

# IOTA WORK PROGRAMME 2021



**IOTA**  
Intra-European Organisation  
of Tax Administrations

## 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 Standard (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.

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

Within the scope of the 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:

- › Enhancing the process of **automatic exchange of information on tax rulings** to ensure effective implementation of the transparency framework under Action 5 of the BEPS Action Plan and EU DAC. The Forum will collate member countries' experiences and review the impact of the exchanges in order to assess the effectiveness of the standard on transparency, and disseminate best practices.
- › Facilitating the sharing of experiences of IOTA member countries with a view to **optimize the process of handling MAP requests under Action 14 'Dispute Resolution' and to prevent tax disputes.**

- Supporting IOTA member countries to address **the challenges for tax administrations arising from the digitalisation of the economy**.
- Exploring the opportunities that **limitation of interest deduction under Action 4 and mandatory disclosure obligations under Action 12** can offer IOTA member countries to improve tax compliance, taking into account the experiences from IOTA member countries.

The agenda for Forum's meeting is developed by a **Steering Group**, comprising of BEPS experts from Georgia, Italy, Sweden, Switzerland and from OECD Centre for Tax Policy and Administration, which also acts as a 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.

#### **Activity: Quality and effective use of 'Country-by-Country Reporting' data (webinar)**

This webinar will aim at presenting successful country examples and discussing how the quality and effectiveness 'Country-by-Country Reporting' (CbCr) data can be improved.

Discussions will be based on the following topics/questions:

- **IT-structure for 'Country-by-Country Reporting' data**

Sharing experiences between IOTA member tax administrations on the IT-structure for CbCr, including the use of external or in-house software solutions

- **Quality and the use of CbCr data**

It's important that jurisdictions have almost the same quality in the sending material, the data must be comparable. Is there any jurisdictions that see problems in using the data they received from CbCr. Share good examples of how used data from the exchange of information gives results in tax administrations. How IOTA members resolve the data quality issues of the CbCr information that should be exchanged to other jurisdictions? What is good quality? What are the consequences for the receiving jurisdiction if there is low quality in CbCr data? How to ensure the quality of the CbCr data?

- **Risk analysis**

Discussions will focus on the country experiences of working with the CbCr data for the selection of an object in tax administration, analysis and case selection. Which "tax indicators" have been used and with what results? Which new relation figures have been created and which have been useful in practice? What are successful cases of detecting aggressive tax planning or tax avoidance schemes based on CbCr data?

#### **Activity: Regional meetings on BEPS for Eurasian countries**

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 **the latest developments regarding the implementation of the BEPS minimum standards** in the areas of harmful tax practices, country by

country reporting and treaty-related matters as well as on the Multilateral Instrument (MLI instrumental in implementing the treaty-related measures swiftly.

- › Provide a useful platform for comprehensive discussions on the IF's work on **addressing the tax challenges of the digitalisation of the economy** in light of the G20 mandate to develop long term solutions.
- › **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 participants with an update on the work carried out in the areas of **transfer pricing toolkits aimed at supporting low capacity developing countries and other capacity-building initiatives**.
- › 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 the regional meeting and channelling views from its memberships within the Eurasian countries 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 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.

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 the 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.

**Activity: Implications of COVID-19 crisis – tackling VAT fraud and labour market crime (webinar)**

Due to the COVID-19 countries have made measures to aid companies in crises hence opening the new opportunities for evasion and fraud and new "customers" within this field of expertise.

If any new types of fraud methods and new types of commodities (such as fraudulent supplies of medical or protective instruments) identified coming from the COVID-19 crisis, countries notice **new risks appearing, new ways to handle the risk (either by control, preventive or co-operative measures)**. What kind of preventive measures should be applied - digital or other? How should the tax administrations cooperate with the private sector? What kind of control measures should be put into work - what kind of intelligence do tax administrations need?

The aim of this webinar will be focused on successful measures that have been taken to reduce risks associated with tax frauds in the field of VAT and cross-border employment coming from the COVID-19 crisis.

### **Action Area 1.3: Compounding the complexity and risk of the 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 the exchange of experiences on the 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**

**Activity: Risks of the digital economy: analysis, control measures and development of methods (webinar)**

This IOTA webinar will facilitate knowledge sharing and learning from both successful methods and less successful methods on how member tax administrations work with **analysis, control measures and development of methods in order to detect new risks connected to the digital economy**.

### **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 coordination 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 the automatic exchange of information

- › identifying and sharing the insights from the successful implementation of the **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 the 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 Mandate for 2020-2021. In 2021, 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.
- › Tackling **e-commerce and sharing economy from debt collection and recovery perspective**.
- › **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 automation and digitalisation. Ethical issues of decision making based on process automation.
- › **Use of data from the automatic exchange of information** for effective debt collection and recovery

**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**, to increase certainty concerning 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 increasing the 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 outlining priority areas and expected outcomes, including specific task team (project group) work.

## 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



## 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 the 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 risk management techniques** to improve the tax audit process and increase their quality

### 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

#### *Activity: Social network analyses - use of the network analyses to detect tax frauds (webinar)*

The analytical activities continue playing a significant role in identifying a Missing Trader in the carousel fraud schemes. This is an automated process carried out with the use of implemented model based on data derived from a variety of domestic and international data sources. The network analysis of relationships established with the identified Missing Trader, carried out to identify further links of the carousel fraud. This is an effective tool for analyzing parameterized social networks - it enables analysis of the network of connections between entities in interactive and automatic mode. The links are built on the basis of data collected (using tables of variables and derivatives created on the basis of data contained in the databases). The tool also enables the graphical presentation of links between any entities. Graphs obtained in the tool have the functionality of many-level exploration and development of individual points of the network. It is used for detecting various types of tax frauds, but especially within the scope of the VAT carousel frauds.

The aim of this webinar is to **exchange good practices and to share experience on the use of social network analysis** in order to improve the effectiveness of the fight against tax frauds, in particular in the field of VAT.

## **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 a 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 the performance measurement system** for better identification of emerging systemic risks and weaknesses in operational processes

- › providing the 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

### **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 a 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 to 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 two-year Mandate.