

Looking towards 2025

STRATEGIC DIALOGUE OF THE HEADS OF TAX ADMINISTRATIONS

Thessaloniki, Greece
13 – 14 June 2018



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Summary of the meeting

At the High Level Meeting on 13 December 2017, the idea of an open dialogue between DG TAXUD and the Heads of Tax Administration at EU level was discussed. The EU economy and finance ministers met on 28 April 2018 in Sofia and agreed on the need to launch a discussion on how to improve cooperation and how Tax Administrations should work more effectively together in order to achieve good results in tax collection.

Heads of Tax Administration gathered in **Thessaloniki** on **13 and 14 June 2018** to look further into opportunities for their future structured and open dialogue. Apart from inspiring speeches and presentations by fellow Heads of Tax Administration, academia and EC officials, key outcomes were obtained during interactive breakout sessions where participants:

- Presented to each other their top 3 national priorities and selected the most pressing ones together
- Discussed in depth the challenges their Tax Administrations are facing and concluded sharing a lot of them
- Analyzed further a selection of themes which are relevant for all Tax Administrations now and in the coming years in the EU:
 - Implementation of Union legislation
 - IT and resources
 - Trust and compliance
 - Human Resources and skills
 - Digital and data

The meeting allowed Heads of TA to establish together the **grounds for a future constructive cooperation and open, strategic dialogue** with

- *Yearly meetings on basis of a strategic agenda*
- *A Network of deputies of Heads of Tax Administration*
- *A Steering Group with a limited number of Heads of Tax Administration*
- *Member States leadership*
- *A Task force approach*
- *Focus on deliverables with (monetary and/or operational) benefit*

Welcome and opening

To encourage participants to make the most out of the meeting, EC Commissioner Moscovici, responsible for Economic and Financial Affairs, Taxation and Customs, provided a (recorded) opening speech. He underlined that their roles and responsibilities as Heads of Tax Administration (TA) are central and their work crucial for their countries and for all as a Union. To make sure administrations continue to deliver and remain fit for purpose, innovation and more cooperation are needed. The Commissioner therefore called for an open, strategic and constructive dialogue among Heads of TA.



Mr. Pitsilis, Governor of the Independent Authority for Public Revenue in Greece and Mr. Quest, Director General for Taxation and Customs Union at the European Commission, each expressed as co-chairs their welcoming words to the participants and kicked-off the event with **empowering messages**.



"Because some of the problems and challenges we are facing are bigger than each one of us alone, but not bigger than all of us together. I believe that we, the heads of TAs need our own time together to exchange views and experiences, share best practices, scan the horizon for future challenges and shape our plans and prioritize our actions. And, last but not least, to substantiate the investments needed in order to improve our performance.

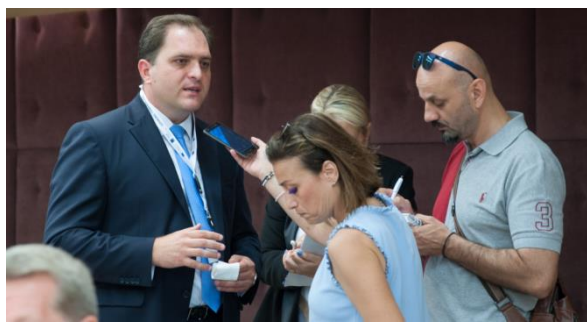
And I am confident that, with the assistance of the European Commission, this process will help us strengthen trust among us and make us see each other as partners to a common struggle for more trustworthy and reliable TAs, in the eyes of our citizens."

Mr. Quest raised the **key question for the audience**:

"How do the depth and speed of change affect tax policy and its administration? Does it require us to do things differently? And does it require us to do different things? With our meeting, we will try to look at this question from a European angle."



The event triggered **media coverage** with the presence of journalists and Greek television.



