

Session 3: Use of technology to simplify tax systems

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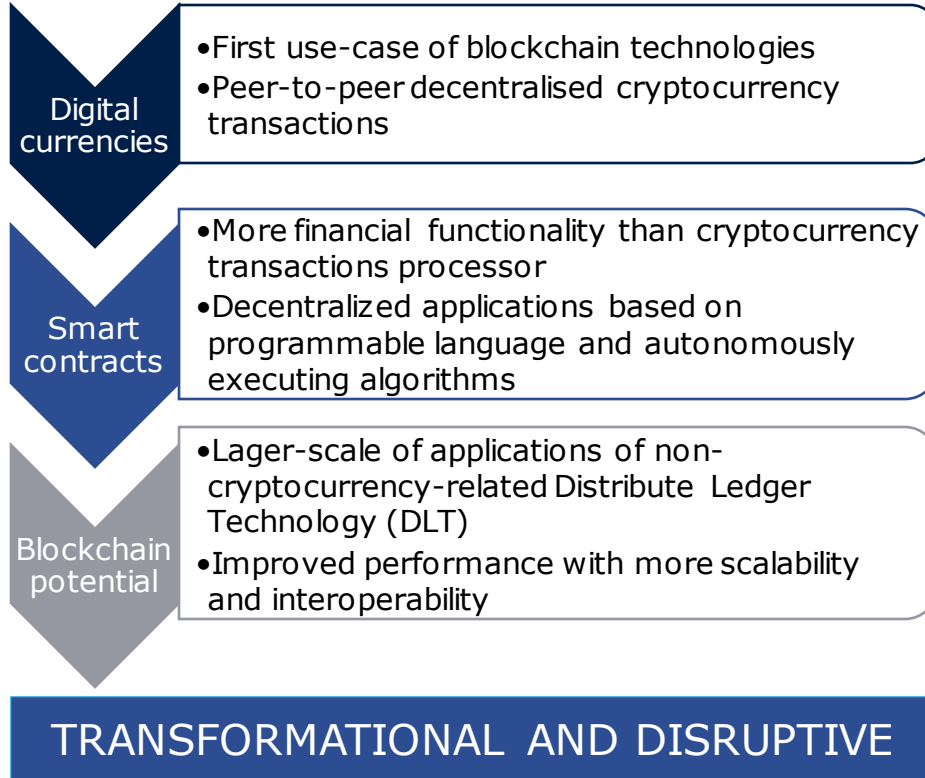
9th – 11th November 2021



What required to enable 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. Blockchain and tax applications



Source: World Bank

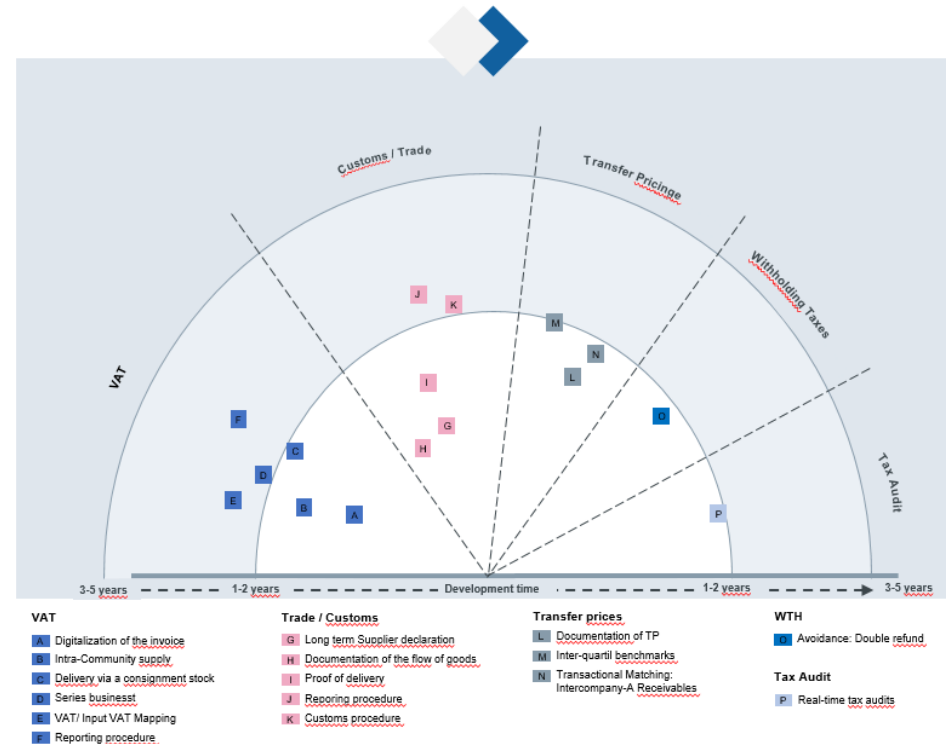
Under what conditions is DLT most useful?

