

REGULATORY POLICY, ADMINISTRATIVE SIMPLIFICATION AND TAX ADMINISTRATION

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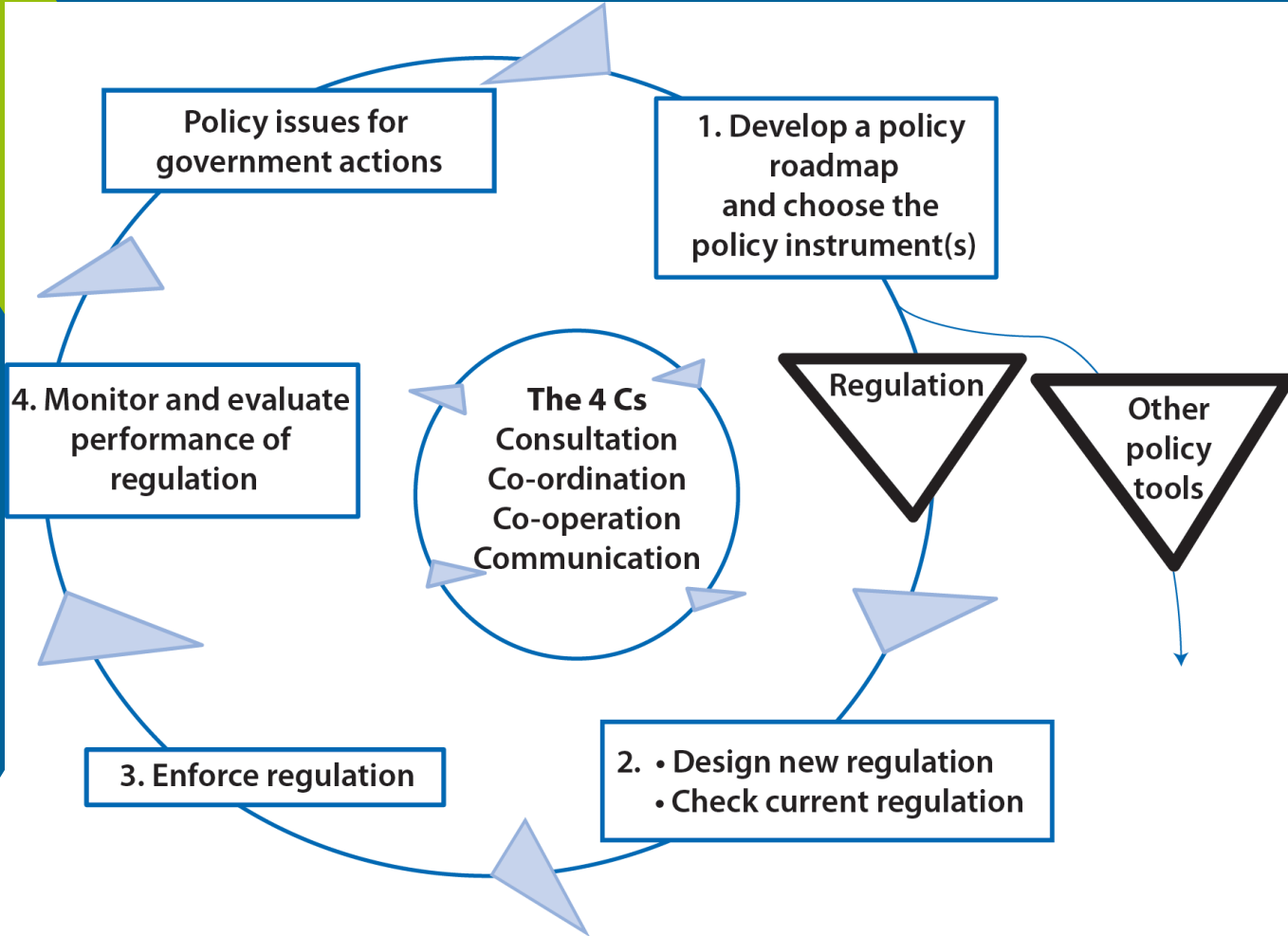


**RECOMMENDATION OF THE
COUNCIL ON REGULATORY
POLICY AND GOVERNANCE**

Why pursue “simplification” and regulatory policy?

