



*Singapore hosted the 3<sup>rd</sup> OECD FTA E-Services and Digital Delivery Workshop from 24 April to 26 April 2017 and we are happy to have had the honour to catch up with Mr Peter Green, Head of FTA Secretariat, on technological disruptions and its effect on the landscape of tax administration.*

*Here is an excerpt of the interview.*

**IRAS:** With the rapid rise of new and sometimes disruptive technologies, along with increasing taxpayers' expectations, how much of it is a threat or opportunity for tax administrations?

**Peter Green (PG):** It is important to look at the wider picture. The purpose of the tax administration is to collect the taxes needed to fund public services and public goods at the least economic cost. Economic cost does not consist of the budget of the tax administration alone, but also encompasses the direct and opportunity costs incurred by the taxpayer. Reducing the burden of complying with tax obligations can therefore lead to important economic gains as businesses, individuals and tax administrations are freed up to pursue other activities.



The new technologies offer unprecedented opportunities for tax administrations to change the way they interact with taxpayers, making it easier and less costly for them to comply with their tax obligations. The integration of new technologies, for example, cloud computing, social media and mobile technology, is also rapidly changing many aspects of everyday lives and driving wider expectations.

However, going digital is a significant investment for any tax authority. The pace of change in technology, including the emergence of new disruptive technologies, makes it ever more important for tax administrations to share their experiences and progress together to minimise transitional costs and possible dead-ends.

It is also important that early consideration is given to the risks posed to the tax administration, which might in some scenarios affect economic activity.

**IRAS: How can various tax administrations work together in transforming their services, and what plans does the OECD have to facilitate this?**

PG: Cooperation and the sharing of



**Above: The integration of new technologies is driving wider expectations of services by taxpayers, says Mr Peter Green, Head of the FTA Secretariat at OECD.**

knowledge between tax administrations is essential.

This is the purpose of the OECD's Forum on Tax Administration, which brings together the Commissioners of 50 advanced and emerging tax administrations.

Transforming the tax administration is high on the agenda of all Commissioners. While we can set objectives in a broad sense for a tax administration in the medium-term, one thing we can be sure of is that with the pace of technological change, the future we can imagine with today's technology will not be where we end up. So what is of real interest is the purpose of our journey, the direction of travel and what steps we should be taking now.

Events such as the E-Services and Digital Delivery workshop that Russia and Singapore, together with the OECD, have organised are crucial in informing these decisions. I have no doubt that we will continue to build on this work in the

FTA's future work programme, which will be decided at the FTA Plenary in Oslo in September 2017. It is by bringing together the leaders of digital transformation within tax administrations, that we can deliver both thought leadership as well as practical guidance on the many issues that transformation raises.

**IRAS: What advice do you have for tax administrations that are looking to digitally transform their service design and delivery?**

PG: I would give three pieces of advice.

First, having a clear and shared vision, ideally at all levels of the tax

**Below: Delegates from more than 26 tax administrations attended the ESDD Workshop held in Singapore for the first time.**



*The new technologies offer unprecedented opportunities for tax administrations to change the way they interact with taxpayers.*

administration, of the objectives of change to encourage the critical examination of business processes, activities and skill sets. As Mikhail Mishustin, Commissioner of the Federal Tax Service of Russia (FTS), has said, leveraging technology is not an add-on but sits right at the heart of the FTS' strategy. In similar vein, the Australian Taxation Office (ATO) released its Reinventing the ATO Program Blueprint in 2015 to help them achieve their vision of being a contemporary, service oriented organisation.

Second, as tax administrations design and develop services for taxpayers, it is critical to understand taxpayers' needs

and expectations as well as how they use digital services more widely. What we do needs to sit in a wider "ecosystem". For example, the FTS in 2011 carried out a study on the issues hindering communication between the tax service and taxpayers, enabling them to adapt the way they communicate.

In Singapore, IRAS has adopted an "outside-in" approach to better understand the needs and expectations of taxpayers as well as co-creating and testing solutions. This led to the revamped Tax Portal, a more intuitive and web-responsive design for tax filing and other e-Services.

