



# Taxing Multinational Enterprises in 2020s

Aalto University 11 May 2023

Sami Koskinen

Finnish Tax Administration

# Pleased to meet you

- Sami Koskinen
- Finnish Tax Administration
  
- L.L.M. Helsinki 2000, transfer pricing
  
- Finnish Tax Administration (FTA), Corporate tax office, SME taxation 2000
- National Board of Taxes, international corporate taxation 2000-2004
- Deloitte, CIT, TP 2004-2010
- FTA/Large Taxpayers' Office, TP 2011-2017
- Ministry of Foreign Affairs, Bruxelles, all taxes 2017-2020
- FTA, director, stakeholder relations 2020-
- FTA, Delegated competent authority MAP/APA 2022- (part time)



# Ageda for the day

- Tax Administration 3.0
- Real Time Economy
- FTA operational overhaul
- Taxation of MNEs now and in the future
- Dispute prevention
- Looking ahead



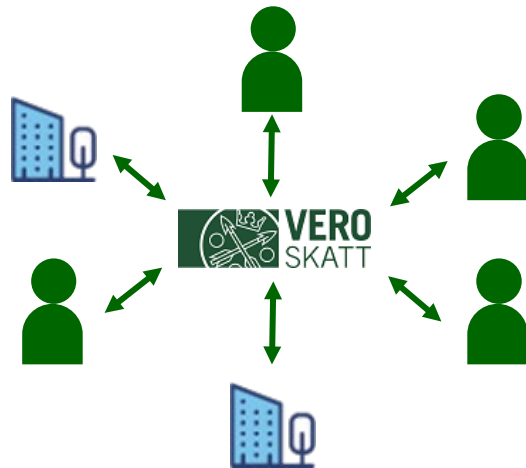
# Tax Administration 3.0

# Tax Administration 1.0



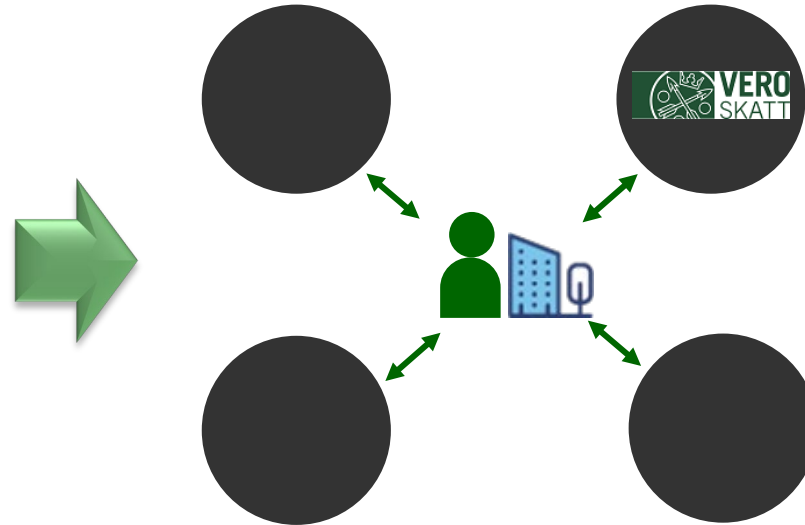
# Journey towards tax administration 3.0

## Tax administration 1.0



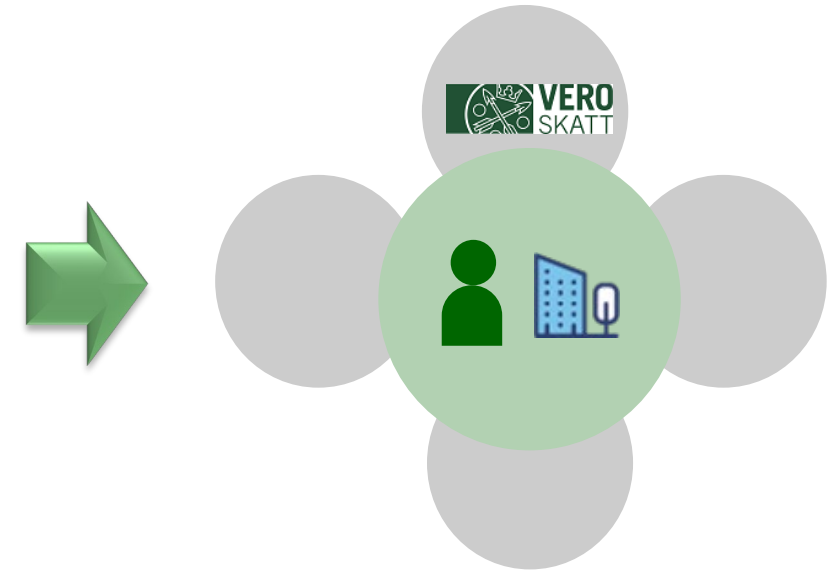
- Paper filing
- Separate processes
- Governmental organizations work in their own bubbles
- Looking at the past
- Guidance is given when guidance is asked for
- Taxpayers