- 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

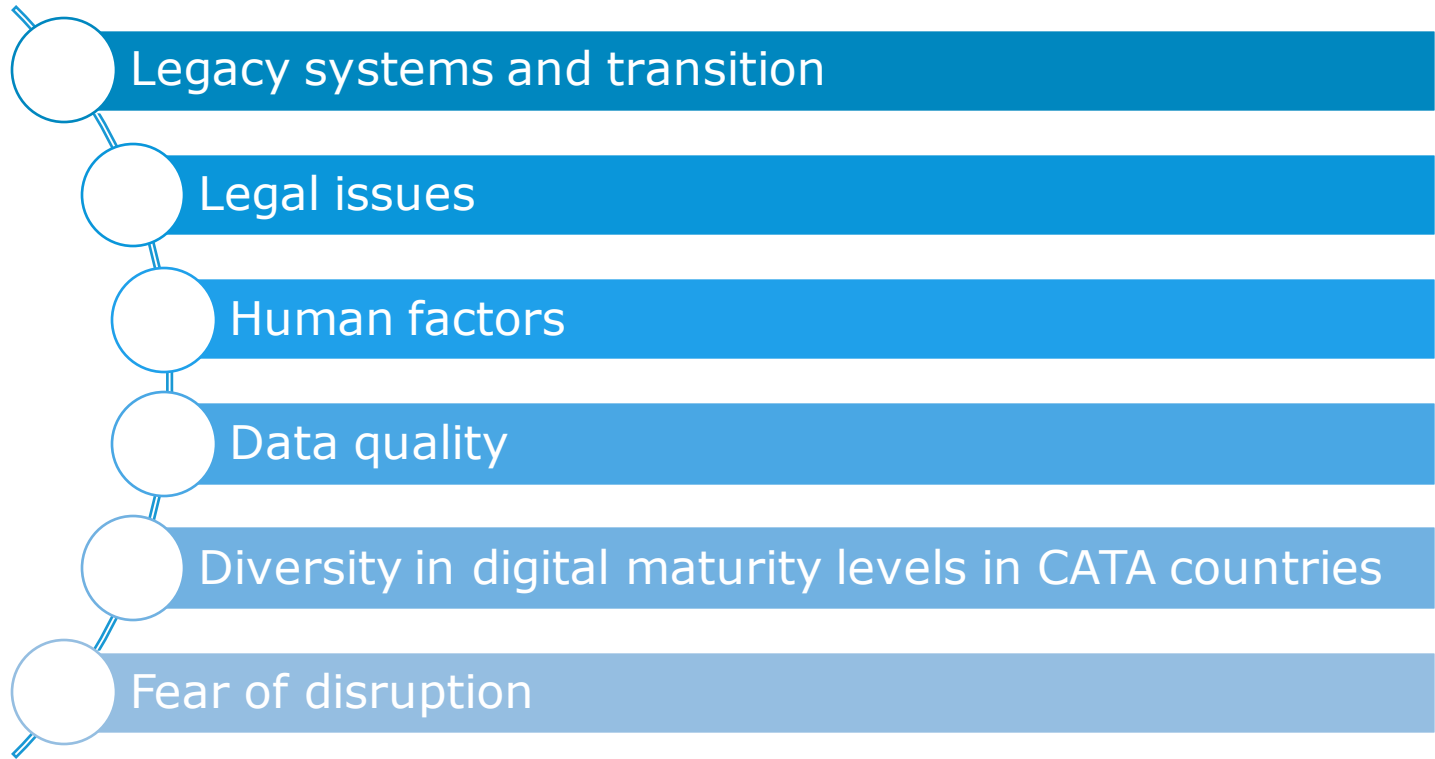
2. Potential areas of application

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. Barriers to implementation



4. The opportunities and challenges for CATIA countries

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



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Thank you!

