



Digitalisation of tax administrations

ICC DSI/CTC principles

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Digitalisation of tax administrations

In order to improve tax, business, and trade services, governments and companies around the world are embracing digitalized solutions

Digitalization of tax services entails many benefits for companies and tax administrations alike:

- Shorten processing cycles and cut transaction costs (such as printing and storage)
- Improving tax data management and enforcement
- Improving and facilitate compliance
- Support the modernisation of the economy and make it easier for companies to operate on a global scale

The COVID-19 pandemic has highlighted even more the potential of digitalisation of tax processes.

The ICC DSI and work on CTC

In 2020, ICC has launched the Digital Trade Standards Initiative (DSI) – a collaborative cross-industry effort to enable the standardisation of digital trade.

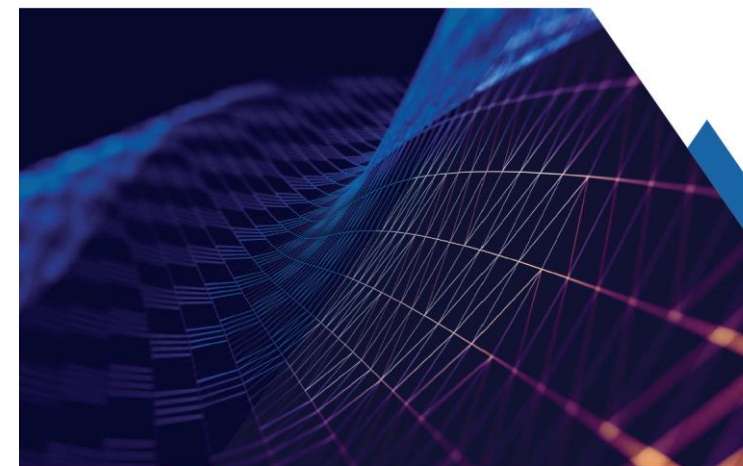
The aim of DSI is to promote greater adoption of technology within the trade ecosystem and facilitate greater inclusiveness for small businesses.

CONTINUOUS TRANSACTION CONTROLS (CTCs)

have the potential to increase tax collection while at the same time promote efficiency and economic growth. To realise this unique potential, authorities that plan to implement a CTC system should consider the following principles.

ICC INTERNATIONAL
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ICC KNOWLEDGE SOLUTIONS
Innovation for All



PRACTICE PRINCIPLES
FOR IMPLEMENTATION OF
CONTINUOUS
TRANSACTION
CONTROLS (CTCs)

What are CTCs?

CTCs are tools that enable the collection of business data directly from business transaction processing and/or data management systems, in real-time or near-real time.

This allows law enforcement agencies to avoid retroactive audit and statics by allowing the gathering of information in a dynamic, rather than historical, business transaction ledger comprising authenticated transaction data.

Why are these trends significant for business and international trade?

CTCs and other technology-driven modernisations of public revenue collection can reduce the administrative burden on companies and improve efficacy of public administration controls. To be able to reap these benefits there is a need of consistency in the legal, administrative and technological frameworks, as well as a broader strategy of digitalization.

The principles

Scope and objectives

The principles take CTCs as all transaction controls taken at real or near-real time.

They focus on tax and e-invoicing but apply to all administrations using CTCs and to other types of business documents.

Promoting consistency and harmonization, the ultimate objective is to reduce the administrative burden on companies, by having to share the data only once.

Principles

1. Balance
2. Efficiency
3. Communicate a holistic and long-term strategy embedded into a broader strategy of the digitalisation of the public administration
4. Cooperation
5. Introducing or changing CTCs
6. Data protection/Data privacy
7. Trade implementation and non-discrimination

Finnish Real-Time Economy project

The vision is to create a shared real-time economy in the Nordic countries. A digital economy, or digitalising financial administration, could lighten the administrative burden of small and medium-sized enterprises (SMEs).

Many positive aspects in this type of initiatives such as:

- Wider geographical scope in comparison to initiative limited to one single jurisdiction.
- Focus on interoperability and whole of government approach
- Improving tax data management and simplifying compliance
- Cooperation in the design of solutions between the public and private sector

However, some important questions/concerns...

Digitalisation of tax administrations: A barrier or a facilitator for cross-border trade and investment?

Many potential benefits but...

- As more countries create their own digital solutions, there's a potential risk that they could enact country-specific technical standards.
- Such requirements becomes as barriers to cross-border digital services and data flows. Consequently, they make it harder and more expensive for companies to operate and being compliant in multiple markets and jurisdiction.
- Moreover, there is need for a better definition and clear frameworks for non-personal data flow.
- Thus, there is the need for common/coordinated rules, technical standards and processes to enable the interoperable digital solution for the benefit of revenue authorities and taxpayers alike.



Thank you!

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