

FISCAL BLOG “TAX CHRONICLE”

14 September 2021. Inaugural post. Mr. Jesús Gascón. Director General of the Spanish Tax Agency

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The magazine *Crónica Tributaria (Tax Chronicle)* began to be published in 1972 and since then it has been a benchmark in the field of taxation and tax law.

Almost 50 years later, the *Crónica Tributaria* blog is born, promoted, like the magazine itself, by the Institute of Fiscal Studies, with the challenge of serving as an institutional channel to disseminate opinions and publicize news and initiatives from the Ministry of Finance and Function Public, without prejudice to its participatory and plural nature.

It is an honor to write the first entry of this new blog to which I wish a long life and much success in the challenge of becoming a meeting point for all those interested in tax policy, tax regulations and the application of taxes.

We live in a changing world, globalization, the digitization of the economy, technological changes and also, unfortunately, the COVID19 pandemic and its economic and social effects, are factors that influence taxation and the management and control of the tax system and customs.

In this context, countries are considering adapting their tax systems to the new reality and initiatives arise, not only at the European level, but also at a global level, to improve the coordination of national regulations and seek broad consensus on the bases of taxation.

In Spain, a Committee of Experts has been set up with the task of presenting a white paper for the reform of our tax system in February 2022.

The challenges are complicated: guaranteeing the level of income necessary to finance a level of public spending that satisfies the preferences of citizens, achieving the appropriate point of balance between equity and efficiency, making the reforms compatible with our territorial model and the due fiscal co-responsibility, improve compliance with European law and international agreements in the field of taxation, promote compliance with economic, social and environmental objectives set as priorities at national and European level without overly complicating regulation, guarantee applicability regulations by minimizing compliance and management costs and trying to reduce conflict, promote tax awareness and voluntary compliance by reducing the space for fraud and combating it effectively.

We are also faced with new generation taxes, such as digital or environmental taxes, but also with important changes in the most entrenched taxes, such as the treatment of e-commerce in VAT, the generalization of negative taxes in personal income tax or the taxation of the "super profits" obtained by transnational groups in Corporation Tax

Tax incentives play an important role, but it is necessary to assess whether they are properly designed and achieve their aims and objectives. On the other hand, the Public Treasury has two aspects, income and public spending, for this reason it is essential that the evaluation of incentives be integrated into a more global process of evaluation of public policies.

In this context, tax administrations take on the challenge of managing tax systems in continuous modification with the obligation to accompany taxpayers in the process of change with increasingly better information and assistance services, without neglecting prevention and adaptation of their strategies and methods to detect and regularize breaches and fraud.

Tax administrations must also reinforce transparency regarding their plans and results and be accountable to society as a whole. Additionally, they must adapt their organizational models, staff and material resources to the changing needs of a constantly evolving world. Having sufficient highly qualified personnel, systematically taking advantage of the available information and having technologically advanced information systems are critical aspects for the success of any tax administration.

To promote voluntary compliance, technological advances allow significant improvements in taxpayer information, with the provision of multichannel services, and also in assisting citizens and companies in complying with their obligations and in tax procedures. The transfer of tax data, the automatic incorporation of these to the declarations and the pre-filled returns are progressively generalizing in the main taxes.

Also in the field of business and professional activities, the changes are relevant: secure billing and book keeping systems, automatic submission of data to tax administrations, automatic incorporation of information into returns for review and presentation by the taxpayer.

The big data has great potential both in prevention and control. Selection systems based on risk analysis are increasingly sophisticated. Artificial intelligence is becoming a reality.

All this reduces the space for the underground economy and the concealment of sales and income, phenomena that must be fought with a plurality of instruments: prevention, social collaboration, presence in the street and investigation techniques.

Control actions, no matter how much progress is made in prevention, will always be necessary: it is about combining in an ideal way extensive and intensive controls without forgetting the debt collection phase. Technological advances make it possible to detect with increasing speed and degree of certainty the presumed breaches and facilitate the availability of evidentiary elements that serve as support to the regulations that are appropriate.

In addition, procedures must be resolved with agility and due guarantees, especially when they depend on tax returns or movements of goods in foreign trade operations.

At the national and international level, cooperation between administrations is key, overcoming the limitations in the availability of information and the processing of procedures when the participation of different administrations is necessary for the best resolution of a procedure.

At the national level, the regional tax administrations are co-managers of the tax system and the State Tax Agency must have a shared strategy with them, without forgetting the General Directorate of Cadastre, the Labor Inspection, the Social Security Treasury and the set of national, regional and local administrations with powers of management and control of public revenue.

In the international field, the exchange of information and mutual assistance are not the only means of collaboration and simultaneous checks, even joint, will gradually become more widespread.

The space for avoidance and evasion has to be reduced, not only with more transparency in information between countries, but also with compliance with common minimum rules in the design of national tax systems to avoid unfair tax competition.

On the other hand, cooperative relationship models, with forums, codes of good practices and two-way communication channels allow the establishment of permanent instruments of relationship between taxpayers, tax professionals and the administration, avoiding that the only means of contact are contradictory procedures and tax controversies.

Legal certainty can be reinforced with measures in a wide variety of areas, ranging from the establishment of increasingly participatory procedures for the production of laws and regulations, preventive legal certainty instruments such as consultations or advance agreements, and legal formulas that allow the closure of administrative procedures. with agreement.

The sanctioning procedures and criminal proceedings constitute the closure of the control system. The application of the tax system also entails an agile and effective system of collaboration with prosecutors, judges and courts.

These are tasks that correspond very directly to the Tax Agency. Like others no less relevant: the fight against money laundering, smuggling or drug trafficking.

But it is also very important in a tax system such as the Spanish one, the role of the General Directorate of Taxes in the production and interpretation of the Law and the Economic-Administrative Courts reviewing administrative decisions and favoring the improvement of the quality of tax application actions. Aware of its important role, the Tax Agency has to provide them with the greatest possible support, especially by giving them technological support for the best performance of their functions.

As can be seen, there are many topics to be discussed, so this blog will not be lacking of content. I am grateful to the Institute for Fiscal Studies for the opportunity to inaugurate it.