

Digital Revolutions in Taxation



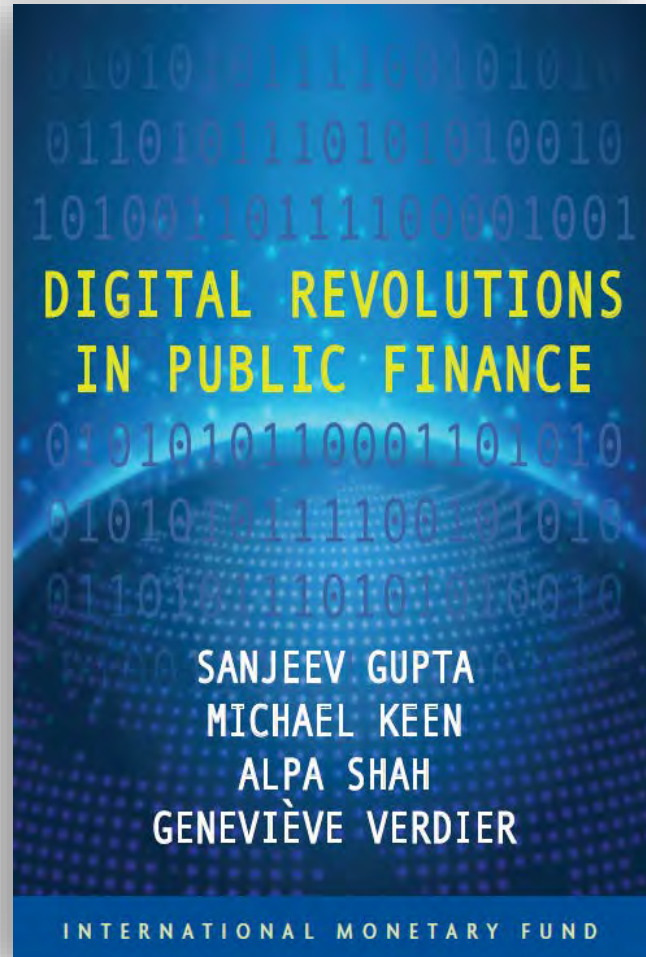
Presentation by Fiscal Affairs Department, IMF

Seminar on MTRS and Related Issues

Views are author's alone and should not be attributed to the IMF, its Executive Boards, or its management

Manila

December 2017



By transforming the way countries collect, process, and act on information, digital technology can reshape the way governments design and implement their tax, spending, and macro-fiscal policies.

Melinda Gates and Christine Lagarde

Part I: Pushing the frontiers in tax policy and revenue administration.