The heads of the EU tax authorities in Thessaloniki [Greece, TAXATION]

The Independent Authority for Public Revenue (IAPR) and the European Commission will welcome in Greece on 13-14 June the Heads of the Taxation Administrations of the EU member states, along with Commission's Directorate-General for Taxation and Customs Union (DG TAXUD) Director-General Stephen Quest, in a meeting entitled "With eyes fixed on 2025-Strategic Dialogue of the Heads of the Taxation Administrations of the EU". Commissioner Moscovici will deliver a speech at the meeting. The relevant event was an initiative of IAPR Governor Georgios Pitsilis.

euro2day.gr: "The heads of the EU tax authorities in Thessaloniki / ..." **date:** Wednesday, June 13, 2018

Commissioner Moscovici calls the Heads of Tax Administration in EU countries to think out of the box [Greece, TAXATION]

Independent Authority for Public Revenue (IAPR) Governor Georgios Pitsilis delivered a speech in the first meeting of the Heads of Tax Administration of the EU member states, entitled "With the eyes fixed on 2025-Strategic dialogue". Meanwhile, in a relevant intervention, General Director of European Commission's Directorate-General (DG TAXUD) Stephen Quest stated that it is necessary for the tax authorities of the EU member states to have a single approach to managing several issues, and especially the future challenges. Mr. Quest clarified that this does not suggest a single taxation policy in the EU, but closer cooperation and ongoing and constructive dialogue among the competent officials of the EU countries. In a video message, Commissioner Moscovici called on the participants in the meeting to think out of the box, adding that the EU consists of member states with different taxation systems. If any tax system affects each EU market separately, it affects the EU competitiveness as a whole, too, Mr. Moscovici pointed out.

capital.gr: "Πιτσιλής: Έως τέλος Ιουνίου έτοιμο το μπρώο ακινήτων βραχυχρόνιας διαμονής..." **date:** Thursday, June 14, 2018

Naftemporiki: [The register for Airbnb houses until the end of June / Τέλος Ιουνίου το μπρώο για ακίνητα τύπου Airbnb](#) **page:** 10 **date:** Thursday, June 14, 2018

Stephen Quest participates in an event in Thessaloniki for taxation authorities [Greece, TAXATION]

European Commission's Director-General for Taxation and Customs Union Stephen Quest participated in the first conference of the taxation administrations of the EU28 member states that took place in Thessaloniki. Mr. Quest characterised Thessaloniki as a "taxation capital."

Proto Thema: "cash..." **date:** Monday, June 18, 2018

Real News: "«ΦΟΡΟΛΟΓΙΚΗ ΠΡΩΤΕΥΟΥΣΑ»..." **date:** Monday, June 18, 2018

Session 1: Implementation of the EU agenda

This session was dedicated to the implementation of the EU agenda which is set at Council level, but requires Tax Administrations to implement the EU legislation adopted and orientations taken. For this purpose, modifications in tax administration processes and procedures, investments in technology and budgetary and human resources are often required. To get all participants on the same level of understanding about the EU agenda, **Ms. Fabregas**, Director for Indirect Taxation and Tax Administration at the European Commission, gave an oral overview of the **main EU tax initiatives since 2016**. She also pointed out the challenges this raises for Tax Administrations.



The scene setting was completed with a presentation by **Mr. Tsangaris**, Commissioner of the Cyprus Tax Department. In his presentation on "EU legislation: from theory to practice", he gave an insight - based on his experience - in problems encountered when preparing, establishing and implementing EU tax legislation. To be able to do a proper implementation, he stressed the importance of clear legislation and timing of new laws.

A more interactive part started then with participants discussing during the **first breakout session** their **top national priorities** and each table out of 7 making their selection of most pressing priorities. As the EU agenda and its initiatives address tax administration issues from an EU perspective, the purpose was to look at tax administration from another angle, being the national perspective.



Mr. Quest animated the reporting back which revealed a **high degree of commonality** among national priorities of Tax Administrations and can be clustered in five main areas.

Top national priorities

- DIGITALIZATION AND THE IMPACT ON TAX ADMINISTRATION
- ENHANCING TAX COMPLIANCE
- HUMAN RESOURCES AND CAPACITY BUILDING
- IMPLEMENTATION OF NATIONAL AND EUROPEAN LEGISLATION AND INTERNATIONAL TREATIES
- IMPROVING TAX ADMINISTRATION EFFICIENCY

The full **overview of Tax Administration priorities per Member State** is available on [PICS](#), the collaborative platform dedicated customs and tax officials of the Union.

An **overview of top three national priorities per table** is available in Annex 1.

This first session ended on a light note with a **rating exercise**: participants positioned themselves on an imaginary scale from 1 to 10 to provide an answer on the question: "**How well does the EU agenda address top priorities?**". The bulk of the participants gave a score of **6 or 7**.