## Tax administration 2.0



- Electronic filing
- Joined-up processes
- Governmental organizations exchange information
- Real-time focus
- Guidance is given pro-actively to customers based on need
- Customers

## Tax administration 3.0



- No separate filing
- Processes are developed around customers' needs
- One stop shop/once only
- Focus on the future
- The need for guidance and service can be predicted
- Partners

# Taxation = management of information flows



VOLUNTARY COMPLIANCE

- Culture - Trust - Transparency - Equality - Reciprocity -

# Digitalisation changing the landscape in business and in taxation

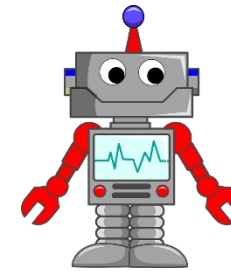
## Internationalisation



## Payment technologies



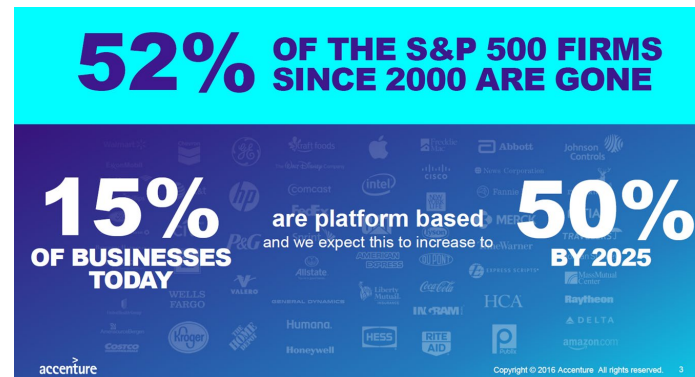
## The role of AI



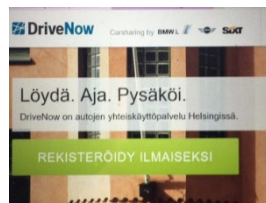
## Block chain decentralising data



## Business models on the move



## Platform economy changes ways to earn





# Forces driving the change



Reaching the limits of current service and enforcement instruments



The impact of compliance burdens



Changing societal expectations



Accessing and using information in changing business models

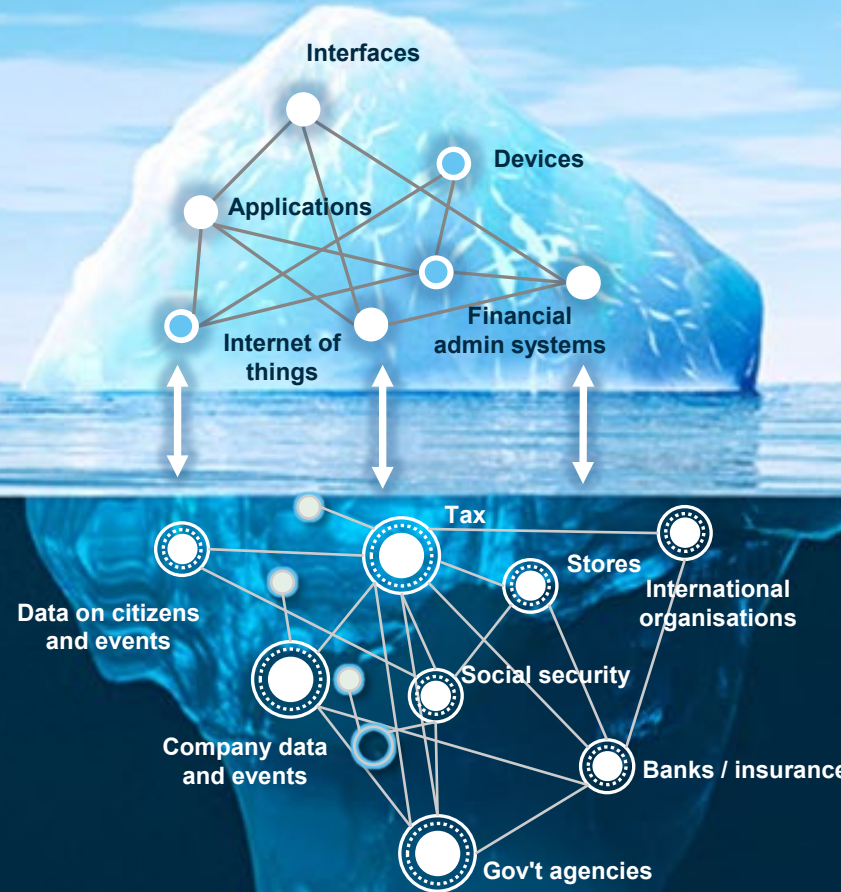


Privacy, security and transparency concerns

# Taxation as a part of daily events of taxpayers - ecosystems

The data required by the services is created in the course of daily routines - sharing of the data in the ecosystems allows for limiting or even abolishing the need for separate tax reporting

The parties to the ecosystem utilise the standardised data - processes in different instances support one another



## Toucpoints for clients

Daily events providing a natural interface towards service providers

For an individual, the touchpoint can be e.g. sale of real-estate/apartment

For companies, the touch point is first and foremost the financial system/software

## Natural ecosystems

Public and private services connected with the same event or phenomenon form a natural whole

