax return submitted by the taxpayer (e.g. gross proceeds are not similar to capital gains, dividend income does not specify the residency of the dividend paying company);
- › Methods to properly perform risk-analyses to identify high-risk taxpayers;
- › Identify and improve methods and tools for using data to identify non-compliance by FIs and taxpayers (e.g. improving knowledge of and predicting tax evasion behaviours, profiling, network analyses, aggregation of received information from multiple jurisdictions regarding the same taxpayer);
- › To improve the IT-systems for the procedural steps in CRS reporting and Exchange;
- › Improving co-operation with other governmental agencies such as the ones in charge of the fight against money-laundering; Deterring taxpayers from engaging in tax evasion practices through mass and targeted communication building on CRS data;
- › Improving compliance and customer service by pre-populating more asset-related fields within a tax return;

The Steering Group, containing AEOI experts from Austria, Belgium, Germany, Latvia, and Norway are involved in the activities of the Forum as well as from an international partner organisation (the Global Forum on Transparency and Exchange of Information for Tax Purposes). Together with the IOTA Secretariat, the Steering Group will act as the driving force, providing consultations on planning and co-ordination of the work of the Forum, and assist the IOTA Secretariat in the preparation of the Forum meetings. Also, the group will steer and closely monitor the achievement of overall objectives by the Forum, as set out in the mandate 2018-2019, and foster discussions revealing effective ways to access and use of data under Common Reporting Standard (CRS).

Activity: Forum on Implementation of measures to counter Base Erosion Profit Shifting (BEPS)

Within a scope of the Mandate for 2018-2019, the work of IOTA Forum will primarily focus on specific aspects of four minimum standards (harmful tax practices, tax treaty abuse, country-by-country reporting, dispute resolution) under the BEPS Action Plan, and more specifically with regard to:

- › Enhancing the process of automatic exchange of information on tax rulings, with a particular focus to improve quality and content of the rulings summaries exchanged, and to ensure effective implementation of the transparency framework under Action 5 of the BEPS Action Plan and EU DAC.
- › Supporting the consistent implementation of 'Country-by-Country Reporting' under Action 13 of BEPS Action Plan, considering the challenges tax administrations face and sharing the solutions being successfully adopted to fulfil the reporting requirements.

- › Offering suitable organisational and structural solutions for optimising the process of handling MAP requests under the Action 14 'Dispute Resolution' based on existing experience of participating tax administrations.
- › Facilitating the establishment of a common practice towards application of provisions (which are part of the four minimum standards) under Multilateral Instrument (Action 15).

The Steering Group, comprising of BEPS experts from Georgia, Italy, Sweden, and as well as from international partner organisation (OECD) are involved in the activities of the Forum. Together with the IOTA Secretariat, the Steering Group will act as the driving force, providing consultations on planning and co-ordination of the work of the Forum, and assist the IOTA Secretariat in the preparation of the Forum meetings. Additionally, the Group will steer and closely monitor the achievement of overall objectives by the Forum, as set out in the Mandate 2018-2019, and foster discussions revealing good practices adopted by IOTA tax administrations regarding implementation of four minimum standards of BEPS Action Plan, and other relevant topics that have an impact on tax administrations' work.

Activity: Regional meetings of the Inclusive Framework on BEPS for Eastern Europe and Central Asia

These meetings are a key element of the OECD Inclusive Framework, enabling all countries and jurisdictions to discuss the implementation of the BEPS package on a regional basis, and feed their perspectives into the global dialogue. The purpose of the regional meetings is also to:

- › Provide participants with an update on recent developments in the Inclusive Framework on BEPS including its governance and membership and on the implementation of the BEPS Package including its minimum standards as well as the work on toolkits to address developing countries' needs.
- › Prepare for participation in the upcoming meetings of the Inclusive Framework on BEPS, including the Committee on Fiscal Affairs meetings, as well as the various Working Party meetings.
- › Provide an opportunity for countries to input their views, concerns and needs into the Working Party and inclusive framework discussions in a coordinated and more effective way.

In 2018, IOTA will seek to further advance the strategic partnership with OECD in supporting the organisation of regional meeting and channelling input from its memberships within the Eastern Europe and Central Asia region to fill the gaps between the OECD Inclusive Framework and the Working Party meetings.

