

DIGITALIZATION AND TAXATION



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9th IMF-Japan High Level Tax Conference

Tokyo: April 10, 2018

Views expressed here are mine, and should not be attributed to the IMF, its Executive Board or its management

Tax implications?

DOING THINGS BETTER

DOING DIFFERENT THINGS

**NEW/INTENSIFIED
CHALLENGES**

Doing much the same —but better (1)



- Peer to peer platforms
 - ✓ Withholding agents
 - ✓ Third party information



- Cross border information exchange



- Digital tax administration
 - ✓ E-filing, e-invoices
 - ✓ Pre-populated returns
 - ✓ Mobile payments

Doing much the same —but better? (2)



Blockchain

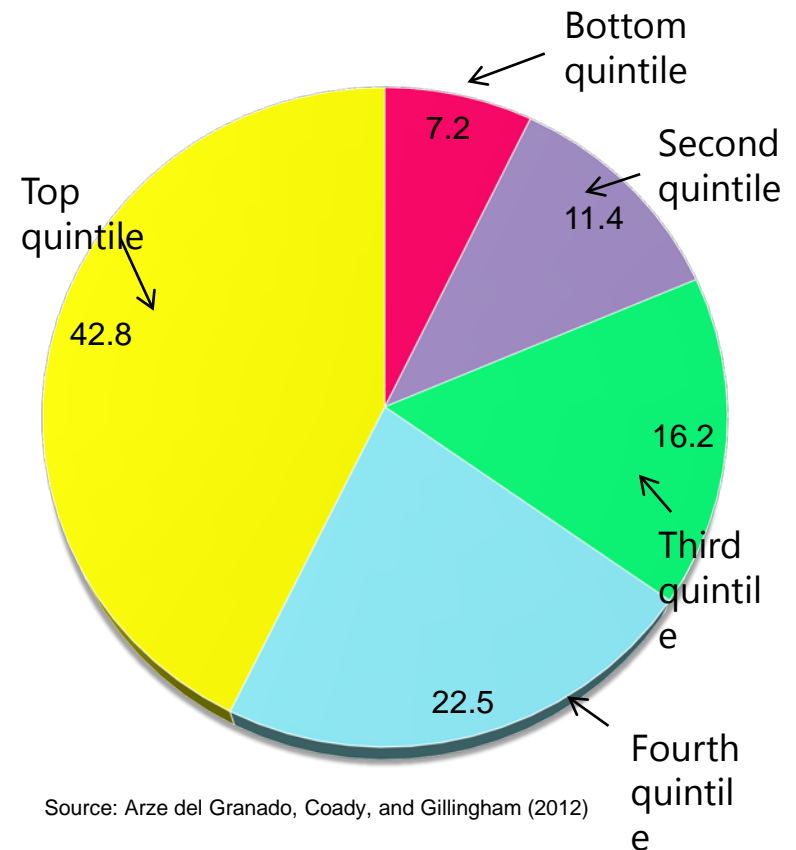
- Can embed VAT in smart contracts
 - But is VAT needed if chain is secure?
- If customs more secure, does that argue for higher tariffs?

Doing things differently?

E.g.

- Biometrics can make poll subsidy more practicable—
an important additional instrument
 - Can replace price subsidies,
help poor and leave money left over
- Lifetime taxation?

Distribution of Petroleum Product Subsidies by
Income Group
(In percent of total petroleum product subsidies)



Source: Arze del Granado, Coady, and Gillingham (2012)

New or intensified challenges —not just international tax...



Privacy
Considerations—
data ownership?



