Executive summary

Together the 58 tax administrations participating in the eighth edition of the OECD's Tax Administration Series (TAS 2019) collect net revenues of EUR 11.4 trillion (2017). They are large and complex organisations employing around 1.6 million staff. They deal with the tax affairs of around 810 million personal income tax and corporate taxpayers who contact tax administration in excess of 500 million times via telephone, in-person, e-mail or paper and generate more than 1.6 billion online contacts. And the tax administrations do this on a combined operating budget amounting to around EUR 71 billion, equivalent to less than 1% of total revenues collected.

Figure 0.1. **Key figures related to the administrations covered in this publication**

Jurisdictions covered by this publication	58
Number of regional/local offices	17 700
Staff employed	1 580 000
Administrative reviews resolved	8 400 000
Audits/verifications conducted	22 000 000
In-person inquiries	135 000 000
Telephone calls received	330 000 000
Number of active PIT and CIT taxpayers	810 000 000
Operational budget (in EUR)	70 900 000 000
Collectible arrears debt at year-end (in EUR)	820 000 000 000
Total arrears at year-end (in EUR)	2 030 000 000 000
Net revenue collected (in EUR)	11 400 000 000 000

Note: The figures are based on data obtained through the 2016 and 2018 ISORA survey. They are minimum figures as not all administrations were able to provide information for all data points. Figures typically relate to the fiscal year 2017. Data for fiscal years 2015 and 2016 was used where 2017 data was not available.

Source: OECD Secretariat calculations based on data included in this publication and OECD (2017), *Tax Administration 2017: Comparative Information on OECD and Other Advanced and Emerging Economies*, https://doi.org/10.1787/tax_admin-2017-en.

The TAS, which provides comparative information in over 200 tables covering tax administration performance and profile data, is intended to assist tax administrations in consideration of where further improvements might be made, as well to enhance wider public understanding as to the scale and nature of global tax administration. This edition of the TAS also attempts to draw out, from both the data provided through the International Survey of Revenue Administrations (ISORA) and the examples received from tax administrations, the most significant changes that are ongoing within global tax administration. It focuses in particular on how tax administrations are increasingly looking at the opportunities to take more proactive approaches to influencing and managing compliance as well as the challenges they face in adapting to the changing resource requirements.

Tax administrations, much like tax policy makers, are exposed to rapid change through the digitalisation of the economy and the emergence of new business models and ways of working. At the same time, the availability of new technologies, new data sources, analytical tools and increasing international co-operation and exchange of information are also providing new opportunities for tax administrations to better manage compliance, tackle non-compliance and protect their tax base.

E-Administration

There has already been a significant shift towards e-administration with increasing options and uptake of online filing of tax returns as well as online payments and the full or partial prefilling of tax returns. Digital contact channels (online, email, digital assistance) now dominate and the number of administrations using or developing mobile applications continues to grow. Electronic data from third parties, including other tax administrations, as well as internally generated electronic data is used in an increasingly joined-up way across tax administration functions for improving services and enhancing compliance. This also shows in the large number of administrations that now employ data scientists.

In addition to important incremental improvements ongoing in all tax administrations, there are also increasing signs of a transition towards a more fundamental shift in the nature of tax administration through more system-wide compliance management as processes become more integrated and holistic and as electronic data sources increase.

Engagement with taxpayers

The backbone of current efforts by tax administrations to manage compliance remains the supporting of positive compliance attitudes of taxpayers to reporting their taxable income and paying tax. This report highlights the different ways that administrations are looking to influence such attitudes, including through:

- *Initiatives to improve the education of taxpayers and communicate social norms*: Most tax administrations are continually looking to improve their reactive processes, online, in-person and by telephone, to make it easier for taxpayers to understand their obligations and how to meet them. This is increasingly being supplemented by proactive outreach through educational initiatives, campaigns and the use of new communication opportunities, including in real-time.
- *The use of taxpayer centric design in the expansion of taxpayer services*: Most administrations report the existence of formal processes for involving stakeholders in the design and testing of their services. There is also a clear trend towards an expanding range of self-services, including the ability to register, file and pay on-line, along with a range of interactive tools.
- *The growing use of behavioural insights as a compliance tool*: While the use of enforcement tools remains a highly important backstop in ensuring compliance, many tax administrations now report moving upstream through the use of behavioural insights and analytics to better understand how and why taxpayers act and to use these insights to design practical policies and interventions.

