

Forum on Tax Administration



Highlights and Achievements

2015 - 2016



This report highlights the main developments and summarises the related activities carried out in the period January 2015 to May 2016 in relation to the Forum on Tax Administration.

Foreword by the Chair of the Forum on Tax Administration (FTA)



Edward Troup

**Executive Chair and Permanent
Secretary, HMRC**

The strength of the Forum on Tax Administration (FTA) lies in its capacity to bring together the world's leading tax administrations to improve the effectiveness of our own tax administrations by learning from the innovations of others and to facilitate the development of common solutions to international challenges. At a time of significant change and increased public interest in our work, I am delighted to report on the excellent progress that has been made over the last 18 months.

FTA projects on Advanced Analytics, E-services and Digital Delivery, and Small and Medium Enterprises (SMEs) have all provided platforms to share and develop best practice in using advances in technology and data analytics to improve tax administrations. The opportunities to make use of these tools, and to develop increasingly digital services, lie at the heart of meeting the demand from governments and public to deliver high quality, cost-effective services to taxpayers.

I am pleased that over recent months we have been able to devote significant resources on cross-border issues. Supporting the G20 tax agenda, including the Base Erosion and Profit Shifting (BEPS) outcomes and the Common Reporting Standard (CRS), is an important part of our role – both for the specific benefits that these initiatives will bring to tax collection, and to maintain the confidence of our governments and the public that we are ready to respond to concerns over the loss of tax revenues through international structures and offshore evasion.

Since our October 2014 Plenary Meeting in Dublin, the FTA has established the Joint International Tax Shelter Information and Collaboration (JITSIC) Network – a practical forum for FTA members to come together to address specific cross-border issues. The network (built on earlier collaboration among a small number of FTA members) has already seen real results generated from both bilateral and multilateral JITSIC exchanges. Over the coming months, I hope to see the JITSIC Network (and the associated work of the Offshore Compliance Programme) develop as a key tool for tax administrations in supporting the G20 tax agenda and addressing issues of cross-border tax avoidance and evasion.

As the tax administrations for economies representing over 85% of global output, our responsibilities do not end at home. FTA members collectively and individually have a duty to assist our counterparts across the world, helping them to draw on our experience and to implement sustainable improvements to their own systems and approaches. I am delighted with the progress that has been made with the FTA Capacity Building programme, which has developed some excellent initiatives and is working to ensure that our tax capacity building efforts are coherent and co-ordinated.

In delivering this ambitious programme over the past 18 months, I am very grateful to the FTA project sponsors and all those who have contributed to the various FTA workshops, conferences and reports for their hard work. FTA members' commitment to advancing the cause of collaboration among tax administrations through the FTA – not an end in itself but a means to achieve meaningful improvements to tax administration practices – has been absolutely critical to the impressive results we have achieved. It has been my pleasure to be Chair during this time, and I look forward to building on our successes going forward.

ABOUT THE FORUM ON TAX ADMINISTRATION

The Forum on Tax Administration (FTA) was formed in 2002 as a subsidiary body of the OECD Committee on Fiscal Affairs. Since then, it has grown to become a unique forum for co-operation between revenue bodies at Commissioner-level with participation from 46 member tax administrations. The vision for the FTA is to establish a forum through which tax administrators can identify, discuss and influence relevant global trends and develop new ideas to enhance tax administration around the world.

The work programme of the FTA is directed and overseen by a Bureau comprised of Commissioners from 13 revenue bodies. Projects are sponsored by one or more lead countries, with FTA members participating in and supporting the projects through working groups and meetings, by providing expertise, and/or through information provided in surveys or data requests. The FTA Secretariat assists in organising and facilitating meetings, in providing auxiliary expertise, and in co-ordinating the broader operations of the Forum.

The FTA's work on tax administration is published in the form of reports and guidance notes and is widely referenced and used by members and the broader tax community. The FTA also publishes the OECD's Tax Administration Series, a biennial report that provides comparative information and data on tax administrations across 56 advanced and emerging economies (including all OECD, EU, and G20 members).

Plenary meetings of FTA Commissioners are held every 15-18 months and typically focus on the most challenging issues facing tax administrations. By providing a forum to meet and work collaboratively on global tax administration challenges, share best practices, and identify new opportunities for taking collective action to achieve common goals, the FTA enables revenue bodies to increase the efficiency, effectiveness and fairness of tax administration. More information on the FTA, including details on products and publications, can be found on its website: www.oecd.org/tax/forum-on-tax-administration

HIGHLIGHTS AND ACHIEVEMENTS OF 2015-16

For 2015-16, the FTA Bureau agreed to pursue a work programme which included a number of priority projects with close links to the G20 tax priorities alongside a number of standalone projects to share and develop best practice in different aspects of domestic tax administration.