Session 2: Tax Administration challenges

Before going into the heart of the matter, 2 academia shared results of their research providing innovative viewpoints:

Legitimacy, fairness and the limits of transparency. Ethnographic insights from a Tax Administration at work.

Professor Ms Björklund Larsen (Associate Professor in Social Anthropology and Research Fellow at Tema: Technology and Social Change, Linköping University, Sweden)



Pointing out the importance of legitimacy of taxes and tax systems and its influence on taxpayers' behaviour.

LEGITIMATE TAXES AND TAX SYSTEMS

The foundation of a functioning welfare state is a legitimate tax system

- Socio-economically efficient; citizens are loyal to it
- Considered fair and purposeful
- Be simple and predictable
- Proportional and controllable (Lodin 2007)

Distinguish specific taxes and tax systems

Tax systems are practiced (Oats 2012). There can be differences in legitimacy of government and of tax collectors (Kornhauser 2007).

Importantly, legitimacy has to be studied in practice; how the law is applied.

Professor Björklund Larsen drew on ethnographic researches done at the Swedish Tax Agency. In order to be seen as legitimate in its actions, this Tax Administration conducts a careful and clever interpretation of the law. It does not communicate what it cannot control or what is seen as unfair and illegitimate.

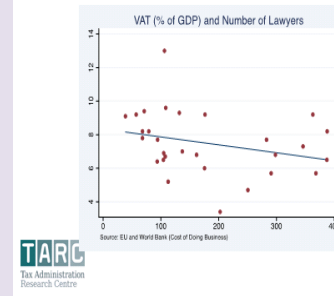
Revenue performance and legal uncertainty (and tax complexity)

Mr. Kotsogiannis (Professor and President of the Managing Board of Independent Authority of Public Administration)



Revealing surprising correlations between legal values (number of judges, lawyers, and the quality of the judicial process) which are indicators for legal tax certainty and complexity on the one hand and growth and VAT collection on the other hand.

Correlation (not causation)



Legal aspects in revenue mobilisation are mostly neglected but they should not:

- Legal environment affects growth (it is well documented) and so should affect revenue performance—but we do not know a lot of this
- Great opportunity for Tax Administrations to work with academics to shed more light on these important aspects

The second session was dedicated to **Heads of Tax Administrations** and the numerous **challenges they face**. Four of them shared their own experience on what issues keep Heads of Tax Administration awake at night. Concrete examples and possible ways to tackle them were provided.

IAPR's challenges in the data driven era

Presentation by Mr. Pitsilis, Governor of the Independent Authority for Public Revenue.

Mr. Pitsilis opened his presentation by pointing out the main challenges the Greek Tax Administration is facing today due to digital and data driven disruption and societal changes. These challenges relate to:

1. Insufficient infrastructure and resources
2. Quality and skills of staff in relation to demographics
3. Measurement of performance of infrastructure and personnel
4. Capacity of IT systems
5. Data exploitation and data analysis
6. Enhancement of services rendered to the taxpayers
7. Legislation complexity



Mr. Pitsilis raised the question whether Tax Administrations are fit to address these challenges and ready to exploit the opportunities of data driven processes. He stressed the importance of cooperation at EU level and expressed his view on how this could be achieved: look at ways to identify solutions and take common initiatives, such as "pilot approaches" and formulate a method of working together to ensure close and efficient cooperation, build trust among each other and set the basis for sharing best practices.

The Italian Revenue Agency: main challenges and planned responses

Presentation by Mr. Barbantini, Deputy Director General of the Italian Revenue Agency.



Mr. Barbantini shared the main challenges and priorities for the Italian Revenue Agency, which are BEPS risks, better use of massive data, VAT fraud, measuring performance, improving digital services and hiring-keeping-empowering staff. By rethinking the organisational structure, the Italian Revenue Agency addresses these challenges. Mr. Barbantini presented some examples of this rethinking, such as e-registration and e-filing, datamining techniques as part of risk-analysis and compliance letters. He also stressed the importance of enhancing EU cooperation in the areas of building trust, engaging with digital platforms, tackling VAT fraud, sharing risk analysis tools, joint audits and strengthening exchange of information and capacity building.