## Required components

Digitalisation and automation

Digital capabilities

Standardisation and interoperability

Digital identity

Standardised data

Rules as code

One stop shop / once only

New skill sets for staff

# OECD TA 3.0 vision of the ecosystem for MNEs



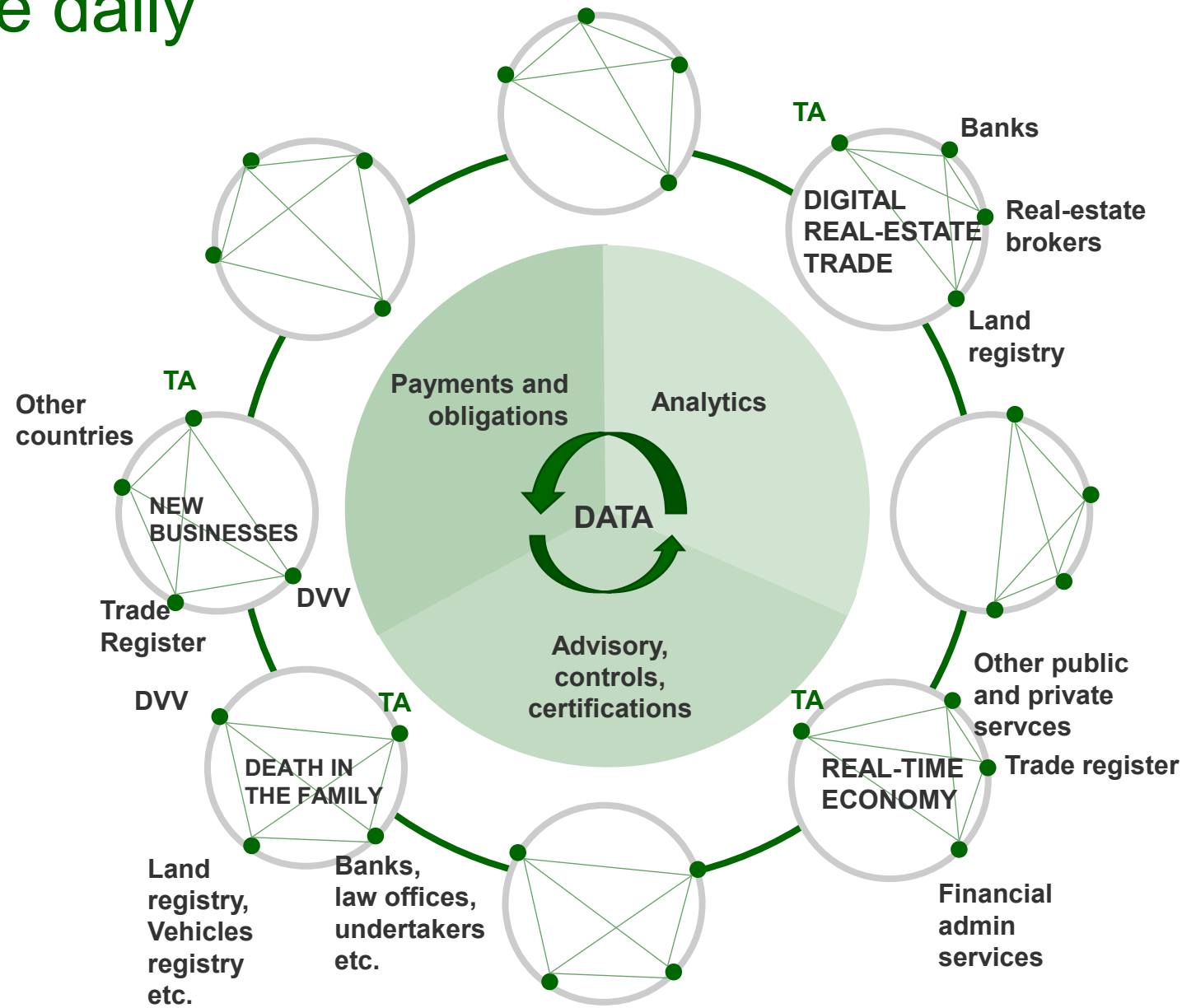
| Business events and transactions | Service delivery cross border  | Transfer pricing   | Cross border logistics  |
|----------------------------------|--|--|---|
| <p>Today's issues</p>            | <ul style="list-style-type: none"> <li>Allocating VAT and excise taxes correctly among countries</li> </ul>  | <ul style="list-style-type: none"> <li>Burdensome to document compliance</li> <li>Controls years after transactions, tax uncertainty</li> </ul>  | <ul style="list-style-type: none"> <li>High cost of documentation to ensure compliance along the logistics chain</li> <li>Fast changing and complex rules specific for sectors and countries, tax risks</li> </ul>  |
| <p>TA 3.0 strategies</p>         | <ul style="list-style-type: none"> <li>Transportation infrastructure taxes based on <b>tracking of use</b></li> <li>Taxation of E-services delivery based on <b>tracking location of consumption</b></li> <li>Use of GPS and sensors in the vehicles</li> <li>Automatic tolling</li> </ul> | <ul style="list-style-type: none"> <li><b>AI based algorithms and rules</b> for transfer pricing made available from the government</li> <li>Governments compliance activities <b>focused on system revision</b> in the enterprise</li> <li>Semi automatic <b>dialog</b> between government and company on transactions only in exceptional cases</li> </ul> | <ul style="list-style-type: none"> <li><b>Tax included in development of fully digital logistic chains</b>, enhancing value of real time value chain management</li> <li>Supporting <b>real time risk assessment</b> and updates for logistics activities, including tariff changes and timing of customs requirements</li> </ul> |
