IOTA WORK PROGRAMME 2020
Priority 1: Tax Compliance

Action Area 1.1: Combating international tax avoidance and aggressive tax planning

The work of IOTA may include, but not be limited to:

- assisting and facilitating the implementation of Automatic Exchange of Information (AEoI) and Common Reporting System (CRS), identification of challenges for conducting AEoI, and development of effective ways to access and use data under the CRS
- supporting member tax administrations to work collaboratively towards meeting the emerging challenges of the implementation of measures to counter Base Erosion and Profit Shifting (BEPS)
- facilitating and contributing to the OECD’s capacity building work under the Inclusive Framework on BEPS in Eastern Europe and Central Asia countries

Activity: Forum on the Use of Data from Automatic Exchange of Information

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

- Examining the data matching possibilities of the CRS data in order to verify tax compliance of different groups of taxpayers;
- Enhancing the compliance risk management (incl. risk analyses, risk profiling, use of segmentation, aggregated data regarding the same taxpayer, etc.) to identify high risk taxpayers;
- Identifying methods and best practices on the use of data from AEOI for advanced data analytics (e.g. social network analysis, predictive and behavioural analysis, data modelling, etc.);
- Facilitating the compliance of Financial Institutions (FIs) with CRS-related reporting obligations.

The Steering Group, composed of AEOI experts from Austria, Belgium, Germany, Latvia, Norway and from an international partner organisation (the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes) together with the IOTA Secretariat act as the driving force, steering and closely monitoring the achievement of overall objectives by the Forum, as set out in the mandate.

To supplement the Forum’s activities, two subgroups will be established with the overall objective of bringing expertise to examine and report in depth on the following topics:

1. **Subgroup on Use of data from CRS to identify non-compliance of taxpayers** will analyse and report on practical experience with the use of CRS data to identify non-compliance of taxpayers and will explore possible approaches for using the CRS data in the most effective way in the context of tax assessment.

2. **Subgroup on Ensuring Compliance of Financial Institutions** will identify and report about effective approaches/strategies for ensuring compliance of Financial Institutions (FIs) with CRS related reporting obligations.

Each subgroup will comprise of tax officials commissioned by senior management of their administration to perform specific tasks defined and outlined in the roadmap. IOTA Secretariat will undertake overall coordination of the subgroup activities.
Activity: Forum on Implementation of measures to counter Base Erosion Profit Shifting (BEPS)

Within the scope of the Draft Mandate for 2020-2021, the work of IOTA Forum will primarily focus on the following two of the four minimum standards under the BEPS Action Plan: (i) harmful tax practices, and (ii) tax treaty abuse, and more specifically with regard to:

- Improving the understanding of Hybrid Mismatch Arrangements and applying effective measures against hybrid mismatches (Action 2).
- Developing a common approach for preventing base erosion through the use of interest deductions and other financial payments (Action 4).
- Supporting the consistent implementation and application of the Principal Purpose Test (PPT) and the “Simplified Limitation of Benefits” (LOB) rules to counter tax treaty abuse (Action 6).
- Developing a common approach and practice to counter the artificial avoidance of the Permanent Establishment (PE) status (Action 7).
- Facilitating the establishment of a common practice towards the application of provisions (which are part of the four minimum standards) under the Multilateral Instrument (Action 15).

The agenda for Forum’s meeting is developed by a Steering Group, comprising of BEPS experts from Belgium, Georgia, Italy, Sweden, Switzerland and from OECD Centre for Tax Policy and Administration, which also acts as source of advice and guidance to the Forum providing consultations on planning and co-ordination of its work as well as ensuring the delivery of high-quality outputs in the running of the Forum activities.

To supplement the Forum’s activities, subgroups will be established with the overall objective of bringing expertise to examine and report in depth on the above topics. Each subgroup will comprise tax officials commissioned by senior management of their administration to perform specific tasks defined and outlined in the roadmap. IOTA Secretariat will undertake overall coordination of the subgroup activities.

The Subgroup on Facilitating the establishment of a common practice towards the application of provisions under the Multilateral Instrument will explore and report about the practical application of the tax treaty related measures and their operation with a view to developing tools and guidance on each of the substantive MLI Articles, in particular regarding the "Principal Purpose Test" (PPT) and the “Simplified Limitation of Benefits” (LOB).

