



Establishing an Independent Authority for Public Revenue,

*ensuring
efficient taxpayer services
and voluntary compliance*

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The need for a structural reform of the Greek Tax Administration

- **The reform of the Greek Tax and Customs Administration was the result of an agreement under the ESM Stability Support Programme in 2015:** Greece agreed to organisationally split the tax policy and tax policy implementation functions.
- The tax policy function continues to be exercised by the MoF and the tax policy implementation is entrusted to an Autonomous and Self Reliant Revenue Agency.
- **The rationale was** to address shortcomings and challenges in revenue collection and fight against tax evasion through an autonomous governance structure, securing revenue collection and fairness, transparency, meritocracy and accountability in the implementation of tax policy
- **Economic Governance links:** There is an obvious link between the structural reforms on revenue administration and economics. After all, the quality of a country's tax policy is directly linked to the quality of its tax administration
- **SRSS contact:** Due to the novelty of the reform, Greece requested technical support to establish and implement the IAPR

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Design and implementation of support

- **Request-Project:** The request for support was submitted to the SRSS through the the General Secretariat of Coordination ("**Greek Coordinating Authority**") which had agreed on a Plan for Technical Cooperation since October 2015
- **Selection of Provider:** The SRSS identified appropriate experts familiar with the Greek context in order to address the request under **tight deadlines**.
- **Uniqueness of the project:** The providers were a combination of international organisation experts (IMF) as an external provider and SRSS staff as in-house experts
- **Consultation on draft request:** The request was decided to be **broad** to ensure necessary **flexibility of** cooperation between the SRSS and the authorities.
- **Advice tailored to the Greek legal and cultural context** : to ensure smooth cooperation (not off-the- shelf solutions, minimum requirements of autonomy- best practices, adapted in the Greek legal and factual context).

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Deliverables [*Deliverables; what the SRSS delivered*]

- The SRSS (in-house know-how) and the IMF delivered advice in relation to the following:
- **a) set-up phase (legislation):**
- Advice in relation to best practices concerning
 - **i)** minimum requirements for autonomy (budget, HR, IT and organisational autonomy),
 - **ii)** governance models ensuring accountability and
 - **iii)** the interaction between IAPR and the tax policy services of the MoF.
- **b) implementation phase:** Advice was provided in several areas of implementation
 - implementation plan for the transition to the IAPR,
 - design of Human Resources Management systems (assessment of managers, new grading and payroll system, target setting, appraisal system),
 - assessment of the Service Level Agreement signed between the IAPR and the IT data warehouse and infrastructure provider belonging to the MoF,
 - Business process re-engineering.

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Quantitative Results

- **Exceeding tax and customs revenue targets for a second consecutive year**
- **Collection of arrears** increased (from **€1.9bn** in 2011 to **€5.5bn** in 2018)
- The amount of **taxes paid on time** increased (from **€14.2bn** in 2013 to **€18.7bn** in 2018 - **76,77%** in 2015 to **80,83%** in 2018)
- Decrease of pending tax refunds from **€3.7 bn** in 2015 to **€ 713 mill** today, with the overdue part (over 90 days and without any notification to the taxpayers) not exceeding 180 mill
- Increase of the percentage of cases closed by the explicit decision of the Dispute Resolution Unit (from **57%** in 2015 to **93%** in 2018), reduction of judicial appeals and have built trust between the taxpayers and the tax administration.

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Qualitative results

- **A new Governance model**, with a Governor and a Management Board, and a progressive change of mentality of IAPR's top management, by strengthening HQ functions and promoting synergies across the agency, has led to **IAPR assuming ownership of reforms**:
- **The organizational transformation is not perceived as the end of the road, but as an enabling factor that will allow the Greek Tax Administration, with the support of political leadership, to proceed to all needed reforms in our core functions**

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The way forward - Priorities

- Top priority is to implement our **The Blueprint Reform project**. The Blueprint is a description of the “to be” state in IAPR. It guides the business case for modernization.
- **The Reform Action Plan consists of 26 intervention areas that are across five reform “pillars”**. The five categories for reform incorporate services to citizens and businesses, enforced compliance, infrastructure, technology and human resources.
- It is changing the approach to securing taxpayers’ compliance, the relationships with taxpayers and stakeholders, and IAPR’s structure, operations and HR policies and management.

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The way forward: Challenges

- **Increasing voluntary compliance:** completion and implementation of a Tax Compliance Plan, with the joint support of SRSS and IMF
- **Rendering efficient taxpayer services:** modernization of tax and custom services and regulatory frameworks, digitization of applications, implementation of **IT Strategy**, replacement of obsolete technological equipment
- **Fight against tax evasion and smuggling through:**
e-invoicing , e-payments, electronic bookkeeping , targeted tax audits in sectors where a high percentage of tax evasion and delinquency has been observed and tax audits oriented in fresh cases, prosecution audits by Mobile Units of the Customs Administration
- **Business and trade facilitation:** Increase of Authorized Economic Operators with the view to increasing/facilitating exports
- In all these projects, having access to international best practices is a prerequisite of their success. **Therefore, we are very happy to have on our side the advice coming from SRSS and their experts**