Sub-Priority: Preventing tax evasion and fraud

More specifically the work of IOTA may include, but not be limited to:

- › assist and facilitate collaborative efforts to meet the emerging non-compliance challenges, in particular, **shadow economy activities**
- › promote sharing of knowledge and experience on **new VAT fraud trends**, strengthen cooperation among tax administrations **within and outside EU** to prevent and combat VAT fraud (including the work of **IOTA Forum on Combating VAT Fraud**)

Activity: *Forum on Combating VAT Fraud*

The IOTA Forum on Combating VAT Fraud will continue to operate as an important platform for experts of IOTA member tax administrations to discuss strategies and practical application of working methods and tools developed to effectively tackle VAT fraud. In 2018, focus will be on:

- › Cooperation between Tax Administrations and genuine businesses to establish more effective ways to prevent and combat VAT fraud;
- › Detection and combating Virtual VAT Fraud – virtual companies, virtual alternative payment systems, cloud computing, Dark Web etc. (Might be a duplication of the proposed e-commerce workshop);
- › Analysing how e-invoicing systems could facilitate the prevention of VAT Fraud;
- › Awareness of use of alternative systems for handling money-flow as part of VAT fraud;
- › Identify obstacles/ possibilities for increased cooperation between EU and non-EU countries to detect and prevent Cross Border VAT Fraud, relating to services/intangibles.

In 2018, the IOTA Forum will also seek to establish a Task Team to conduct a study on 'Alternative methods of indirectly tackling VAT fraud by identifying new opportunities/techniques' in order to analyse what actions IOTA members take towards fraud facilitators (lawyers, transporters, accountants, and freight forwarders).

The Combating VAT Fraud Forum is mandated for a two-year period, holding one meeting each year. A Steering Group composed of VAT Fraud experts provides advice and guidance in defining a mandate that takes into consideration the needs and expectations of the IOTA membership. The current Steering Group is represented by the IOTA member tax administrations of Albania, Denmark, Norway, Sweden and United Kingdom. They are responsible for setting the agenda for each meeting and assist in identifying expert speakers from their extensive VAT Fraud networks that are in line with the overall objectives of the forum mandate.

Sub-Priority: *Compounding the complexity and risk of digitalised economy*

More specifically the work of IOTA may include, but not be limited to:

- › facilitate development of common approaches (e.g. identification, registration, reporting, tax filing, support and guidance) to **tax compliance of digital economy operators**
- › promote knowledge sharing on new business models as well as exchange of experiences on **practical application of tools and techniques for searching, capturing, analysing and using data** obtained from sharing economy platforms
- › identify and support introduction of new, more effective methods to exchange data between tax administrations on **complex cross-border transactions** from digital economy platforms trading across borders



Activity: Ensuring tax compliance of digital economy operators (workshop)

The e-commerce is continuously developing meaning that newer and newer business schemes emerge, which means challenge or risk for tax authorities.

The workshop would address and analyse new business schemes along with approaches of tax administrations for identification of digital economy operators, control activities and alternative guidance measures to facilitate tax compliance.

Activity: Tools for monitoring e-commerce (workshop)

This workshop will seek to increase the knowledge of the newest IT tools for internet monitoring as well as with the operational practice of internet monitoring solutions and systems applied in IOTA member countries.

The workshop will be of practical kind where advantages and disadvantages of the usage of certain tools as well as experiences of gathering open source data from the internet will be presented.

The event will explore technical solutions for advanced use of internet resources, including open source intelligence (OSINT), scraping, systematising the data available on the internet as well as making risk analyses with the usage of these data. Participating tax administrations will also to share examples of establishing specialised centres or allocating specialised trained staff to conduct internet-based risk analysis and internet monitoring in the field of e-commerce.

Sub-Priority: Improving the efficiency of tax debt management

More specifically the work of IOTA will continue through **the Area Group on Debt Management**, and may include, but not be limited to:

- Enhancing **bankruptcy and insolvency** processes
- **Use of data from automatic exchange of information** for effective debt collection and recovery
- Use of **advanced analytics** to better tailor debt collection
- Promoting the use of **nudging techniques and behaviour insights** in debt management activities

Activity: Area Group on Debt Management

Established in March 2012, the IOTA Area Group on Debt Management plays an important role in promoting improvements of tax debt management processes and brings together senior experts involved in debt collection and recovery from 32 IOTA member countries.

The work of IOTA Area Group will focus in 2018 on the following:

- Creating a knowledge database (practical toolbox) of international (cross-border) insolvency proceedings to facilitate decision-making process in tax administration concerning debt collection.



- › Conducting an international project on the application of nudging techniques in cross-border/mutual assistance environment, which will help to improve communication of messages and increase taxpayers' compliance to the notices.
- › Conducting an assessment of the use of data available from the automatic exchange of information for increased efficiency in issuing electronic reminders and online notifications.
- › Continuing the work to promote the use of advanced analytics in debt collection and recovery, in particular to segment debtors and identify actions that may be most effective in recovering tax from the respective debtor groups.

The Steering Group made up of debt management experts from Belgium, the Netherlands, Norway and Sweden directly involved in the work serving as the steward and guiding influence for the achievement of overall objectives by the Area Group on Debt Management. The Steering Group fosters discussions revealing good practices adopted by IOTA tax administrations in managing tax debts, through joint meetings, networking and concerted actions, and also assist IOTA Secretariat in preparation of the Area Group meetings.