Cybersecurity/fraud



Digital Inclusion

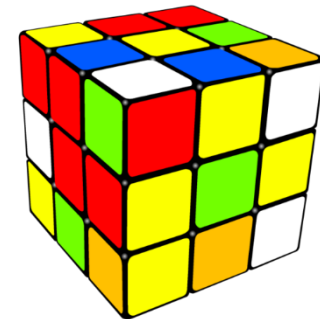
Fundamental limits remain



Institutional Issues

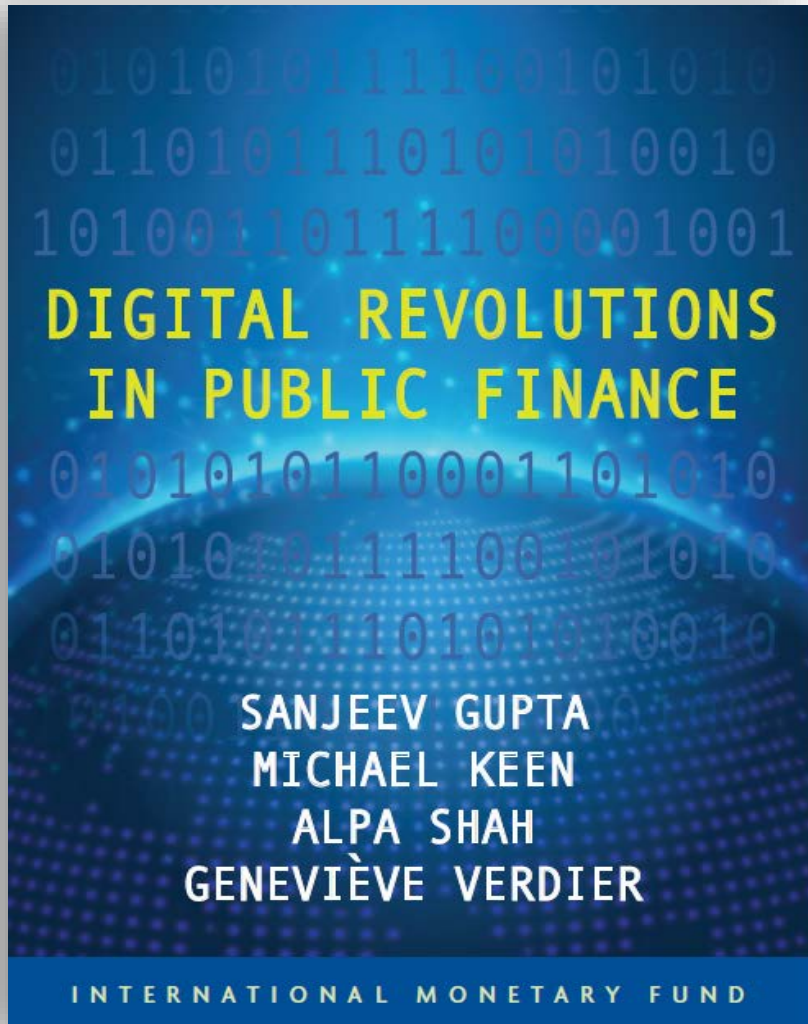


vs.

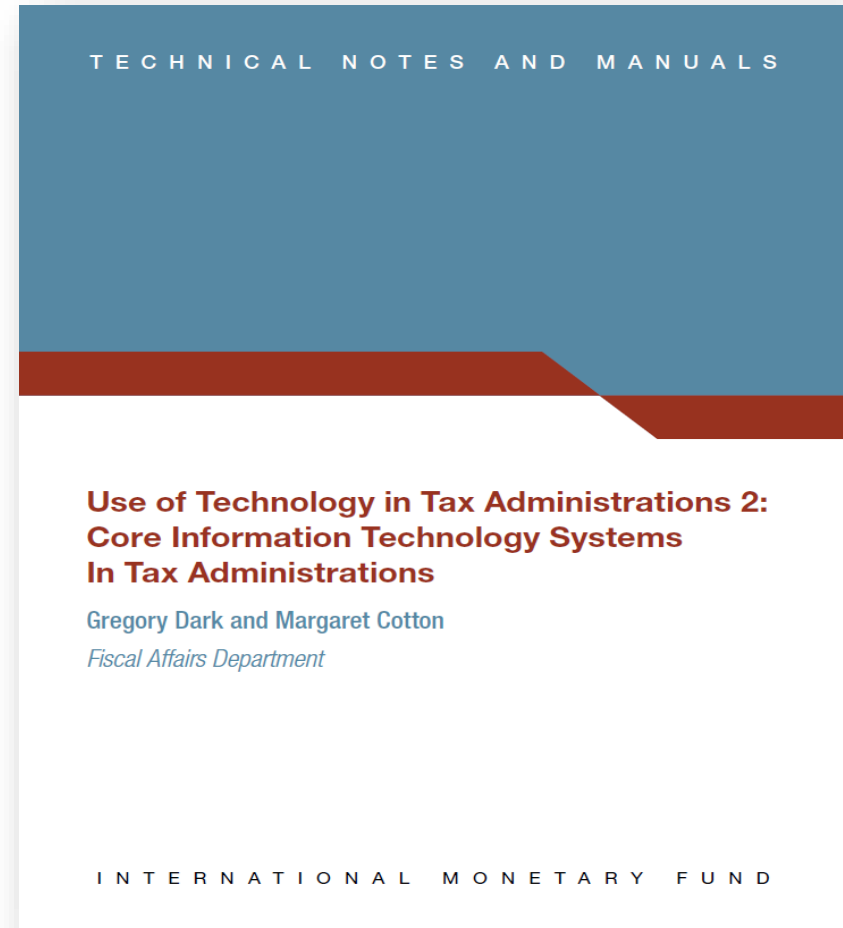


Distinguishing between
luck, effort and ability

Must reads!



<http://www.elibrary.imf.org/drpf>.



And Fiscal Monitor, launched April 12