Work Programme Highlights

Advanced Analytics

The work of the Advanced Analytics programme, which has been led by Ireland, is to promote and share best practice in the data analytics field amongst FTA administrations. Highlights for 2015-16 include a very successful Advanced Analytics conference in Dublin in March 2015 with the participation of delegates from 26 tax administrations, and publication of a report which explores current advanced analytics techniques deployed by tax administrations, as well as addressing some of the organisational and technical considerations for tax administrations in the application of advanced analytics. The programme has also been collaborating with the Task Force on Tax Crimes and Other Crimes (TCTF) to share experience in analytics techniques, and with the Offshore Compliance Programme to support use of exchanged information.

Capacity Building

The Capacity Building programme, led by Canada and China, looks at tax capacity building in a global context, helping to develop guidance on how the FTA members can support and engage in tax capacity building in a co-ordinated and sustainable way. This has resulted in the recent publication of a report offering insight into how the FTA and its member countries can best organise themselves to contribute to capacity building efforts in a co-ordinated and cost-effective way to complement, without duplicating, ongoing capacity building work. The Capacity Building programme has also supported the launch of an online knowledge sharing platform (developed by the Canadian Revenue Authority) for sharing capacity building materials.

E-services and Digital Delivery

This programme, led by Russia, explores the latest developments in information technology that could enhance tax administrations' service delivery, particularly in e-services and digital delivery. Alongside two successful workshops in Moscow involving tax administrations and business representatives, this has resulted in the publication of a report on Leveraging Big Data, Portal Solutions and Natural Systems. The workshops also provided countries with the opportunity to update on their work in modernising tax administrations systems and customer facing services.

JITSIC Network

The Joint International Tax Shelter Information and Collaboration Network (JITSIC), sponsored by Australia, provides a forum and framework for cross-jurisdiction co-operation and projects addressing a range of taxpayer, risk or industry specific issues. Since its creation in March 2015, the JITSIC Network membership has expanded to include 35 administrations, who come together to co-operate on a range of bilateral and multilateral projects. It provides a key tool for tax administrations in the fight against international tax avoidance and offshore tax evasion, as well as an agile mechanism for undertaking cross-border compliance and enforcement activities. Further information on JITSIC can be found on its website: www.oecd.org/tax/forum-on-tax-administration/ftajitsicnetwork.htm

Large Business

The Large Business Programme, led by Canada, has 30 FTA member representatives and supports tax administrations to collaborate on issues relating to large business compliance, particularly the administrative application of BEPS tax rules. During 2015-16 the Large Business Programme hosted successful workshops on debt factoring and preparations for Country-by-Country reporting. It has also published a report on Debt Factoring, a checklist and timeline to assist administrations to implement Country-by-Country reporting, as well as the Tax Control Framework report on approaches to enhance transparency and strengthen collaborative compliance.

MAP Forum

The FTA MAP Forum, led by the United States, aims to collectively improve the effectiveness and practical operations of Mutual Agreement Procedures (MAP), to settle disputes between tax authorities on taxing rights. During 2015-16, the MAP Forum has focussed on supporting the implementation of BEPS Action 14, in particular preparations for peer review of MAP processes, working in conjunction with Working Party 1.

Offshore Compliance

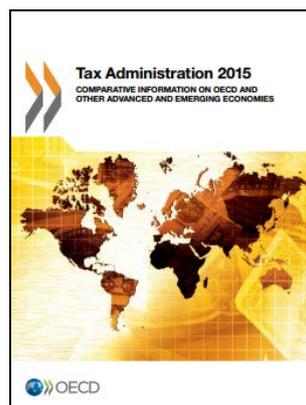
The Offshore Compliance Programme (OCP), led by France, explores how tax administrations tackle offshore tax evasion and increase compliance using data obtained through automatic exchange of information, especially income from accounts held by non-resident taxpayers. 2015-16 achievements include the development of a toolkit and checklist for tax administrations on the effective use of Common Reporting Standard (CRS) data, communications materials to provide information on CRS and a methodology for assessing the success and impact of CRS. This programme has also supported the design and procurement of a Common Transmission System (CTS), which will create the first global secure bilateral exchange system connecting tax administrations and enabling the automatic exchange of information between tax administrations.