Starting from the challenges they face as Heads of Tax Administration, they both underlined the need for and benefits of cooperation and collaboration at EU level to build trust, share experiences and strengthen the fight against tax fraud.

Digitalisation and platform economy – possibilities and threats to taxation

Presentation by Mr. *Heikura*, Director General of the Finnish Tax Administration.

Mr. Heikura pointed out that the new economic platform models put challenges on Tax Administrations, in particular when it comes to safeguarding the taxation base in the digital world. He stressed that Tax Administrations need all tax relevant data from digital actors to perform effective tax controls and need to build a taxation ecosystem by enabling the production of external services and the cooperation with global and local platforms. Mr. Heikura emphasized the importance of cooperation between tax authorities in particular in the field of exchange of information, new technology (such as block chain) and data analytics.



E-information services on VAT

Presentation by Mr. *De la Rosa*, Director General of Tax Management - Department of the Spanish Tax Agency.



Mr. De la Rosa informed the colleagues that Spain introduced the SII system (i.e. immediate on-line supply of information on VAT to the Tax Agency's electronic office). SII has two objectives: (1) to help taxpayers to comply with their tax obligations by providing tax information through artificial intelligence (virtual assistant) and new self-assessment tools (term calculator and locator) and (2) to improve control by using the information that has become immediately available through SII. The SII system is operational since July 2017. A link to video's with more information on the virtual assistant is available on [PICS](#)

Both presentations provided useful and enriching **insights in problems and opportunities arising from digitalization** and how Tax Administrations could respond to them.

During the **breakout session** that followed, the same four Heads of TA of EL, ES, IT and FI chaired groups **mapping and discussing challenges for Tax Administrations**. Each table after intense discussions presented the identified challenges. They categorised them according to the level where they would best be addressed: national, European or other if global or externality. Ms Fabregas commented and clustered the cards. A full overview of the challenges discussed is available in Annex 2.



Session 3: Acting together

This session was dedicated to **future action**: identifying how cooperation at strategic level among Heads of Tax Administration can contribute to better addressing priorities and challenges that are common to Tax Administrations. Mr. Quest gave an oral overview of those common themes that emerged the day before from breakout sessions:

Identified common challenges

Participants chose their theme of interest and gathered in groups discussing:



The "Digital and Data" and "Trust and compliance" themes benefited from a lot of interest. 6 groups deepened the problem statements related to the themes and identified possible common actions for the future. Mr. Quest collected feedback from each group reporter.



1. QUALITY AND RELEVANCE OF EU LEGISLATION

Problem statement

The quality and relevance of Union tax legislation affects how Tax Administrations will and can implement it at national level:

- Too many simultaneous and fragmented pieces of Union legislation
- Legislation uses unclear terminology or legal concepts which have different meaning at national level
- Negotiations are too lengthy; risk of outdated legislation

Way forward

1. Have an open debate on the unanimity rule at political level
2. Improve the preparation of Union legislation
 - Is legislation needed? Is it relevant for all Member States?
 - Is hard law needed or would soft law do?
 - When preparing legislative proposals, take the implementation requirements into account (e.g. for setting legal deadlines)
 - Spread legal proposals over time to accommodate Tax Administrations' efforts needed for implementing it
3. Ensure that terminology and definitions are clear in the legislative proposals or alternatively give more flexibility to Member States
4. After the adoption of EU legislation: better coordinate the implementation measures between Tax Administrations at Heads of Tax Administration level and with the Commission

2. IT AND RESOURCES

Problem statement

- Lack of global IT strategy and architecture mapping and linking common and national IT systems in a comprehensive way
- Lack of skills and human resources for IT related matters in Tax Administrations

Way forward

- Set up strategic discussions and improve coordination on IT issues among Heads of Tax Administration and with the Commission
- Use the Fiscalis programme for providing training and developing fit for purpose training tools such as webinars, e-learning modules

3. TRUST AND COMPLIANCE

Problem statement

- Tax Administrations want/need to reduce the tax gap and secure national income by enhancing compliance
- Compliance requires taxpayers' trust and legal certainty which is lacking
- Tax laws are too complex
- Member states are currently competing rather than building common compliance strategies

Way forward

Work on compliance at 2 levels:

1. Heads of TA level: discuss national strategies on compliance with a view to establish common views and approaches
2. Heads of strategy Unit of Tax Administrations: set up a Project group under Fiscalis to exchange good practices on tax compliance

