



42ND ANNUAL CATA TECHNICAL CONFERENCE

"TAX ADMINISTRATION IN THE DIGITAL ERA"

28TH NOVEMBER – 1ST DECEMBER, 2022

CONCEPT NOTE

1. BACKGROUND

The rapid growth of e-commerce globally has raised concerns as to whether tax administrators are equipped to deal with the development. The shift from a physically oriented commercial environment to digitalised model poses serious and substantial issues in relation to the adequacy of existing tax legislative and administrative framework.

Extant tax rules were mostly developed on the assumption that businesses would be physically located in the jurisdiction where transactions take place. Advancement in technology now makes it possible for business transactions to take place without the need for physical presence. The direct result is that the jurisdiction of the tax rules over transactions conducted via digital channels remains uncertain.

Similarly, tax administrative practices (especially in developing economies) are largely paper-based. In the digitalised world, paper trails have been eliminated; as such, Tax Administrators are increasingly finding it difficult to identify, track and bring income generated from digital transactions to tax. The immediate effect is loss of revenue, unfair advantage of digitalised business over those that have physical locations, gradual but persistent decline of local businesses and stunted economic growth.

2. CONFERENCE THEME

This year's technical conference of the Commonwealth Association of Tax Administrators (CATA) is therefore themed **"Tax Administration in the Digital Era"**. This theme has been carefully selected to enable tax administrators interact on how to adapt to the technological revolution of our time by developing innovative solutions and processes that meet the demands of taxation in the digital era.

This theme has further been divided into five (5) sub-themes to enrich the discussions and lay the foundation for stimulating and constructive dialogue among participants:

- i. ***Digitalisation and the Informal Economy:*** The informal sector constitutes a significant portion of the economy in most developing countries; however, taxation of this sector has been very challenging to governments due to several factors such as high mobility of investment, operators not having permanent address, business not registered, inadequate record keeping, etc. The situation is exacerbated when tax administration is digitalised as efficient tax administration requires availability of data. This issue will be up for deliberation to allow countries share ideas on how to navigate the challenges for effective tax administration.
- ii. ***Taxpayer Information Security and Confidentiality:*** Digitalisation has led to greater collaboration in tax matters including the exchange of taxpayer information which may include very sensitive data including business secrets, customers' confidential, contract and financial information, etc. The possibility of sensitive business data falling into wrong hands or being used for purposes other than the intended tax use is a major concern for taxpayers and other stakeholders. As such, it is imperative for tax administrators to handle taxpayer information in manner that engenders mutual trust, particularly, avoid breaching the confidentiality of taxpayer information.
- iii. ***Managing the Change Process Towards a Digitalised Tax Administration:*** Digital transformation and automation in tax administration involves the adoption of appropriate technology. Transiting from paper-based processes to automation disrupts tax operations. Significant structural or operational change can be challenging. In order to safely berth a fully digitalised tax administration, all stakeholders must cooperate, different independent functions within an organisation must be involved. Behavioural change, process change, work protocols and cultures may have to be adjusted in order to fit into the change process.
- iv. ***The Challenges of the Digitalised Economy:*** The adoption of digitalisation has led to increased economic growth due to rise in new businesses. It has eradicated geographical barriers in trade across jurisdictions as commerce is now being carried out remotely across various jurisdictions without having a physical nexus. This development has obviously negated the classical rules of taxation which has been based on physical presence. Consequently, it has become pertinent for Tax Administrators to be abreast of the discussion at the OECD IF and the UN Tax Committee towards developing a uniform approach to address the tax challenges of digitalised economy.
- v. ***Digitalisation and the Harmonisation of the Tax System:*** Among the principles of taxation are "***certainty and convenience***". This means that the tax to pay and the process of paying taxes should be certain and convenient for taxpayers. There is therefore

need for the convergence of taxation rules and processes across jurisdictions, locally and internationally. For tax jurisdictions with multiple tax administrators, the harmonisation of tax administrative processes across boards should be encouraged to promote voluntary tax compliance among taxpayers.

3. CONFERENCE DELEGATES

The participants will be drawn from tax administrations in all Commonwealth Member States, tax organisational bodies, tax authorities, tax institutes, policy makers and other special guests.

4. METHODOLOGY

The conference will be made up of sessions of ***paper presentations, panel discussion sessions and meetings of CATA Heads of delegation, Regional Directors and Country correspondents***. All proceedings will be in English and the papers to be presented will be made available to all the participants electronically. The conference will be in-person, and there will also be provision for virtual participation via the zoom platform and live streaming on all social media platforms.

5. VENUE & DATE

The conference will be held at the Transcorp Hilton Hotel, Abuja, Nigeria, from the 28th November to 1st December 2022.

6. CONTACT

For information and clarification, please contact the Secretary of the Planning Committee, **Mr. Olufemi Olarinde** at olarinde.olufemi@firs.gov.ng, +2348032600904 or Mr. Shadrach Saddih at shadrach.saddih@firs.gov.ng, +2348131212828.