SME

The Small and Medium Size Enterprise (SME) programme, led by the Netherlands, looks to share best practice between FTA members to promote voluntary compliance and lessen the cost of interaction with SMEs. In 2015-16 the programme has focussed on how technological advances are altering the dynamic between tax administrations, small businesses and tax and accountancy advisers. Exploration of this issue involved a very productive conference in the Hague in October in 2015, involving 25 tax administrations, as well as a number of external representatives, and has culminated in the publication of a report on the changing roles of tax service providers.

Tax Administration Series

The sixth edition of the Tax Administration Series (TAS), a biennial report that provides comparative information and data on tax administrations across 56 advanced and emerging economies (including all OECD, EU, and G20 members), was published in August 2015. In addition, the OECD has joined with CIAT, IOTA and the IMF in using a common platform to collect comparative data on tax administrations. This is a milestone in international collaboration, cost reduction and efficiency, ultimately delivering a comparative data set for over 150 tax administrations from around the world. The 2016 tax administration survey will officially be launched on 16 May 2016, following the FTA Plenary in Beijing, China.



FTA PUBLICATIONS

Technologies for Better Tax Administration: A Practical Guide for Revenue Bodies

The report looks at effective e-service provision by tax administrations, summarising eight critical areas, and explores in detail big data management and portals, as well as natural systems. It highlights key opportunities in these areas, looking at how these emerging technologies can be best used by tax administrations. It also provides practical examples of how tax administrations have begun to utilise these technologies and delivers a maturity matrix for the two areas to assist strategic and operational decision making by tax administrations.



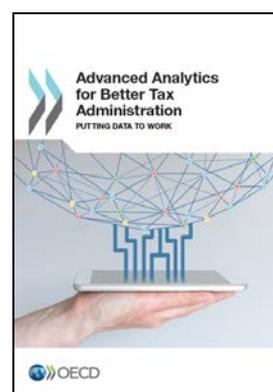
Rethinking Tax Services: The Changing Role of Tax Service Providers in SME Tax Compliance

This report recognises that the landscape of tax services, traditionally provided by tax advisors, accountants and other tax providers, is changing. It focuses on how technology has enabled new types of services such as online accounting and filing and further discusses developments, such as the uptake of mobile devices and machine-to-machine communications leading to integrated systems, in which taxation is part of the day to day operations of SMEs. It makes a number of recommendations to tax administration on how these technological developments can be used to improve SME tax compliance.



Advanced Analytics for Better Tax Administration: Putting Data to Work

This report highlights the key opportunities and challenges in establishing, operating, or improving advanced analytics functions in tax administrations. It provides practical examples of how administrations are currently utilising advanced analytics, and discusses key topics, including organisational arrangements, governance, management and data. The report also discusses how administrations are utilising analytics to improve their operations and deliver better outcomes to taxpayers.





Tax Administrations and Capacity Building: A Collective Challenge

This report is based on a mapping exercise and a survey of FTA members, drawing on the insights and expertise of a task team. It begins with an overview of the current tax capacity building landscape, highlighting key initiatives and recent developments that have emerged in response to developing country needs. It then examines how tax administrations, as well as international and regional organisations, are supporting and delivering capacity building assistance to developing countries, and it offers a number of observations and recommendations.

Co-operative Tax Compliance: Building Better Tax Control Frameworks

The objective of this report is to provide guidance that is meant to be helpful for businesses to design and operate their Tax Control Frameworks (TCF) and for revenue bodies to adjust the risk management strategy for an individual large business in the context of a (voluntary) co-operative compliance relationship. The report sets forth the importance that an effective tax control framework (TCF) serves for businesses as an essential component of a rigorous tax risk management program. Having such controls is also fundamental to co-operative compliance relationships, especially in consideration of changes to the international tax landscape resulting from Base Erosion Profit Shifting (BEPS) Actions. The report outlines the essential features of a TCF, and addresses what revenue bodies' expectations of TCFs are.



FTA MEMBERS

Australia, Austria, Argentina, Belgium, Brazil, Canada, Chile, Colombia, Costa Rica, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hong Kong China, Hungary, Iceland, India, Indonesia, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Malaysia, Mexico, Netherlands, New Zealand, Norway, People's Republic of China, Poland, Portugal, Russian Federation, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States.



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