Compliance risk management

Tax administrations are taking an increasingly proactive approach to compliance risk management, seeking to intervene at earlier stages where possible rather than after tax returns have been filed. This can be seen in:

- *The increasing use of large and integrated data sets*: This has fuelled a significant increase in the use of analytics tools and techniques to improve risk management and help design-in compliance. Most tax administrations employ data scientists and many others are now pursuing recruitment strategies aimed at increasing the number of analysts and other specialists into tax administration.
- *Increasing segmentation and personalised interactions with taxpayers*: Two specific areas where tax administrations have found it advantageous to manage specific groups of taxpayers on a segmented basis are large business taxpayers, and High Net Wealth Individuals (HNWIs). Examples provided by tax administrations now show increasing segmentation in other areas, helping to guide more focused compliance actions and interventions, including at the individual level.
- *A continuing emphasis on co-operative arrangements to manage compliance and enhance tax certainty*: Over the last few years, there has been an increasing focus on the use of co-operative arrangements to manage compliance and enhance tax certainty, often through formal programmes but also through improved transparency.

Compliance by design

Compliance-by-design approaches have been in place for many years for salaried personal income taxpayers through pay-as-you-earn withholding and reporting by employers. These systemic arrangements, now adopted by almost all tax administrations, have helped maximise compliance for this significant part of the tax base. The increasing availability and sharing of data is now allowing such approaches to expand to cover other sources of income, including through the prefilling of tax returns.

While still early days, a number of tax administrations are now looking to introduce systemic approaches for other classes of taxpayer. These include working with software developers on the integration of accounting systems and tax rules, making it easier for smaller businesses to enter pay-as-you-earn type arrangements, and through the introduction of secure chains of information, for example through e-invoicing and the use of secure electronic cash registers.

Tax administration resources

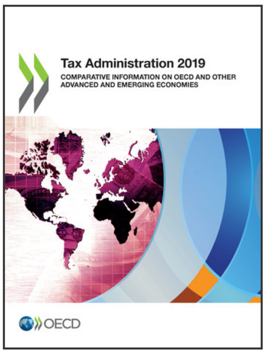
In making the most of these opportunities, tax administrations face a continued management challenge from the pressures of technology change and the changing structure of their workforce. Budgetary constraints continue to bite. While the majority of tax administrations report increasing operational expenditures in absolute terms, on average they are declining in relative terms compared to GDP. There is also significant variation in the amount of operational and capital expenditure on ICT. While this may often be due to different sourcing and business approaches, it may raise the question as to whether expenditure levels in some cases may be somewhat low to support the demands for more electronic and digital services. The workforce in many tax administrations continues to show an ageing profile on average, although almost all tax administrations now report that they have HR strategies in place. The importance of preparing existing staff for the challenges ahead has also been recognised. Most administrations have a plan that provides for the upskilling of existing staff, with almost all having formal training cycle processes in place.

International co-operation

Finally, one continuing trend seen over the last few years is the increase in the scale and scope of international co-operation. Tax administrations are working together on implementation of the OECD/G20 BEPS actions and in taking concrete steps to improve tax certainty and promote growth. This includes the development of the OECD's multilateral International Compliance Assurance Programme, where taxpayers and tax administrations work co-operatively and multilaterally in close to real-time to undertake risk assessment and assurance of key international tax risks.

International exchange of information has also increased exponentially with the adoption of automatic exchange of information through Country-by-Country reporting, the exchange of rulings and through the OECD/G20 Common Reporting Standard which has made huge numbers of financial accounts held in other jurisdictions visible to tax administrations for the first time.

As is evident from this report, international co-operation and the sharing of knowledge between tax administrations has never been more important as countries undergo significant change at significant cost and as the digitalisation of the economy increasingly transcends national borders.



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