**Below: A delegate from the Philippines posing a question to the panel.**



**Left: Robert Ravello, Deputy Commissioner of Service Delivery in the Australian Taxation Office, moderating a panel session with delegates from China, Canada, Italy and USA at the 3<sup>rd</sup> OECD FTA E-Services and Digital Delivery (ESDD) Workshop in Singapore.**

Third, it is important to be agile – including "failing fast". The pace of technological change means that huge IT projects may well be outdated by the time they arrive. Tax administrations are increasingly testing new initiatives through pilots and by phased introduction.

In the UK, HMRC recently launched a Making Tax Digital pilot which will require certain small business owners and self-employed taxpayers to update their tax affairs quarterly. The New Zealand Inland Revenue, too, phased the introduction of voice biometrics – first as a routing tool and then, when tested in that area, as an identity authentication tool.

### **IRAS: What are your views on Singapore and Russia's digital transformation efforts?**

PG: Both IRAS in Singapore and the FTS in Russia are among the leading tax administrations in the area of digital transformation.

IRAS has brought together several initiatives under its programme for Leveraging Analytics, Digitalisation and Design (LEA:D). This includes piloting and then recently rolling out important simplifications to how employers submit employee records to IRAS. IRAS has also been a leader in the use of mobile devices, allowing taxpayers to use e-Services, such as for the filing of tax returns, at their own convenience. To improve productivity, IRAS has also piloted the use of robotics to automate manually intensive processes, freeing up staff to work on more complex tasks.

Likewise, the FTS has also moved a long way along the pathway to digitalisation. More than 120 million tax returns and 15 billion VAT digital invoices are now filed digitally every year, with over 90% of tax returns now filed through a system of certified private providers.

Since the mid-2000s, business taxpayers in Russia have been using commercial off-the-shelf accounting software with embedded capabilities of automatic



preparation and filing of tax returns for all types of taxes. The online personal account of an individual taxpayer displays a wide range of information about his or her tax affairs and there is an online tool for providing feedback directly to a local tax officer.

do bring is a passion for working with and through others to help to deliver change which benefits the economy, which improves services and which minimises costs. My primary sources, as befits my role, are the experts and leaders in the FTA member

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**IRAS: How do you keep yourself updated with the changing technologies?**

I freely admit that this is a challenge, particularly as I took up the post as Head of the FTA Secretariat only at the beginning of this year. I neither have an IT background nor long experience in tax administration. My career has largely been in the UK Treasury, latterly as Head of International Tax Policy. But what I

organisations. That is why I am so pleased to participate in this event in Singapore and look forward to helping to deliver what I know will be an ambitious and forward-looking FTA work programme.

**IRAS: Any final word of advice for tax administrations?**

**PG:** The environment in which we operate is increasingly disruptive. The



**Right: (second from left) Mr Peter Green speaking with delegates during a coffee break.**



**Above: IRAS' Chief LEA:D Officer Poh Lai Khim delivering her keynote speech on the tax authority's digital transformation journey. LEA:D, or Leveraging Analytics, Digitalisation and Design, seeks to deliver even better services for taxpayers and redefine the experiences of staff.**

use of new technologies has already led to much higher expectations of service by taxpayers and the pace of change will only increase.

How tax authorities respond will largely determine the impact of this disruption on the tax administration landscape - as an enabler for transformation and re-invention, or a force of uncertainty. This has important wider economic implications. We are pleased to partner leading tax administrations, including Singapore's IRAS, in leveraging information technology to serve taxpayers better. There are many insights that can be gleaned from IRAS' digital

transformation journey, which has seen many successful launches of initiatives and pilots to improve taxpayers' experiences. Likewise, I would hope that Singapore too, can gain a lot from the experiences of other tax administrations to bring their service to taxpayers to an even higher level. *✍*

*The 3<sup>rd</sup> OECD FTA E-Services and Digital Delivery (ESDD) Workshop was held in Singapore from 24 April to 26 April 2017. Held in Russia twice previously, the workshop aims to provide a platform for delegates from tax administrations to discuss common areas of interest in digital services.*