- Stock of regulation has been growing over time – leads to regulatory “jungle”
- Regulation might impede competition, employment, innovation
- Pressures from society– to reduce regulatory burden to stimulate economic activity, but also to protect more
- Opportunity to promote recovery enabling reforms
- Business tendency of government towards an over reliance on

Regulatory costs can arise anywhere in the Regulatory Governance Cycle



Controlling the “flow” of regulations

- Regulatory Impact Assessment – RIA
- Making sure all alternatives are taken into account
- Importance of involving all stakeholders
 - Including tax and administration authorities
- Spillover – flow effects
 - Pro-growth and administrative burden
 - (In)-In (3)-Out rules

Simplifying the “stock” of regulations

- Consolidation and codification
- Streamlining of procedures, harmonising
- One-stop shops
- Employing ICTs and data sharing
- Common commencement dates, Sunsetting
- Post evaluation of regulatory stock, including
measures and reduction of administrative and regulatory
burden

Administrative burden reduction

- Big momentum in the 2000's, especially (but not only) in Europe
- “Problematic” areas – employment, environment, tax administration, planning and licenses and permits
- Mostly focusing on businesses but also citizens and public administration
- Quantitative targets helpful in interministerial co-ordination
- Standard Cost Model (SCM) and its modifications used across OECD
- Challenges – cutting dead wood, too much focus on numbers, communication with stakeholders
- Differences – more qualitative approach, focus on irritants, stakeholders' experience, emphasis on other costs

What is the Standard Cost Model?

- Invented by the Dutch Ministry of Economic Affairs in the mid 90s
- A tool to measure administrative costs and express them in monetary terms
- Advantages:
 - SCM makes costs ‘visible’
 - Easy to measure, monitor & communicate
 - Uniformity, transparency, reliability and comparability
 - Commitment & awareness of policymakers
 - Enables to distribute the target across administration
- Disadvantages:
 - May be too narrow
 - Focus on only one part of costs, not benefits

Simplification proposals

- Abolishing regulations / information obligations
- Streamlining procedures
- Harmonizing definitions (e.g. Wages)
- Data sharing inside administration
- Reducing frequency of information obligations (Monthly becomes Quarterly ; Quarterly becomes Annual)
- Tailoring to target groups (e.g. SMEs)
- Exemption
- Simplifying (e.g. e-filing, pre-filled forms)

Main success factors

- Political support, top-level, across administration
- Comprehensive strategies, integration with other policies
- Communication and co-operation with stakeholders
- Targeting, prioritisation
- Institutional set-up, capacity building
- Continuous evaluation, benchmarking

Main challenges

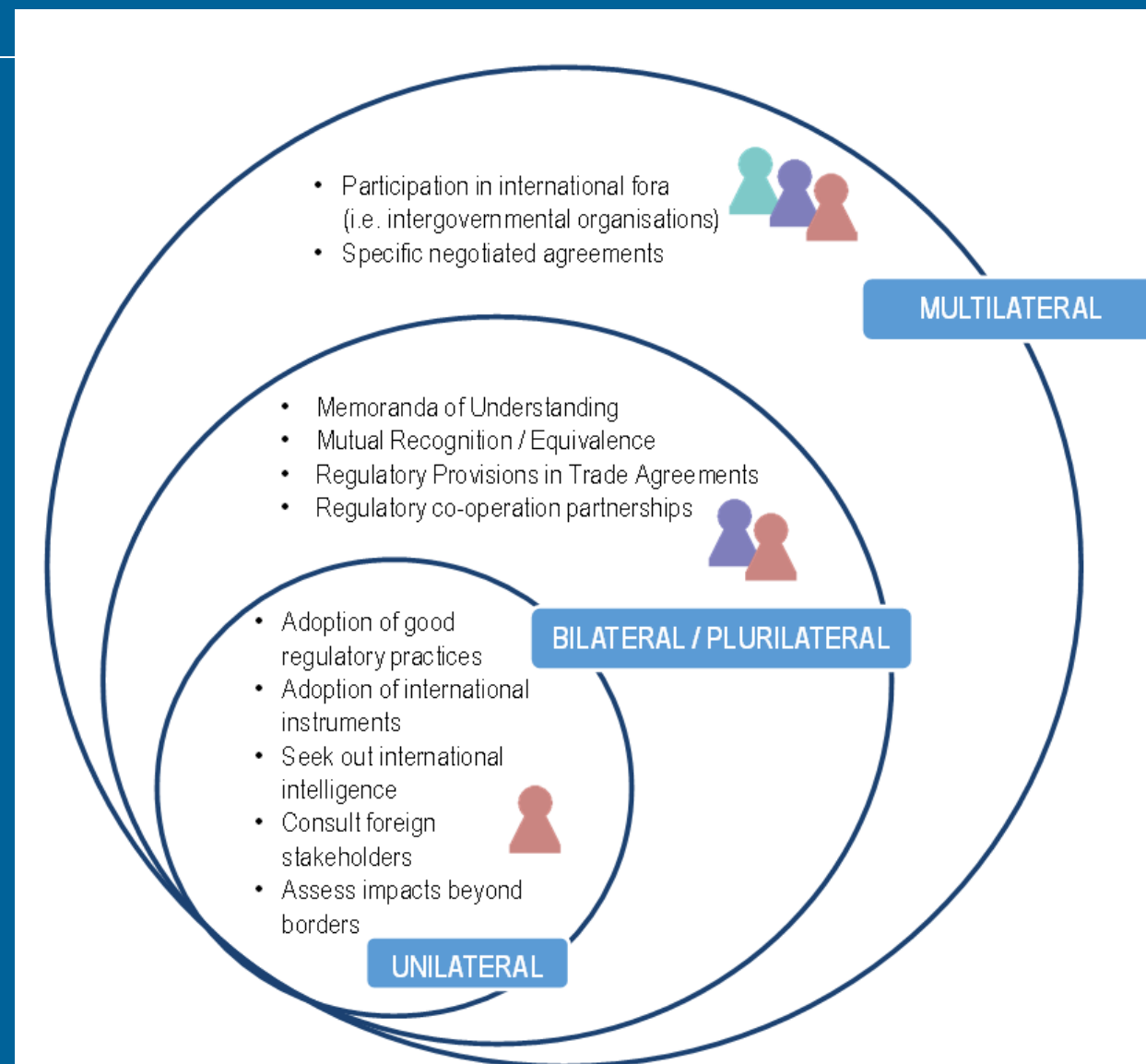
- Sustained momentum
- Cutting dead wood
- Last mile issue
- Communication – with stakeholders, of results, managing expectations
- Possible discrepancy between the most burdensome and the most irritating regulation
- Integration with government efforts
- Evaluation
 - Financial squandering without effect
 - Integration with other policies
 - Integration with *ex ante* impact assessment