Activity: Inclusive Framework on BEPS for Eastern Europe and Central Asia (Regional Event)

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.
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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.

IOTA will continue to be engaged in the strategic partnership with OECD supporting the organisation of regional meeting and channelling views from its memberships within the Eastern Europe and Central Asia region into the development of the BEPS Action Plan outputs.

**Action Area 1.2: Preventing tax evasion and fraud**

The work of IOTA may include, but not be limited to:

- assisting and facilitating the implementation of concrete measures to address the threat of the shadow economy
- promoting the sharing of knowledge and experience on traditional and new VAT fraud trends, understanding of the use of alternative payment systems, strengthening cooperation among tax administrations within and outside EU as well as with other legitimate stakeholders to prevent and combat VAT fraud
- identifying and promoting new approaches on the compliance risk management, helping to work smarter in conducting the real-time identification of potential risk and promptly tackling non-compliance and tax evasion

**Activity: Forum on Combating VAT Fraud**

The IOTA Forum on Combating VAT Fraud will continue to operate as an important platform for assisting the IOTA member tax administrations to enhance their capacity in tackling VAT fraud. It will seek to further enhance the cooperation among IOTA member tax administrations in order to build bridges of understanding, knowledge and trust as well as exchanging updates on current VAT fraud issues, especially VAT fraud related to international transactions.

The outcome of the Forum’s work will allow IOTA member tax administrations to fight VAT fraud more strategically. In particular, it will allow for better management of VAT fraud related risk, applying responses promptly based on experience and competence developed through the Forum activities.

The Combating VAT Fraud Forum is mandated for 2019-2020, 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 Steering Group is represented by the IOTA member tax administrations of Denmark, Italy, Norway, Portugal, Sweden, Switzerland 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’s mandate.

**Action Area 1.3: Compounding the complexity and risk of digitalised economy**

The work of IOTA may include, but not be limited to:
contributing to the development of effective compliance programmes as well as risk-based and balanced approaches (e.g. audits, examinations, education, and outreach activities) in relation to the **digital economy operators**

- promoting the 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**
- identifying and supporting the introduction of new, more effective methods to exchange data between tax administrations on **complex transactions carried out by digital economy platforms trading across borders**

**Action Area 1.4: Improving the efficiency of tax debt management**

The work of IOTA may include, but not be limited to:

- improving the management of **bankruptcy and insolvency procedures** and facilitating greater co-ordination of cross-border insolvency proceedings in 44 divergent insolvency regimes of the IOTA membership
- exploring the new approaches to **information/data driven collection and recovery**, including the opportunities to use data from automatic exchange of information
- identifying and sharing the insights from successful implementation of **debt management process automatisation** within the IOTA membership

**Activity: Tax Debt Management Forum**

This Forum will bring together senior debt collection/recovery experts from IOTA member to discuss strategies and practical application of working methods and tools developed to effectively manage tax debts. Discussions at the annual meetings will be built upon the existing knowledge and will further **support identification, development and dissemination of good working practices in the area of debt management**. The Forum will also act as a **virtual network** encouraging co-operation between participating tax administrations in recovery of tax debts associated with cross-border transactions.

The work of the Tax Debt Management Forum is structured around the different priority areas falling within the draft Mandate for 2020-2021. In 2020, activities will be carried out to support the following priority areas:

- **Cross-border recovery strategies / insolvency proceedings**, including predicting insolvency. Also, **continue the work of IOTA knowledge database**.
- **Application of nudging techniques targeting international tax debtors** to drive higher cross-border collections at a lower cost.
- **Enhancement of risk analysis methodology to support debt collection taking into account the impact of personal data protection on risk analysis and segmentation of debtors**.
- **Automation of tax debt management processes**: keeping the balance between automation and manual work, making parts of the debt management process automated, reducing the manual work, debt management information for decision making. How to work alongside the automation and digitalisation. Ethical issues of decision making based on process automation.

The **Steering Group** made up of debt management experts from Belgium, the Netherlands, Norway, Sweden and United Kingdom provides the steward and guiding influence for the
achievement of overall objectives by the IOTA Forum on Tax 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 Forum meetings.