| <p>Taxpayer experience</p>       | <p>Company's business system is <b>automatically reporting and paying taxes to the relevant tax administrations</b> according to the rules in each country.</p>  | <p>Correct pricing of intangibles has become a more prominent part of their <b>discussions with tax authorities</b>. Correct <b>pricing is supported by AI</b> based algorithms and rules made available from the government. They experience a predictable <b>up-front dialogue with the tax authorities whenever ambiguities occur</b>.</p>                | <p>They experience an efficient cross-border taxation process. <b>VAT, excise duties and customs fees are declared and settled automatically as goods cross borders</b>. Physical interruption of transportation rarely occurs, and when it does inspections are swiftly handled by tax and customs authorities.</p>              |
| <p>The ecosystem</p>             | <p>The <b>business system is connected to government platforms in each country</b>, updated with rules and algorithms for indirect taxes and with digital interfaces for reporting and paying taxes.</p>   | <p>The government's compliance activities are supported by a <b>standard interface to the company's business systems</b>. <b>Rule-based filtering flags transactions and outcomes that the company should review</b> and which may be subject to audit where the administration, supported by AI systems, is not satisfied.</p>                              | <p><b>With government authorities as part of the same ecosystem</b> – and through the use of monitoring devices and AI - a more effective customs process is enabled. Physical inspection is targeted and efficient.</p>  |

