

# FTA UPDATE



Hans Christian Holte, Chair FTA

Dear FTA Colleagues, please let me start with my best wishes to you, your colleagues and loved ones at this very difficult time.

COVID-19 has created immense challenges affecting public health, employment, business and the wider economy as well as heavily impacting our daily lives. In all countries tax administrations are playing a critical role in helping to support citizens during the pandemic whether through reducing burdens, assisting with cash-flow concerns or by helping to deliver government support. I am very proud of the way that we have come together

across the FTA to support each other in this difficult and rapidly changing environment. In a short period we have established a virtual COVID-19 group that regularly brings together large numbers of FTA members, have shared information through the Knowledge Sharing Platform and produced reference documents on measures to support taxpayers, our own continuity of operations and planning for the recovery period. I am also very pleased at how we have cooperated with IOTA and CIAT and other regional tax organisations, including in developing countries. We have many collective challenges for tax administrations still to come during what is likely to be a prolonged recovery period. I am sure that we will each be better placed to meet these challenges through our continued close working.

Of course these events have affected the FTA 2019/2020 work programme and led to the cancellation of a number of workshops. Unfortunately, taking all of the risks into account, we have also taken the difficult decision to turn the December Plenary, planned for the wonderful city of Amsterdam, into a virtual Plenary. We are currently working up ideas on how to make the virtual Plenary engaging and inclusive and

will be in touch with further thoughts. Against that background, this edition of the newsletter provides an update on progress and expectations for the current work programme and invites your views on what our short-term focus should be in the light of COVID-19 experiences. Proposals for the 2021 work programme will be put to FTA Commissioners later in the year as things become clearer.

Finally, as you may be aware, I will be moving on in August from the position as FTA Chair, which I have had the pleasure and privilege of holding since September 2017, to take on the role of Director of the Norwegian Labour and Welfare Administration. I am very pleased to be able to confirm that following a call for nominations, that Bob Hamilton, the Commissioner of the Canada Revenue Agency and current Vice Chair of the FTA (along with Chris Jordan of the Australian Taxation Office), will take over as the new FTA Chair in August. I know that you will continue to give Bob the excellent support that I have enjoyed and that together we can help build even more efficient, resilient and agile tax administrations as the lasting legacy of the COVID-19 pandemic.

**Hans Christian Holte**

## JOINING UP ON COVID-19

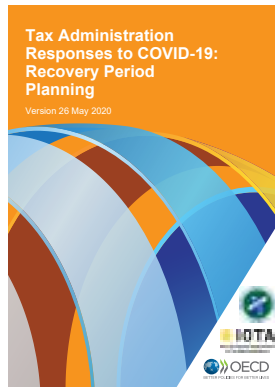
From mid-March, the FTA came together to begin exchanging information on the handling of the COVID-19 crisis, helping to inform domestic responses of both FTA members and the wider global tax administration community. This was done through:

- **Establishing a new virtual group** bringing together those working on COVID-19 responses. These well attended meetings – usually with over 150 participants – have been running every one to two weeks. These meetings, supported by the FTA Enterprise Risk Management Community of Interest (ERM COI), have included presentations by FTA members and discussions on: measures to support taxpayers; communications; remote working challenges; tax debt management; managing reputational risks; employee and taxpayer health protections; and the challenges of taking on new roles to support government.
- **Publication of three planning documents**, jointly with CIAT and IOTA, on: measures to support taxpayers; business continuity considerations in a pandemic; and recovery period planning. More details on these documents can be found in the article below. A document produced by the ERM COI on privacy, disclosure and fraud risks has also been published and a further highly relevant document on reputational risk management will be published shortly.
- **Setting up a new forum on the Knowledge Sharing Platform (KSP)** developed by the Canada Revenue Agency. This has allowed the presentations from the virtual group meetings to be disseminated more widely to the global tax administration community, including developing countries, as well as other supporting material to assist administrations in their domestic considerations. The OECD Global Relations Division has also developed e-learning on business continuity considerations, which can be found on the FTA website, and has run a number of events with developing country partners. Information on how to register for the KSP can be found [here](#).
- **Discussions and joint-working by the FTA's Networks and COIs**, all of which have held or are considering holding dedicated meetings on COVID-19. These meetings have allowed for helpful and productive exchanges on the impacts of the pandemic among subject-matter experts as well as consideration of potential opportunities for improving resilience, agility and effectiveness coming out of the crisis. The Networks and COIs are also considering how best to provide insights, where appropriate, to the wider FTA to inform broader tax administration responses.