**Action Area 1.5: Promoting voluntary tax compliance**

The work of IOTA may include, but not be limited to:

- facilitating the development of innovative approaches as well as new models of cooperation between tax authorities and taxpayers, in particular enhanced relationship and Advanced Pricing Arrangements (APA) programmes, with the aim to increase certainty in relation to tax liabilities and reduce compliance costs for both taxpayers and tax administration
- bringing the new and more advanced forms of communication with taxpayers to enhance public awareness and encourage voluntary compliance
- promoting the application of nudging and behaviour change techniques for tailoring approaches developed to facilitate taxpayer compliance

**Activity: Forum on Communications**

IOTA Forum on Communications operates as a network of communication experts seeking to intensify the exchange of communications best practice among member tax administrations. This network of IOTA communication experts also contributes to increase visibility of the organisation inside tax administrations. The work of the Forum will focus on:

- **Communication strategies in tax administrations**: messages, channels, target audiences, specific channels for specific audiences, customer centric communication versus deterrence, recruitment and training, etc.
- **Technology-based communication in tax administrations**: digital communication channels, apps, mobile solutions, responsive websites, etc.
- **Media and tax administrations**: policies on how to interact with traditional and social media
- **Marketing strategies, communication campaigns** and their results in tax administrations

Members will learn about effective services and practical solutions by the intensified exchange of communications best practices related to the improvement of tax compliance.

The Forum on Communications will hold its annual meeting based on an agenda as defined by a Steering Group made up from experts representing tax administrations of Azerbaijan, Belgium, Finland, Italy and Romania. Activity framework of this Forum is defined in the mandate for 2019-2020 outlining priority areas and expected outcomes, including specific task team (project group) work.

**Activity: Improving Communication Strategies and Customer Service Towards International Taxpayers (workshop)**

There is a need for tax administrations to become more proactive, effective and service-minded in their approach (early on) towards international taxpayers (new) in our global society with increased digitisation.
This workshop will seek to identify **best communication strategy practices (front end) for international taxpayers residing in another jurisdiction (resident citizens and non-residents)**. The event will also explore the results from the work of several IOTA member countries collaborating together to **test different behavioural insight (nudging) techniques** towards international taxpayers, as a target group, to control risks, increase compliance, prevent complaints and debt at an early stage.
Priority 2: Progress in e-services and quality of taxpayer services

Action Area 2.1: Enhancing the quality of taxpayer services

The work of IOTA may include, but not be limited to:

- exploring the use of **automated (real-time) verification processes to reduce errors or omissions when paying taxes**, especially in the field of VAT
- enhancing **capabilities of member tax administrations for tax refunds** claimed by taxpayers (individuals and companies), also through the adoption of risk analysis techniques
- analysing the IOTA member country approaches in providing **targeted information and supports for new taxpayers**
- exploring the recent practices of **conducting surveys and analytics to better identify taxpayer needs**
- identifying examples of best practice for **strengthening the relationship between taxpayer and Tax Administration, and confidence in the efficiency and quality of services**, including the use of citizens’ reporting (e.g. complaints) and fostering taxpayers’ rights

**Activity: Best practice of user experience design in development e-services (webinar)**

E-services, which are provided by tax administrations, should be in line with the modern trends and best practice.

**User Experience (UX) design principles** include a comprehensive solution for development of e-services with emphasis on feedback from users and their needs.

The aim of this webinar will be focused on sharing of knowledge and best practice about how IOTA member tax administrations use principles of user experience design concerning the development of e-services.

Action Area 2.2: Digitalisation of taxpayer services

The work of IOTA may include, but not be limited to:

- following-up to the progress towards **digital maturity of tax administration** enabling to offer end-to-end, modern digital services meeting the highest standards of security while being easy to access and use
- identifying the best practices, effective operation and shortfalls of **online invoicing systems** implemented in IOTA members tax administrations
- identifying the effective ways of **making information and documents quickly available to taxpayers online**, including the use of early irregularity warning systems in order to foster a dynamic and structured dialogue
- promoting the **broader adoption of pre-filled tax returns** for individuals and further implementation of digital solutions to be used for populating information in business tax returns (CIT, VAT, etc.)
- exploring 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
Priority 3: Development of information and communication technology (ICT) and implementation of new technological solutions

Action Area 3.1: Use of cutting-edge technology and intelligent solutions

The work of IOTA may include, but not be limited to:

- analysing the existing approaches of developing a flexible and agile technology environment that enable tax administrations to use automated, transparent processes and to improve operational efficiency, increase collections and compliance
- supporting further use of new technology in e-audit and in risk management techniques to improve tax audit process and increase their quality

Activity: Use of Artificial Intelligence (AI) in Tax Administrations (workshop)

This workshop will aim at promoting the exchange of experiences in the field of using AI. How do tax administrations use AI and what are the challenges and lessons learned? The purpose of the event is to offer an opportunity for participants to learn from each other’s experiences.