# OECD TA 3.0 vision of the ecosystem for MNEs

| Business events and transactions | Holistic international reporting   | Acquisition of a company   |
|----------------------------------|--|--|
| Today's issues                   | <ul style="list-style-type: none"> <li>• Country specific reporting requirements and standards</li> <li>• Obtaining adequate data and ensuring necessary quality</li> </ul>  | <ul style="list-style-type: none"> <li>• Complex reconciliations needed due to differing systems and different national standards.</li> <li>• Tax adds to the integration complexity.</li> </ul>                         |
| TA 3.0 strategies                | <ul style="list-style-type: none"> <li>• <b>International reporting standards and formats</b></li> <li>• Real time updates of national rules on how to apply the standard</li> <li>• Increasing ability for real time taxation</li> </ul>  | <ul style="list-style-type: none"> <li>• <b>International standard for integrating systems from different vendors</b></li> <li>• <b>International standard for transferring relevant data between systems</b></li> </ul> |
| Taxpayer experience              | The company has an <b>updated overview of its tax status in each country</b> and they feel they can predict tax risks reasonably well.   | There is no urgent need to switch to buyer's business solution. Nevertheless, after a short period of time the new company is an integrated part of buyer's fully digital management system.                             |
| The ecosystem                    | The reporting still have differences, but the <b>formats and the structure for the rules and algorithms are the same, based on a harmonized descriptions of these facts.</b> The international standard formats covers both the transaction level (i.e. e-invoicing) and reporting to the government. The descriptions and delineations of these relevant facts are harmonized with financial reporting. | The buyer uses a management information <b>system that integrates well with the different ERP systems and modules used in the enterprise even if they are from more than one vendor.</b>                                 |

# Taxation as a part of the daily events

- Taxation is a seamless part of selected ecosystems
- Processes are developed around customers' needs
- Partnering with different stakeholders
- Management, finance, maintenance and continuity to be defined



# Real Time Economy - RTE

# Vision 2030: Finland is the most competitive operating environment



- Services will have moved to the web, and they will talk to each other.
- Companies will be able to move data efficiently and automatically.
- The economy will operate in real time
- Data will move automatically: key business information, including orders, delivery information and invoices, will be transmitted automatically between companies.
- Companies will no longer need to dedicate time for discharging their obligations towards the authorities: business data will also be transmitted automatically for purposes such as taxation or compilation of statistics.



# Real-time economy is built together

- **The authorities responsible** for the Real-Time Economy project are

- Finnish Patent and Registration Office (project management)
- State Treasury
- Finnish Tax Administration
- Digital and Population Data Services Agency
- Statistics Finland

- In the project **steering group**

- Ministry of Economic Affairs and Employment (chair), Ministry of Transport and Communications, and the Ministry of Finance
- Government agencies responsible for the sectors in question
- Confederation of Finnish Industries, Finance Finland, Finnish Commerce Federation, Association of Finnish Municipalities, Federation of Finnish Enterprises, Association of Finnish Accounting Firms, and Technology Industries of Finland

- The Ministry of Economic Affairs and Employment has set the project for **15 June 2021 – 31 December 2024**
- The project will succeed in its objectives when companies, service providers, software houses and the public sector take part in **joint development** and are committed to the change
- Joint development makes it possible to take account of the needs of companies and entrepreneurs and their different capabilities
- The objective is to ensure that those involved in the ecosystem will also participate in the planning of change and implement the specifications, rules and interfaces agreed upon in the project in a uniform manner



Euroopan unionin rahoittama –  
NextGenerationEU





Vision 2030:

# Key components of real-time economy for companies



## Digital identity

**Goal state: the entire life cycle of companies is digitalised**

Digital identity makes it possible for contracting partners or, for example, authorities to reliably identify a company and utilising business wallet, enables verifying the documents shared within the ecosystem

### RTE key deliverables

- Digital establishment of a company
- eIDAS2 compatible digital identity and business wallet: a draft for functional specification and rulebook
- Model for sharing information based on consent



## Digital business documents

**Goal state: structured procurement messages, e-invoices and digital receipts as a standard practice**

Machine readable business documents are automatically transferred within the ecosystem and linked to ERP / accounting systems