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## COVID-19 PLANNING DOCUMENTS

Three reference documents have been published jointly with CIAT and IOTA to assist tax administrations in their domestic considerations of possible actions in response to the impacts of COVID-19. These documents do not make recommendations given the different starting points of each country, their domestic context and the country-specific legal framework within which they operate. Rather, these documents are aimed at providing food for thought, including helping administrations to assess their domestic response.



**Business Continuity Considerations:** This document seeks to draw out the main operational considerations for tax administrations in the context of a pandemic, which has a number of distinguishing features compared to short-term or geographically contained events. These include: the duration of the pandemic, including the possibility of additional waves; the transmission and health risks which can bring fundamental changes to how administrations operate; the extent and speed of government actions, for example restrictions on travel and containment policies; and the deep and potentially prolonged economy-wide impacts.

The reference document emphasises the importance of joined-up, agile and well-informed business continuity governance arrangements combined with a strong understanding of critical functions, vulnerabilities and mitigating actions as well as robust scenario planning. It also looks at some of the issues expected to persist for a prolonged period. These include measures to protect staff and taxpayers, possible continuation of some remote working arrangements and the potential need for redeployment of staff and associated training.

**Measures Taken To Support Taxpayers:** This reference document sets out examples of measures taken by a large number of tax administrations. Generally speaking, measures for individual taxpayers are intended to reduce immediate burdens and prevent hardship, for example from the suspension of debt recovery. Measures for the self-employed and businesses generally focus on alleviating cash-flow problems, helping to prevent escalating problems such as the laying-off of workers, being unable to pay suppliers, and closure or bankruptcy. In many administrations there has also been a suspension of physical audits both to reduce immediate burdens and for health and safety purposes.

The reference document also sets out some considerations that administrations may wish to take into account in the design of measures, such as the possibility of unintended consequences, for example the suspension of filing deadlines where there are links to benefit payments; the possibility of a build-up in unsustainable debt triggering later bankruptcies of businesses and their suppliers; and the risks of fraud in a fast-moving environment.

**Recovery Period Planning:** This document looks at the range of issues which might be considered when seeking to return to a more steady-state working environment, which may be different in some respects from the past. Like the document on business continuity considerations, it seeks to look at business resumption through a COVID-19 lens, including on tax administration operations as well as the possibility of further waves of the virus.

The reference document emphasises the continued importance of crisis-style management combined with a cross-administration strategic planning process. This is against the background of the complexities of resuming operations resulting, among other things, from inter-dependencies within the administration and with wider government actions to support the economy. It also makes suggestions as regards planning for business resumption while countries are still in a crisis period. This includes understanding the impacts that decisions taken during the crisis might have on recovery planning, as well as learning lessons from the crisis working environment which may have possible future application, for example the possibility of greater remote working options in the future.

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## SHORT TERM PRIORITIES

The FTA Bureau met on 4 June to discuss challenges resulting from COVID-19 and priorities for FTA work in the current environment. As well as agreeing to the continuation of the 2019/2020 amended work programme as described below, the Bureau proposed that in the short term, the priority should continue to be supporting tax administrations in COVID-19 responses and planning. In addition to the ongoing work in the FTA Networks and COIs and the discussions in the COVID-19 virtual group, the Bureau asked that further early work should be explored in the following areas:

- More in-depth guidance on remote working, drawing on experiences across the FTA and other organisations, on the main elements of successful long-term remote working.

- Understanding the pros and cons of different ways of working. The aim would be to survey examples of where different ways of working have been effectively deployed in order to provide food for thought for other administrations for both the short and longer-term.
- Business continuity planning lessons: The aim would be to capture some of the main lessons (e.g. on governance, maintenance of critical systems, HR issues, communications, etc.) while memories are fresh, and to revisit the published business continuity reference document in the light of experience.