2. Digitalization and Taxation

3. Taxation and the Peer-to-Peer Economy

4. Implications of Digitalization for International Corporate Tax Reform

5. Testing and Implementing Digital Tax Administration

The book is available at <http://elibrary.imf.org/drpf>

A. Tax Policy

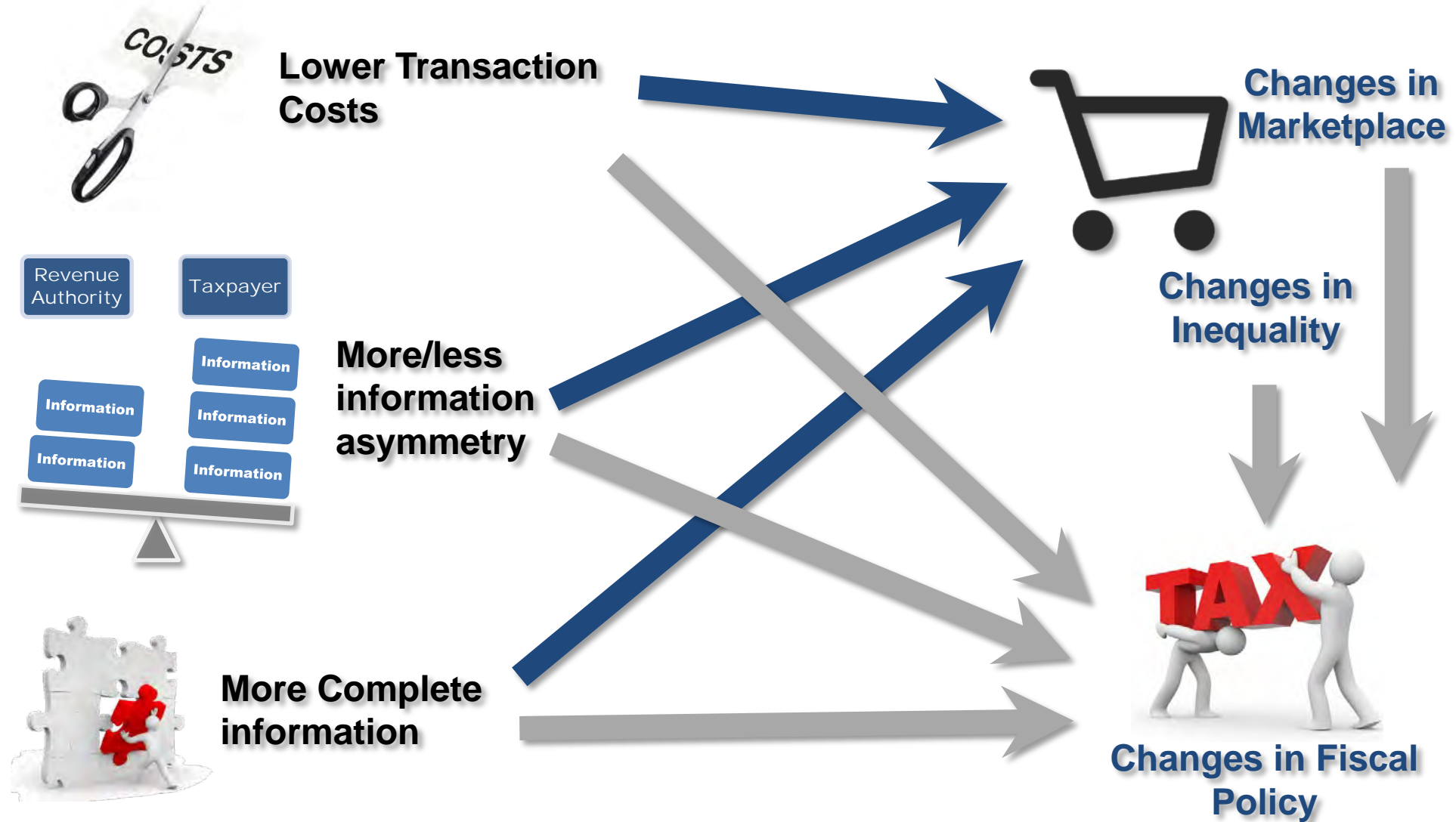
- ✓ New ways of thinking about tax design
- ✓ New ways of providing tax policy TA

B. Revenue Administration

- ✓ Enabling a transformational shift
- ✓ Success factors & risks – learned from our TA
- ✓ Analytical work / tools to enhance our TA

Tax Policy

Digitalization reshaping equity and efficiency considerations



What does this mean for taxation?

DOING THINGS BETTER

... subject to constraints,
e.g., privacy concerns,
cybersecurity.

NEW or INTENSIFIED TAX POLICY CHALLENGES

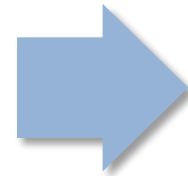
INNOVATIONS IN TAX DESIGN

Doing Much The Same... ...But Much Better

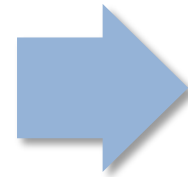


- **Peer-to-Peer platforms.**
 - Withholding agent (hotel taxes by Airbnb)
 - Third-party information
- **Cross-border exchange of information**

New or Intensified Tax Policy Challenges



Defining 'Physical Presence?
Rethink Source vs. Destination
Recent EU communiques