### RTE key deliverables

- eReceipt rulebook
- Establishment of PEPPOL authority
- Enhancing the user volumes in each document type



## Transfer of digital financial data

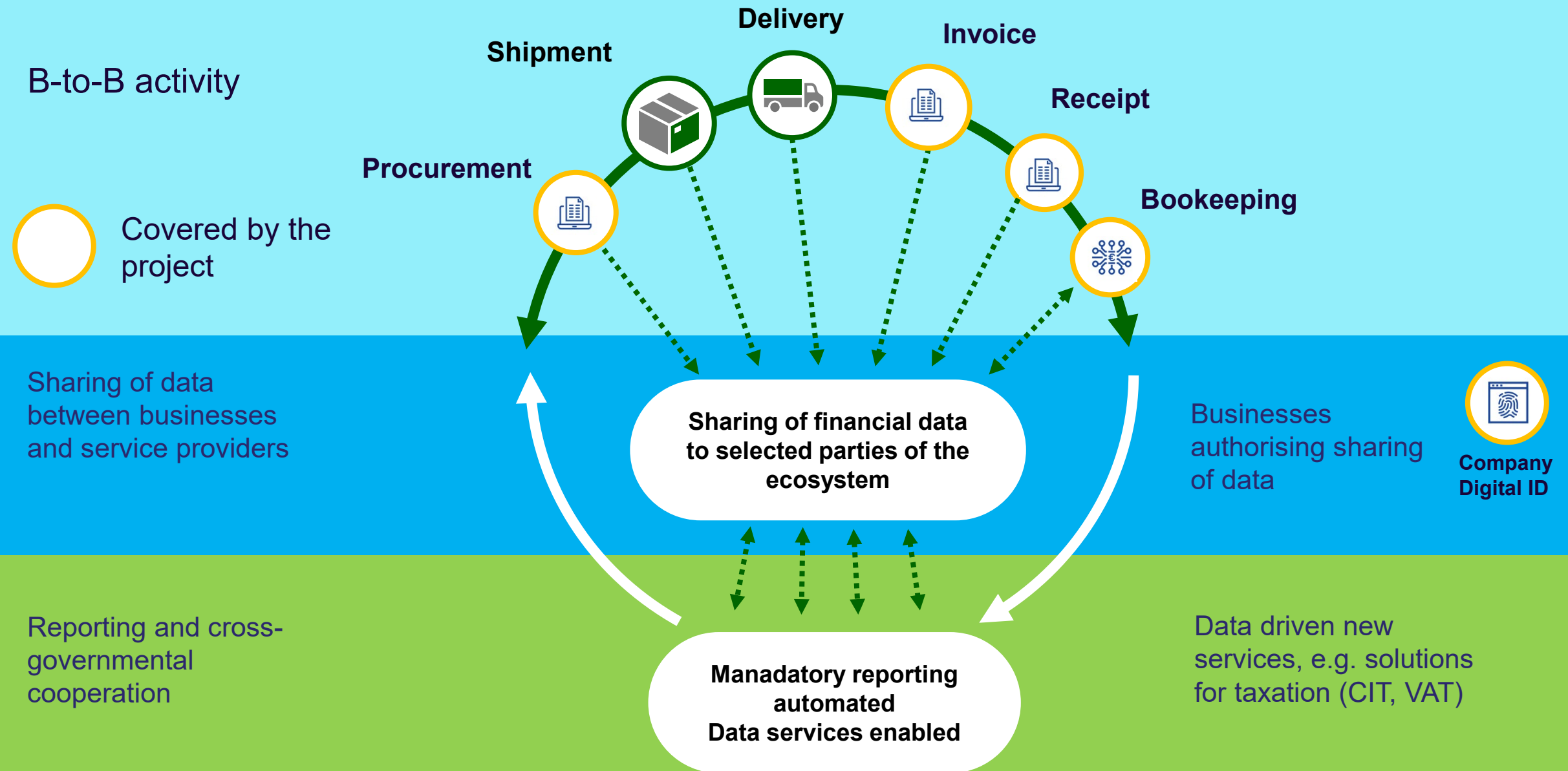
**Goal state: seamless movement of data between the ecosystem partners**

Standardisation of the data (content and format) enables applying once only - principle within the ecosystem; standardisation of the APIs will allow for seamless flow of real-time high-quality data