4. HR & SKILLS

Problem statement

- Tax Administrations have aging staff but are not attractive employers (difficult to compete with private sector)
- Resources are being cut
- They need their staff to acquire new skills for the changing environment impacting Tax Administrations

Way forward

1. Raise awareness of problems at top management level at Heads of Tax Administration
2. Develop a Tax competency framework: defining roles and responsibilities within Tax Administrations (cf. Customs Competency Framework)
3. Identify and exchange best practices within EU and outside while also looking at public administrations in other sectors
4. Set up network of HR and people from development departments for dealing with training methodologies and developing modern training tools (e.g. webinars, training platforms)
5. Report to Heads of Tax Administration for monitoring and follow-up

5. DIGITAL AND DATA

Problem statement

1. Changing economic business models impacting Tax Administrations
2. Big data management issues due to high volumes being available at national level (e.g. data coming from banks) and further to exchange of information:
 - a. Relevance of data
 - b. Technical management requirements + need for streamlining Tax Administration processes
 - c. (risk) analysis of data
 - d. Quality of data
 - e. Follow-up
 - f. Data protection
 - g. Security

Way forward

1. Set up a working group on future IT architecture
2. Share best practices on tools and knowledge
3. Work together to increase negotiating power towards platforms
4. Meeting of CIO's of Tax Administrations
5. Quality of data : develop coherent view of what data is needed
6. Develop common answer on how to deal with crypto currencies

6. MAKING COOPERATION WORK

Problem statement

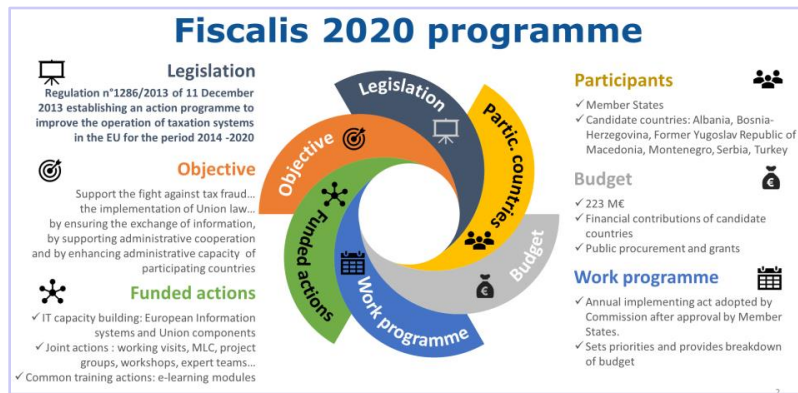
How to go about a structured and constructive cooperation at Heads of Tax Administration level to make it work?

Way forward

1. Continue with yearly meetings at Heads of Tax Administration level starting with a strategic agenda - examples of topics:
 - a. Implementation of EU law
 - b. Compliance matters (e.g. VAT, Airbnb)
 - c. Innovation
 - d. Common standards
2. Conditions for success of cooperation:
 - a. Change mind-set from national to mutual benefit (abandon 'Divide & rule')
 - b. Good balance between long term projects and quick wins - build on success stories of Member States and other countries
 - c. Realism

- d. Breaking silos: develop more operational cooperation in the field
- 3. Member States are to take leadership over a project/topic combined with task force approach
- 4. Set up network of deputies of Heads of Tax Administration
- 5. Focus on deliverables and concrete outcomes:
 - a. With monetary and operational benefit
 - b. Monitor success
- 6. Areas with expected benefits of working together:
 - a. Develop common position towards third countries
 - b. Set up common standards for digital platforms
 - c. Joint audits
 - d. Develop EU compliance approach
 - e. VAT fraud

To complete the picture on how cooperation can be further materialised in the future with concrete projects and financial support, **Ms Peeters**, Head of Sector for Tax Administration in unit TAXUD-C4 at the European Commission, provided a presentation on the Fiscalis 2020 and the proposed successor Programme. After having presented the main features of the programme, she illustrated its usefulness through 2 success stories in the area of multilateral controls and the Transaction Network Analysis tool. These tools support tax administrations in carrying out their core business tasks of tax control and risk analysis in a tangible way.