AUTOMATION

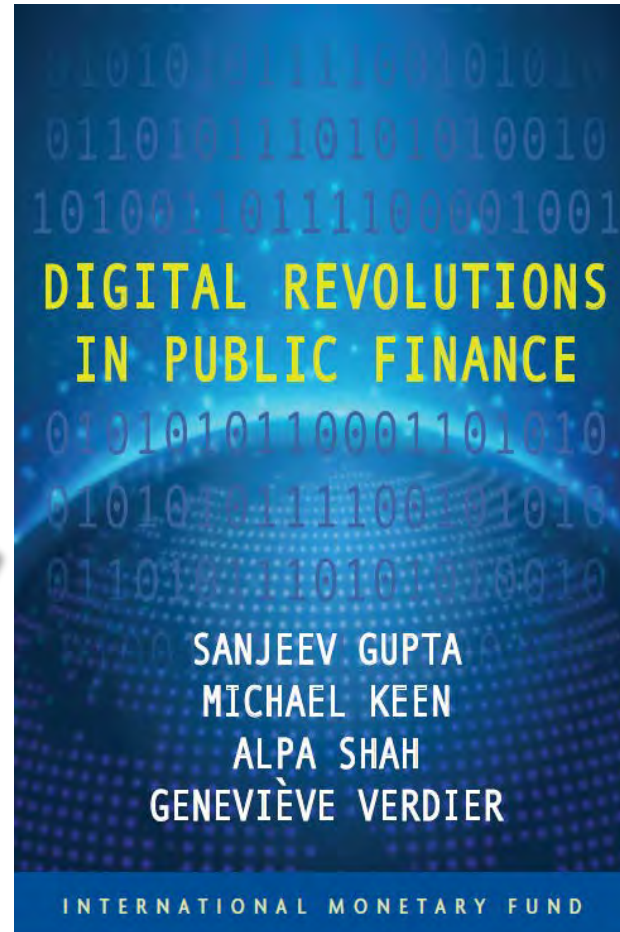
Innovations in Tax Design



Book covers other areas in public finance

**Applying
Blockchain and
Cognitive
Computing to
Public Finance**

**Mobile Money:
Revolutionizing Tax
Administration in
Kenya**



**Nowcashing: Using
Daily Fiscal Data for
Real Time Macro
Analysis**

**How much is it
worth? The value
of digitizing
payments**

Tax Policy Assessment Framework

The screenshot shows a web browser window with the URL `workspaces.imf.org/departments/FAD/FAST/main/tpaf/home.html`. The page title is "TPAF Tax Policy Assessment Framework". Below the title, there is a welcome message: "Welcome to Tax Policy Assessment Framework (TPAF). It