Action Area 3.2: Use of big data and the deployment of analytics

The work of IOTA may include, but not be limited to:

- identifying and promoting solutions maximising the use of data, intelligence and analytics to conduct the real-time identification of potential risks and promptly tackle tax non-compliance and evasions
- helping to expand and sharpen research and analytics capabilities that would foster evidence-based and data-driven decision-making culture across IOTA member tax administrations
- identifying and sharing member experiences on the practical implementation of methodologies, tools and techniques concerning data quality measurement and data quality improvement to maximise the effectiveness of data analytics
Priority 4: The administrative capacity of Tax Administrations

Action Area 4.1: Transforming structures and processes

The work of IOTA may include, but not be limited to:

- analysing and promoting the examples of Business Transformation strategies implemented to develop new core and supporting capabilities as well as to build new ways of working as response to the changes in the operating environment
- exploring the key shifts in organisational design, including the changing structures and roles of member tax administrations, to increase operational productivity and optimise the use of available resources

Action Area 4.2: Measuring tax administration performance

The work of IOTA may include, but not be limited to:

- analysing the most recent models and methodologies implemented by members for measuring end-to-end processes in tax administration
- facilitating the review of the performance measures and supporting the improvement of performance measurement system for better identification of emerging systemic risks and weaknesses in operational processes
- providing opportunity to learn about Tax Administration Diagnostic Assessment Tool (TADAT) and to share the experiences of IOTA members in conducting TADAT assessments (in close collaboration with IMF)
- offering opportunities to benchmark and compare core performance across the IOTA membership using the data available in ISORA/TIP

Action Area 4.3: Ethics and fighting tax corruption

The work of IOTA may include, but not be limited to:

- inventorying the best practices within IOTA membership concerning the development and adoption of internal policies that deal with specific ethical issues such as discipline, harassment, misconduct, etc.
- identifying and promoting approaches of the effective management of tax corruption risks, including governance, internal mechanisms and processes implemented to detect and prevent risks pertaining to corruption of tax officials
- sharing the knowledge and experience on the use of systematic and independent reviews of tax administration performance by third parties (e.g. State Control Department, General Audit Department)

Action Area 4.4: Human Resource development and smart management of staff

The work of IOTA may include, but not be limited to:

- encouraging the innovative thinking on HR management among member tax administrations and identifying new approaches for HR operating model
identifying and supporting the dissemination of best practices regarding the implementation of strategic workforce planning and knowledge management, including staff learning and development to build an agile, engaged and skilled workforce in member tax administrations

exploring “hands on” approaches of IOTA members for using advanced analytics in HR management

supporting the development of a culture of change to keep pace with the evolving performance transformation in tax administrations

Activity: Forum on Human Resource Management

Tax authorities are undergoing large scale transformation of their operating models to deliver their services to taxpayers in the most efficient way. However, this level of transformation is not always reflected in the operating models for HR. As all of the revenue administrations are embracing digitalisation, this creates serious challenges for HR professionals, as well as series of opportunities to enhance productivity.

The IOTA Forum on Human Resource Management will provide an opportunity to address the main topics related to new strategies and innovative approaches of managing human resources in tax administrations.

The Forum will meet once per year based on an agenda items focused on examining practical operational issues as defined by a Steering Group made up from HR experts representing IOTA members (Austria, Belgium, Italy, United Kingdom).

Activity framework of this Forum is defined in the Mandate for 2019-2020. In 2020, besides holding its annual meeting, the Forum will also work on the development of a practical guide on HR tools and analytics and will organise a webinar on culture of change.

Activity: Culture of change (webinar)

Following up on the annual meeting of Human Resource Management Forum in 2020, this webinar will address implementing culture of change in IOTA tax administrations.