

## Session 3: Use of technology to simplify tax systems

#### Prof. Dr. Jeffrey Owens

41st CATA Annual Technical Conference (Virtual)

9th - 11th November 2021



Institute for Austrian and International Tax Law • www.wu.ac.at/taxlaw



## Whater technologies to simplify tax systems?

- 1. Review the design of tax policy and legislation
- 2. Eliminate as much as possible discretion in the application and interpretation of the rules
- 3. Have effective mechanisms to minimize and resolve tax disputes
- 4. Have a clear approach of what different segments of the tax paying population need to see
- 5. Build up trust between tax administrations and Taxpayers





## 1. Blook chain and tax applications

Digital currencies

- •First use-case of blockchain technologies
- Peer-to-peer decentralised cryptocurrency transactions

Smart contracts

- More financial functionality than cryptocurrency transactions processor
- Decentralized applications based on programmable language and autonomously executing algorithms

Blockchain potential

- •Lager-scale of applications of noncryptocurrency-related Distribute Ledger Technology (DLT)
- •Improved performance with more scalability and interoperability

TRANSFORMATIONAL AND DISRUPTIVE



Source: World Bank

# Under what conditions is DLT most useful?

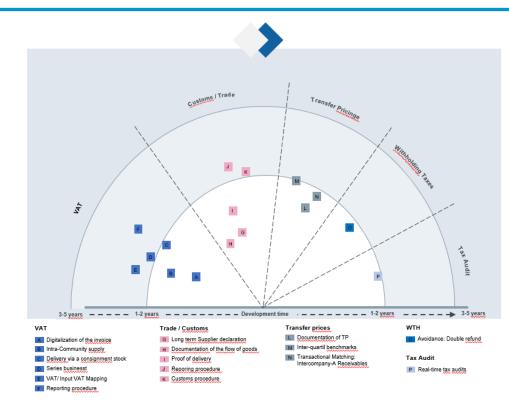
- Information is sensitive or related to valuable assets
- Coordination of multiple entities or a complex chain of intermediaries
- Real-time visibility of events is required or important to the related activity
- Maintaining immutable record of all data relevant to the activities



## wirtschafts universität 2. Potential areas of application AND BUSINESS

#### General considerations:

- A centralized solution would not be more efficient
- Need for real time information channel
- Lack of trust between the participants
- Clarity of events to be recorded (e.g. transactions)
- Sufficiently binary underlying rules







## 3. Bankspiers to implementation

Legacy systems and transition

Legal issues

**Human factors** 

Data quality

Diversity in digital maturity levels in CATA countries

Fear of disruption





## The Transport CAT A Composition of CATA COMMISSION OF CATA COMMISSION

#### **Opportunities**

- Less legacy issues
- Potential for substantial cost-saving by automation
- Tech-savvy young population
- Potential for trade integration (supply chain documentation/customs and tax formalities)
- Better transparency to counter corruption and illicit financial flows

#### **Challenges**

- Significant initial cost
- Need for technologically skilled staffing
- Data quality and quantity: e.g. need for legal and digital identifiers for all taxpayers
- Access to digital infrastructure by the most vulnerable
- Need for common approach to standardization









## VIENNA UNIVERSITY OF ECONOMICS AND BUSINESS

#### Jeffrey Owens (jeffrey.owens@wu.ac.at )

Director of WU Global Tax Policy Center at the Institute for Austrian and International Tax Law

#### WU

Wirtschaftsuniversität Wien Vienna University of Economics and Business Welthandelsplatz 1, Building D3, 1020 Vienna, Austria

### Thank you!