is designed to serve as a guide for systematic and comprehensive tax policy assessments." The main content is a house-shaped diagram representing the TPAF structure. The diagram consists of several layers: a dark blue roof labeled "Conclusions"; a light blue horizontal bar labeled "International Tax"; a middle section with multiple colored boxes representing different tax categories; and a dark red base labeled "Structural Assessment Module".

web-published

TPAF
Tax Policy Assessment Framework

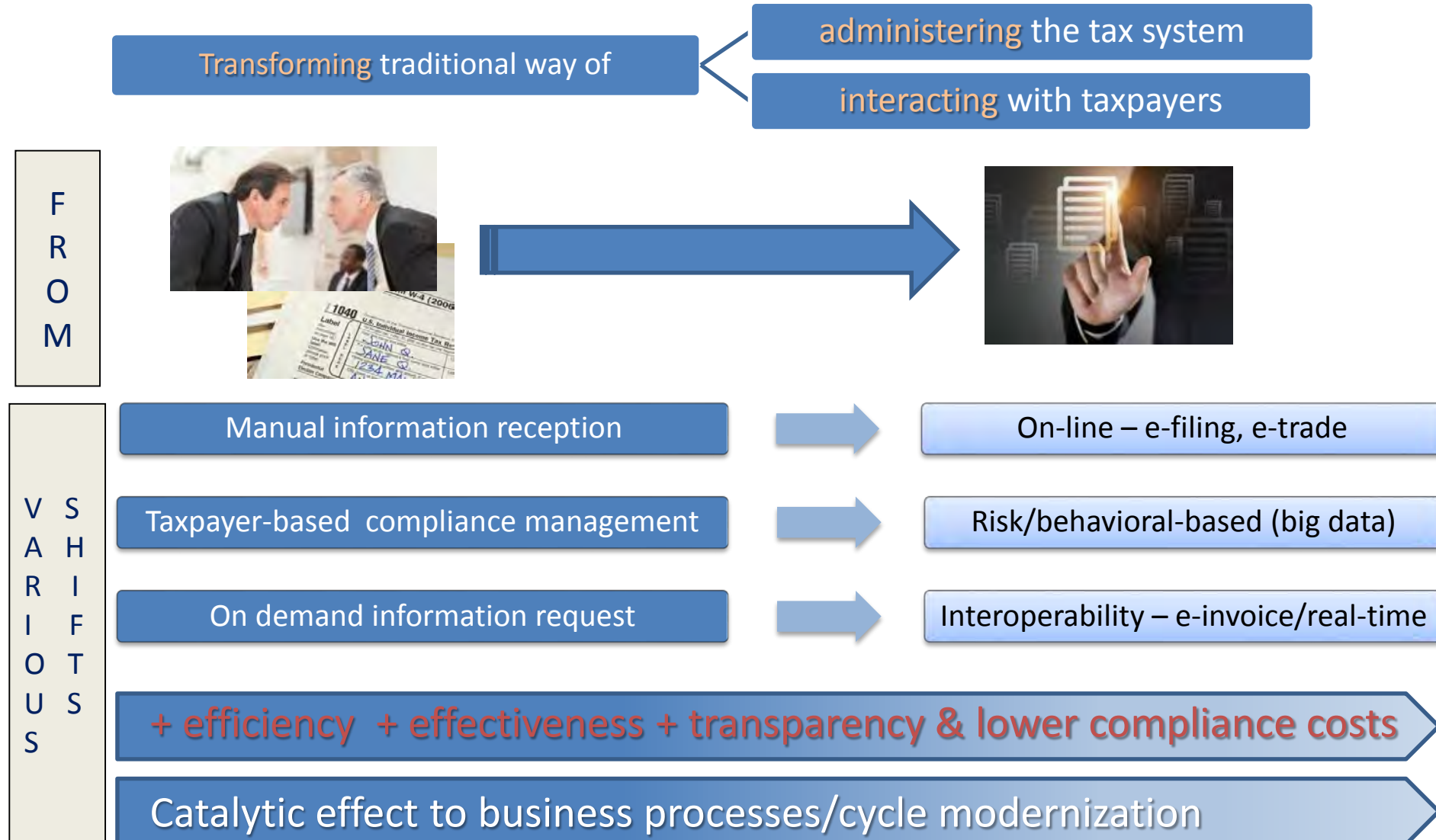
Welcome to Tax Policy Assessment Framework (TPAF).
It is designed to serve as a guide for systematic and comprehensive tax policy assessments.