Mr. Vandriessche, Head of the Athens Office of the Structural Reform Support Service at the European Commission, initiated the audience in support opportunities for Member States provided by the Structural Reform Support Programme and the Structural funds. He clarified Member States should apply for support, the available tools and budget for now and in the future. The areas in which the SRS Programme is active are:



Conclusions/ closing of the event

At the end of the meeting Mr. Quest drew the conclusions:

- Heads of Tax Administrations are facing similar if not identical challenges.
- Their strategic priorities at national level converge also to a considerable extent.
- They see the potential benefits of cooperating at strategic level with:
 - yearly meetings
 - a network of their deputies to support the cooperation
 - an informal Steering Group with a limited number of Heads of Tax Administration for additional steer
 - Member State leadership to set the agenda
 - a task force approach for projects
 - concrete deliverables with monetary and/or operational benefit

Mr. Quest together with Mr. Pitsilis thanked all participants for their very active participation throughout the event!



Breakout session 1 - Priorities of Tax Administrations

Tasks:

1. Each Member State's Tax Administration identified its top 3 priorities
2. Each table identified jointly its top 3 priorities

Top 3 priorities per table

Table 1

1. Changing culture to a more collaborative approach (increasing trust in TA)
2. Digitalisation : influencing tax compliance → How to tackle the new business models
3. Digitalisation : different way of working (going from e-services to blockchain)

Table 2

1. Secure national income → enhance compliance
2. Take advantage of information
3. Resources → quality people & finance to improve

Table 3

1. Increase in complexity of tax law to reach unanimity between member States
2. The handling of big data and exchange of information versus data protection and the influence of the new economies
3. Merge electronic services and customs

Table 4

1. Fair implementation of the tax system
2. Streamlining tax administration processes
3. Taxpayers' trust and legal certainty to foster voluntary tax compliance

Table 5

1. IT Renewal (modernization): IT digitalization of the services offered by tax departments + compliance factors & selective system
2. Capacity building – HR challenges : new recruitment and new trainings
3. Implementation of EU directives/regulations/CJUE case law + implementation of international rules (OECD) + implementation of national policy measures

Table 6

1. Compliance : keep and improve joint audit, analyses
2. Resources : IT, HR
3. Services to clients

Table 7

1. Digital and data transformation
2. Raising compliance and reducing the tax gap
3. Structural changes to improve efficiency of Tax Administration (+ HR skills)

Breakout session 2 – Overview of challenges

Groups discussed challenges/problems that Tax Administrations are facing when carrying out their core business. They mapped and categorised challenges and problems according to those that must be addressed at national level (N), at EU level (EU), and beyond (EXT).

The mapping resulted in eight main topics, which are presented in the table below. The letters N, EU and EXT or a combination indicate the level on which these topics should be addressed.

Main topic	Elements	Level
1. IT	a. Budget constraints	N
	b. Need for modernizing IT	N
	c. Procurement	N
	d. Share knowledge and experience to reduce costs	EU
2. Human resources	a. Recruitment	N
	b. Skills	N-EU
	c. Clear career paths	N-EU
	d. Attitude and culture	N-EU
	e. Competences	N
	f. Private sector competition	N
3. International cooperation	a. International cooperation and cooperation at EU level	EU
	b. Consistency (or not) with OECD	EU-EXT
4. Quality, relevance of legislation	a. Complexity of legislation – Need for new EU legislation	EU-EXT
	b. Need for “Digital age” legislation	N-EU
	c. Timely response to new challenges	N-EU
	d. Flexibility to changes especially at global level	N-EU
	e. Work more agile	N
5. Digital and data	a. New business models	EXT
	b. Getting information from platforms collectively as MS	EU-EXT
	c. Common platform for data exchange	EU-EXT
	d. Get access to data	EXT
	e. Excess of data	EXT
	f. Globalization of trade – tax implications	EXT
	g. Security and anonymity of data	EXT
6. Trust	a. Build trust with taxpayers	N
	b. Build trust among countries	N-EU
	c. Be transparent and deliver quality	EU-EXT
	d. Make cooperation work	EU-EXT
	e. Measuring performance (TADAT)	EU-EXT
7. Politics	a. Political support for Tax Administrations	N-EU
8. Fraud	a. Tackle VAT fraud	N-EU
	b. Make cooperation work	N-EU