- **Messaging and changing behaviours:** Coming out of the crisis there may be significant benefits from collective consideration of messaging on societal responsibilities and fairness to influence, and in some cases reset, taxpayer behaviours, including as regards aggressive tax planning, fraud and evasion.
- **Enhancing secure communications:** During the pandemic various communication platforms for multilateral conversations have been used which would not be suitable for secure, taxpayer confidential conversations. It may be worth exploring options for the development of a secure FTA communication platform to support new ways of working.
- **Refocusing the work on SMEs:** In the light of events, it is proposed to refocus the FTA report on reducing burdens and enhancing compliance by SMEs which was planned for publication this year. Taking full account of work done to date, the proposal is to produce a series of short guidance notes over time on the practical steps administrations might consider taking in the current environment.

Comments from FTA members on the proposals for short-term work are welcomed and should be sent to the Secretariat at [FTA@oecd.org](mailto:FTA@oecd.org). Steers on the 2021 work programme will be sought from FTA Commissioners later in the year, where it is expected that project working will focus on tax certainty, e-administration and digital transformation, taking account of COVID-19 experiences.

## UPDATE ON FTA PROJECTS

Most elements of the agreed 2019/2020 work programme continue to be taken forward, albeit at a slower pace in some areas and the outcomes of the projects outlined below are anticipated to be ready before the end of 2020. The exception is the report on SMEs where a possible new approach to take account of current difficulties facing this taxpayer segment is described in the article on proposals for future FTA work. For more information on any of these projects, please contact the Secretariat at [FTA@oecd.org](mailto:FTA@oecd.org)

**Tax Administration 2030:** Work on this “thought leadership” report has continued through a series of virtual meetings. The final report, expected to be published in December, will set out the case for the digital transformation of tax administrations, made all the more pressing by experiences with the crisis. It will also set out a joint vision of future seamless tax administration, the necessary building blocks and pathways of change, the various change management considerations and areas for further practical collaborative work.

**International tax debt management:** The interim report on “Challenges in International Tax Debt Management” published at the Santiago Plenary is currently being updated, including with helpful input from the February Tax Debt Management Network meeting. The final report will look at the opportunities for improving international tax debt management, including through the use of new toolkits and options for enhanced collaboration.

**Tax certainty:** Work on the tax certainty programme agreed at the Santiago Plenary continues through working groups

set up on Standardised Benchmarking, improvements to APA processes and processes for multilateral APAs/MAPs. Work on Joint Audits continues although options for pilots are, of course, currently highly limited. The aim is to have detailed work plans/proposals on each of these topics for delivery to Commissioners in December.

**AEOI:** The Secretariat will continue to finalise the proposed publication of a Compliance Framework for Financial Institutions (working with Canada, Singapore, the United Kingdom and the United States which have been leading a pilot project). The Secretariat will also seek to arrange virtual sessions over the coming several months for FTA members to exchange information on developments as regards the effective use of CRS data.

**Sharing and gig economy:** the FTA Code of Conduct for sharing and gig economy platforms was included in the consultation on the Model Rules produced by WP10. These have now been submitted to the Inclusive Framework for approval and clearance for publication. Scoping work is continuing on digital, real-time options for confirming the identity and tax residency of platform sellers through APIs which it is hoped will be launched as a formal project in December.

**Common Transmission System:** The launch of CTS 2.0, which allows for an expansion in the information which can be exchanged through the secure portal, was originally planned for November 2020. However, given that the deadline for CRS exchanges has now been extended from end-September to end-

December, consultation is ongoing about delaying the launch of CTS 2.0 to the end of February 2021 to avoid difficulties for jurisdictions. In this case, the initial date for the opening of the testing environment on 2 October 2020 would be maintained so as to provide an extended, five month testing window prior to CTS 2.0 going live at the end of February 2021.

