



International Fiscal Association



## IFA 74th Annual Congress Berlin, Germany

### OUTLINE

**USE OF TECHNOLOGY IN TAXATION: A) DIGITIZATION OF TAX ASSESSMENTS; B) DIGITIZATION OF TAX AUDIT PROCESSES; C) TAXPAYER'S ACCESS TO TAX AUTHORITIES INFORMATION**

**SEMINAR C | Tuesday, 6 September 2022 | 13.30 – 15.30**

#### **Chair**

Christian Dorenkamp (Germany)

#### **Panel Members**

Charlene Herbain (EU)

Achim Pross (OECD)

Pragy Sahay Saksena (India)

Svitlana Buriak (Ukraine)

Marcelo Natale (Brazil)

Robert Thomson (Australia)

#### **Secretary**

Georg Geberth (Germany)



Technology is revolutionizing (also) tax – maybe not until now and also not absolutely completely, but for sure within the next few years and at least very substantially. There are two reasons for this – digitization techniques are getting more and more advanced, and taxation of millions or even billions, as a “mass process” with large amounts of data as well as many “patterns”, seems to be very well suited to be made both hugely less burdensome and significantly more compliant by full digitization.

The journey of digitization of tax did start, and so will Seminar C, in Brazil. Latin America’s largest economy was the first to use the so-called e-invoicing process at a great scale, with the Brazilian tax authorities not only receiving each and every invoice, but also doing so even *before* the customer, and this at a great scale: The number of invoices issued grow by more than 50% every two years, and they already now account for more than one billion pieces – per day.

With its “VAT in the Digital Age” initiative, the European Union has a chance to build on this success by introducing not only a state of the art technical and/or procedural solution with respect to the invoicing business, but also doing so in one common way for all 27 member states. Seminar C will look at this initiative closely since the final recommendations are due to be disclosed very soon, and those rules will have the potential to make life significantly more easy for business: Companies would no longer have to adhere to various different e-invoicing systems in Europe (for instance already currently in Italy and as of 2024 in France), but could (hopefully) focus on only one system.

In terms of best practice sharing, Seminar C will also explore the digital elements of the Ukrainian tax system in more detail, as Ukraine provides for presumably one of the most digitized governments of the world. In this context, we will also explore various digitization techniques to make our tax lives easier in the future, developing what you could call a perfect “tax ecosystem”, but also showing how digitization efforts could go terribly wrong (which they actually already did in at least one case).

The most advanced country as a whole with respect to digitization is India. Tens of millions of IT experts (also in the tax authorities where all tax inspectors receive digital trainings) make sure that tax audits are conducted completely virtual, i.e. without any personal interaction whatsoever under the so-called Faceless Audit Scheme. Tax compliance is also made significantly easier by the government providing various data for your personal income tax return that you can either accept or reject, but in any event is the taxpayer made aware of exactly which data are already in the systems.

While digitization starts with standards being set by government, business also needs to contribute, for instance by grass root initiatives improving our tax compliance and audit processes (of which we will see one real life example) and by coming up with design features for best-possible digitization.

Talking about digitation is talking about data an advanced governance model in respect of which was developed by the Australian tax authorities – and of course the OECD will not miss out on explaining thoroughly to our Seminar C audience their view on a perfect tax authority in 2030 as digitization of taxes might actually end up being *the* priority of the OECD for years to come.