Committee of Experts on International Cooperation in Tax Matters
Twenty-seventh session
17-20 October 2023
Item 3(k) of the provisional agenda
Digitalization and Other Opportunities to Improve Tax Administration

Co-Coordinator’s Report

Summary

This report is presented for discussion and approval at the Twenty-seventh Session of the Committee to be held in Geneva on 17-20 October 2023. It outlines the work carried out by the group on Digitalization and Other Opportunities to Improve Tax Administration in furtherance of its mandate and plan of work.

The report includes 2 annexes containing: draft Chapter 2 on a Digital Tax Administration Roadmap; and draft Part 3 (Chapters 5 and 6) on a Data Governance Framework.

The group submits for final approval Chapter 2 on the Digital Tax Administration Roadmap.

The group also presents for further input and discussion an amended draft of Part 3 on Data Governance Framework (i.e. Chapters 5 and 6). It was considered at the Twenty-sixth Session as Part 2, but the numbering has been changed to reflect comments at that Session.

Based on the discussion at this Session and any subsequent written comments by members of the Committee and Member State observers, the group will further revise Part 3, with a view to submitting it to the Twenty-eighth Session for discussion and approval.
Background

1. At the Twenty-third Session of the Committee in October 2021, the Secretariat provided a paper on Digitalization and Other Opportunities to Improve Tax Administration E/C.18/2021/CRP.30. That paper highlighted issues for consideration in assisting tax authorities to digitalize their operations and improve administration of taxes. At that session the Committee established a group on Digitalization and Other Opportunities to Improve Tax Administration to review the work done in other forums on the digitalization of tax administration and, in so doing, identify any existing gaps in this work and consider the possible value the Committee could add to this work, as well as consider other means of improving tax administration.

2. In subsequent meetings, the working group reported on its proposed (and now agreed) workplan, and the progress made thus far. See the following relevant documents for reference:
   - Report on the Twenty-third Session
   - E/C.18/2022/CRP.11 - Co-Coordinator’s report presented to the Twenty-fourth Session.
   - E/C.18/2022/CRP.33 - Co-Coordinator’s report presented to the Twenty-fifth Session.
   - Report on the Twenty-fifth Session
   - E/C.18/2023/CRP.4 - Co-Coordinator’s report presented to the Twenty-sixth Session.
   - Report on the Twenty-sixth Session.

3. At the Twenty-fifth Session, the Committee approved the proposal to develop a UN Guide to Digitalization of Revenue Authorities. At the Twenty-sixth Session the Committee had a first consideration of the following parts of the proposed Guide to Digitalization of Revenue Authorities:
   - A draft outline of the guide,
   - A draft Digital Tax Administration Roadmap (Chapter 2),
   - Draft prefaces for a Legal Framework and Innovative Technologies, (Part 3 and 4 respectively), and
   - A draft Data Governance Framework (this part was considered as Part 2 but has now been renumbered to Part 3 to reflect comments at that meeting).
Drafting of Chapter 1, Part 2 (Chapters 3 and 4) and Part 4 (Chapter 6 and 7) is underway, and these parts will be presented at the Twenty-eighth Session.

Meetings of the Working Group

4. The group held three virtual meetings on 26 April, 6 to 7 June and 12 September 2023 to discuss the identified workstreams to fulfill the mandate of the working group. This report reflects the outcome of those discussions.

5. The group discussed the feedback received from the Twenty-sixth Session and made amendments to the papers presented according to the feedback. It was agreed that Chapter 2 on developing a roadmap to digitalization of revenue authorities could now be presented to the Committee for a second reading and approval. This is attached as Annex 1 to this report. Following the discussions at the Twenty-sixth Session, Part 2 and Part 3 were switched, with Data Governance Framework now constituting Part 3 and Legal Framework moving to Part 2, as it was agreed that legal framework should be at the forefront of the guide, as the foundation of any proposals made.

6. Following the receipt of comments on the Data Governance Framework, the group considered that the amended draft would benefit from further discussion and input from the Committee and observers. The amended paper is now attached as Annex 2 of this report for further discussion.

7. Participants agreed that it was time to consider various case studies on the process of digitalization to highlight the experience of various countries in introducing and implementing digital tools in tax administration. As a first step, these would be shared with the group for compilation and discussion. The case studies would cover countries along the broad spectrum of digitalization so that they could be relevant to a wide range of jurisdictions. Several case studies have been received and the group will review these to determine suitability and share the same with the Committee at the Twenty-eighth Session.

8. Below see a matrix illustrating the progress of the guide and the projected timelines.
Issues for the Committee

9. The Subcommittee, having taken into consideration all the input to the drafts presented to the Committee, now seeks approval for Chapter 2 and presents for further input and discussion Part 3 (Chapters 5 and 6), as contained in the annexes attached.