**Capacity building report:** Work is continuing on a practical guide for FTA members undertaking or considering undertaking capacity building programmes. It will cover organisational capacity; information gathering; mission plan and design; mission preparation and delivery; and monitoring and evaluation considerations. It will also contain a new catalogue of activities, to be updated periodically, which will help administrations to join up, avoid duplication and identify opportunities for enhanced collaboration.

**ISORA, maturity models and e-learning:** The launch of the slimmed down International Survey on Revenue Administration (ISORA) has been moved from May to September 2020. The 2021 Tax Administration Series, the first in what will become an annual series, is also expected to have a specific focus on COVID-19 impacts. An additional set of one-off COVID-19 questions is currently being developed. Work on maturity models continues and two completed models on Enterprise Risk Management and Analytics will be piloted in the coming months. Work is also progressing with the other ISORA partners (IMF, CIAT and IOTA) on two e-learning pilots on strategy and reform management. If successful, these will be expanded to cover all major elements of tax administration.

## COMMISSIONER CONVERSATIONS: REMOTE WORKING

A dialogue between Commissioner Fernando Barraza, of the Servicio de Impuestos Internos of Chile (SII), and Director General Markku Heikura, of Tax Finland (Vero), on considerations for successful remote working has been published by the FTA. This is the first in a planned series of "[Commissioner Conversation](#)" on topical issues.

In recent months many tax administrations have had to partly, or in some cases almost entirely, evacuate their offices during the height of the pandemic and move to some degree of remote working. For some administrations, such as Vero, this was relatively straightforward given their long experience with remote working, which began in pilot form in

2012. For other administrations, there were a variety of issues which needed to be addressed at great speed, including legal considerations, consultation with staff and unions and practical issues such as the availability of appropriate hardware, the ability of certain processes to be done remotely and security implications. This first "Commissioner Conversations" explores the rationale for the introduction of remote working in Vero, how it has developed over time, practical considerations, such as remote management, and technical issues. Finally, in answer to the question from Commissioner Barraza on the key elements of successful teleworking, Director General Heikura pointed to three things:

- Firstly, teleworking is based on mutual trust, which should be seen as a normal way of working, not a special arrangement.
- Secondly, supervision, meeting arrangements and their methodology needs to be redesigned as the tools and ways of working are different when teleworking.
- Thirdly, the ability to telework depends heavily on the extent of digitalisation within the tax administration.

## OTHER COVID-19 RESOURCES

The OECD is compiling data, information, analysis and recommendations regarding the health, economic, financial and societal challenges posed by the impact of Coronavirus (COVID-19). Please visit the [dedicated page](#) for a full suite of coronavirus-related information.



## UPDATING THE FTA WEBSITE

The [FTA website](#) is being updated to provide a better public reflection of the scale of the FTA as well as the wide range of collective work being undertaken, including by giving more prominence to published reports and the work by the FTA Networks and COIs, where this can be made public. We would welcome comments on the website and where you see room for further improvements (to [FTA@oecd.org](mailto:FTA@oecd.org) please). As you will see, to aid navigation, the latest COVID-19 publications can be found in a rolling bar towards the top of the home page. There is also a box on latest developments where you can find links to the recent Behavioural

Insights Community of Interest Newsletter which is devoted to COVID-19. You can also find a link to the [SME workshop summary](#) generously hosted by the Dutch Tax Administration in Utrecht earlier this year. Such summaries were not previously made public but the intention, with the permission of the involved tax administrations, is to make summaries of future events public wherever possible and practicable

## RECENTLY HELD AND UPCOMING MEETINGS

- **4 June:** FTA Bureau meeting
- **11 June:** JITSIC SPOC meeting
- **16 June:** Large Business & International Programme meeting
- **17 June:** FTA COI on Digital Transformation meeting
- **24 June:** FTA COI on Behavioural Insights meeting
- **25 June:** FTA Tax Administration 2030 Workshop
- **29 June/10 July:** COVID-19 virtual group meeting (future meeting dates to be confirmed)
- **8 July:** FTA COI on Behavioural Insights meeting
- **15 July:** FTA Gender Balance Network meeting

### FTA Update

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BETTER POLICIES FOR BETTER LIVES