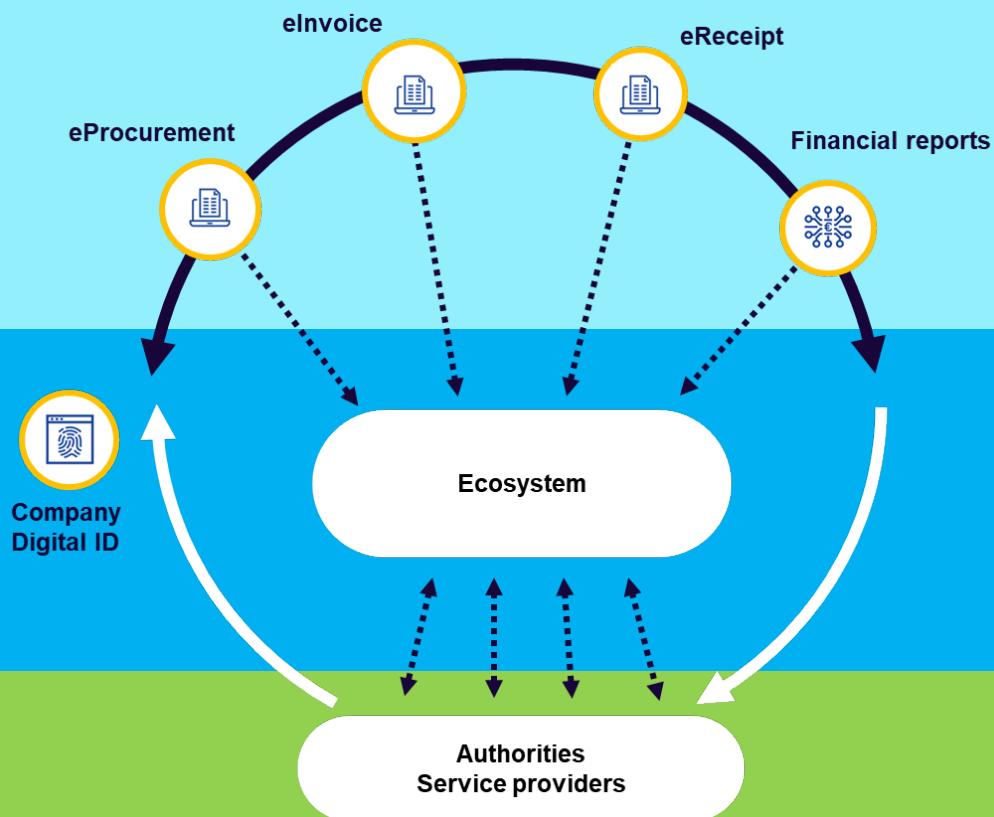
### RTE key deliverables

- Standardisation of data to enable once only -principle
- Implementation of digital, structured financial statements
- Minimum viable ecosystem for movement of financial data

# 2030 goal: real-time economy ecosystem



# Potential implications for tax and compliance



## Better data

- Structured data results in better data quality - less need for corrections and controls
- Enhanced analytics and risk forecasting, targeted support and controls

## Real-time VAT

- eInvoices and eReceipts containing data points forming the basis for **transactional VAT-reporting**
- SME VAT-proposal/position?
- Real-time (split) payment?

## Real-time CIT

- eInvoices and eReceipts forming the basis of **financial reporting**
- **Standardised and structured financial reporting** for all ecosystem participants
- Allows development of relaxed CIT reporting requirements
- No one-size fits all solution, per client type, depending on capabilities
- Under construction: compliance by design
- Certified financial systems?
- CIT-proposal/position for SMEs?
- Real-time settlement?

## Possible additional services

- Tax footprint / tax behaviour report
- Know your customer services
- Supporting sustainability reporting

# Operating model of the Finnish Tax Administration - strategy driven overhaul

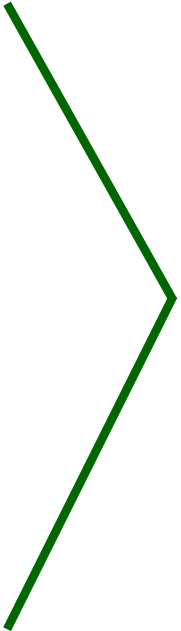
# Long Term Vision of the Finnish Tax Administration

## "Best taxation – together"

By working together with our stakeholders and partners we ensure effortless tax compliance: the data required for taxation is automatically generated **in connection with the taxable event**. Taxation becomes a **seamless part** of companies' and people's daily life enabling the collection of tax revenue and minimising the tax gap.



