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Background information

Session III: Collecting taxes efficiently

National revenue authorities collect taxes, providing governments with the resources to fund public services and deliver goods. Therefore, the goal for revenue authorities is to collect the full amount of taxes as efficiently as possible. Efficient tax collection creates solid revenue streams that permit the government to redistribute public goods.

Moreover, the use of modern technologies and the emergence of new economic systems (including digital platforms, e-commerce, and collaborative economies) are causing governments to review the tax implications and the use of technologies in order to improve the effectiveness and the efficiency of the work of revenue authorities. In other words, in order to fully realise the potential generated by the development of economy and technology, national revenue authorities need to adapt to the changes, and there is a great need for increased efficiency.

In a nutshell, efficient tax administration means, *inter alia*, that the administration of tax collection should be as cheap as possible for the government. Furthermore, it is crucial that the tax systems are simple and stable. The provision of pre-filled tax returns to taxpayers and the use of modern technology make it easier to pay taxes; at the same time, the pre-filled tax returns also help to combat tax evasion. Third party reporting of income is another important element in efficient tax administration, and communication about taxation is essential in making tax collection more effective. It is crucial to promote the benefits of paying taxes, educate taxpayers about how to comply with taxation, and increase the perception of risk for noncompliance. All these measures establish a high tax morale and contribute to achieving a high share of voluntary compliance among taxpayers, which will allow the revenue authorities to concentrate their efforts on those taxpayers who try to evade taxes.

With reference to the OECD, the comparative report on tax administration was published in September 2017. The report shows the compelling change that is taking place in tax administration, driven by the use of new technologies, tools and data to improve the effectiveness of tax collection. The use of modern tools (taxpayer's self-service, e-channels, third party reporting, etc.) offers tax authorities more active means to manage compliance risk and determine effective compliance across the spectrum of taxpayers, including large business taxpayers, small and medium-size enterprises, and operators in the collaborative economy. Furthermore, due to the changing international landscape and the expansion of new economic systems, national authorities are more open to enhanced international joint cooperation and interested in the implementation of international taxation rules.

Collaborative economy offers greater choice to consumers and new opportunities to entrepreneurs; it has also grown rapidly in recent years. For example, gross revenue from collaborative platforms and providers was estimated to be €28 billion in the EU in 2015. However, the rapidly expanding collaborative economy presents an emerging tax risk. EU policy makers are tackling challenges in order to ensure fair and effective taxation in the field. In other words, collaborative economy has raised many issues with taxation. Different studies have revealed a number of issues in relation to tax compliance and enforcement in the Member States: difficulties in identifying the taxpayers and the taxable income, lack of information on service providers, aggressive corporate tax planning, differences in tax practices across the EU, and insufficient exchange of information. Having issued the communication on the collaborative economy in June 2016, the European Commission continues to actively monitor the economic and legal development of collaborative economy.

Some points for discussion:

1) What are the best practices regarding efficient tax administration in your country?
2) How to improve the effectiveness and the efficiency of the work of revenue authorities?
3) What are the major challenges in implementing effective tax administration?