Compliance, enforcement and inspections

- Essential for achieving the objectives
- Is the level of compliance measured, analysed?
- Enforcement – role of inspections
- Risk based methods, better targeting, more efficiency
- Providing advice to improved compliance
- Cooperation with policy-makers
- Role of regulatory

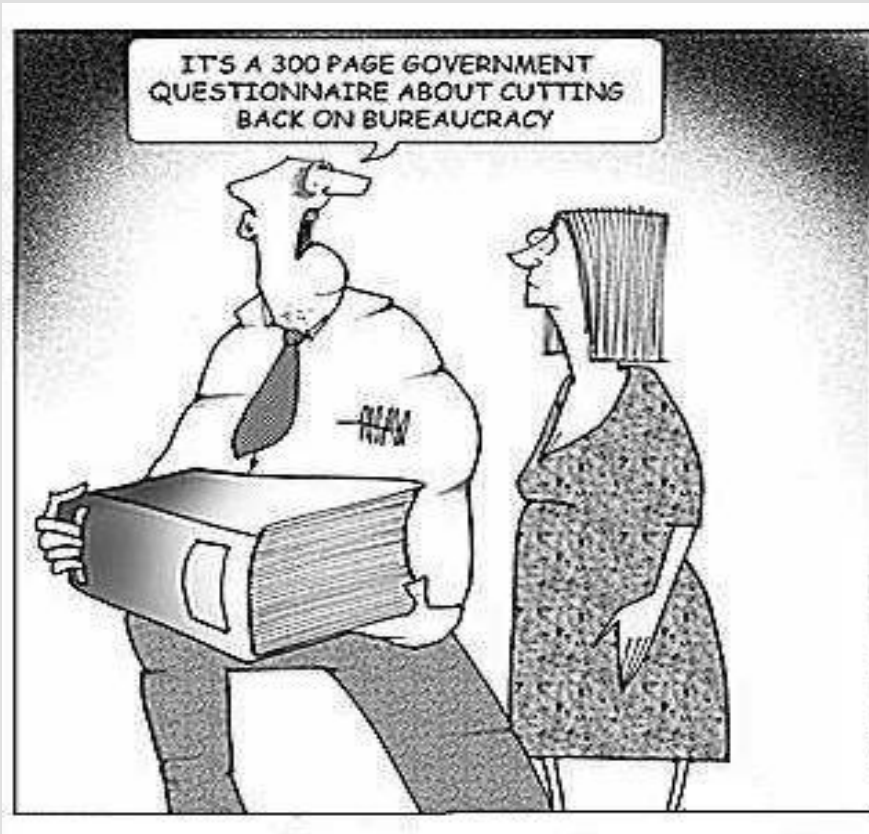
International Regulatory Co-operation:

A set of IRC mechanisms available to countries: from unilateral to multilateral action



Further reading:

- 2012 [Recommendation of the Council of the OECD on Regulatory Policy and Governance](#)
- **OECD Best Practice Principles for Regulatory Policy:**
 - [Reviewing the Stock of Regulation](#)
 - [One-Stop Shops for Citizens and Business](#)
 - [Regulatory Impact Assessment](#)
 - [Regulatory Enforcement and Inspections](#)
- [Why Is Administrative Simplification So Complicated?](#)



Thank you!

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