modules

Conclusions			
International Tax			
Personal Income Tax (PIT)	Value-Added Tax (VAT)	Real Property and Wealth Taxes	Other Taxes
Payroll and Social Security Taxes	Turnover and Sales Tax	National Resource Taxes, Royalties	
	Environmental Taxes		
Profit Tax	Excises	Stamp Duties	Other Sector-specific Taxes
Structural Assessment Module			

Revenue Administration

Digitalization – Enabling Enhanced Revenue Administration



Digitalization – Enabling...

Success factors – lessons from TA

1st: Not losing the administration's KEY focus – Taxpayer Compliance in the Center

Digitalization should enable:

- ✓ RAs deliver more efficient and effective taxpayer's compliance processes for:
- ✓ And for achieving high taxpayer compliance

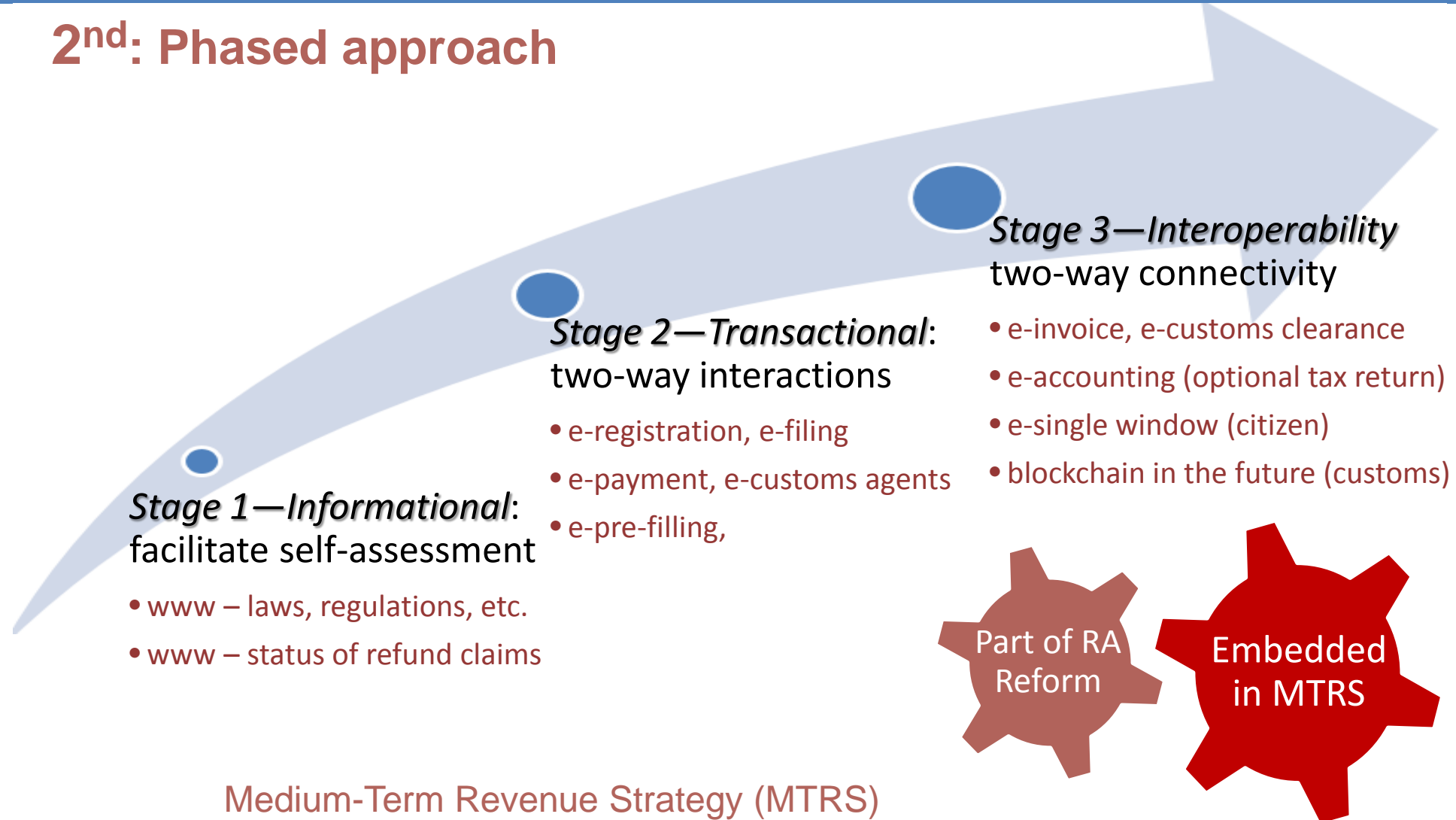


Advising on enhancing these processes – one of our main areas of TA

Digitalization – Enabling...

Success factors

2nd: Phased approach



Medium-Term Revenue Strategy (MTRS)
Approach to tax system reform developed by the PCT for G20.

Digitalization – Enabling... Risks

Institutional maturity still weak

Capabilities and Readiness

Focus on compliance

No proper or too fast leapfrogging

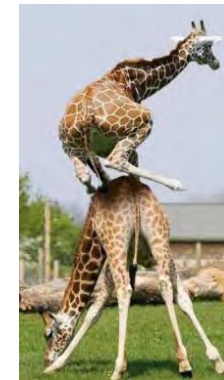
Skipping stages does not always work

Sequencing is sometimes not appropriate

Not capable of keeping the pace

Going digital - significant commitment (cyber-sec)

Cost of failure is high to citizen/business



FAD-led analytical work to guide TA



FAD-led tools to enhance our TA

And TA is leveraging digital platform to enhancing diagnostics...

The collage features several key documents and charts:

- RA-GAP: Actual vs Full Tax Compliance:** A line chart showing compliance levels over time, with a peak around 15% and a dip around 10%.
- RA-FIT/ISORA: Collects RA data and establishes benchmarks:** A box plot titled "Cost of Collection - Percentage of Revenue" comparing four categories: 1. IIC, 2. IAC, 3. IBC, and 4. IIC. The y-axis ranges from 0 to 8.
- TADAT: Assessment:** A document cover for Portugal's Revenue Administration Gap Analysis Program.
- Understanding Revenue Administration:** A report cover titled "Results from the Second Survey of the Revenue Administration - Fiscal Information Tool" by Duncan Cleary, William Crandall, and Andrew Masters.
- Slovak Republic Revenue Administration Gap Analysis Program - Corporate Income Tax Gap:** A report cover by Jung Ueda and Shafik Hebous, dated April 2017.
- Thailand Revenue Administration Gap Analysis Program - The Value-Added Tax Gap:** A report cover.
- Uganda Revenue Administration Gap Analysis Program - The Value-Added Tax Gap:** A report cover dated April 2014.
- Timely Payment of Taxes:** A document cover with a world map background.

And to support our advice on the formulation of MTRSS

THANK YOU