# Strategic Goals

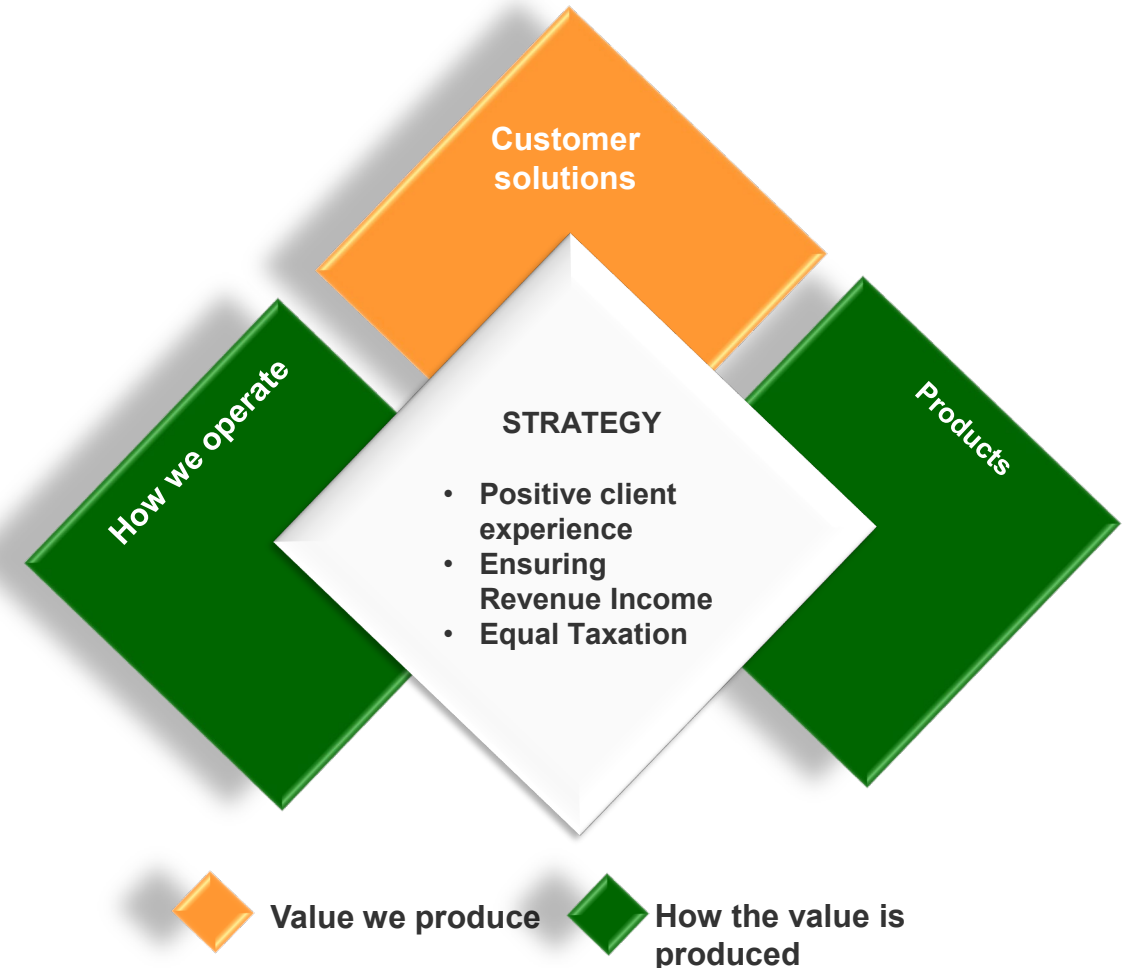


**Ensuring Revenue Income**  
**Equal Taxation**  
**Positive Client Experience**



# Why does the TA need to change?

- The **world** keeps changing and the ways our **client** operate **change** as well.
- To be able to secure the revenue income in the future, we **need to understand** how our clients operate.
- Based on that understanding, we need to provide tax **services that fit into the needs** of our customers.
- Services that fit into the realities of our customers facilitate and enhance **tax compliance**.



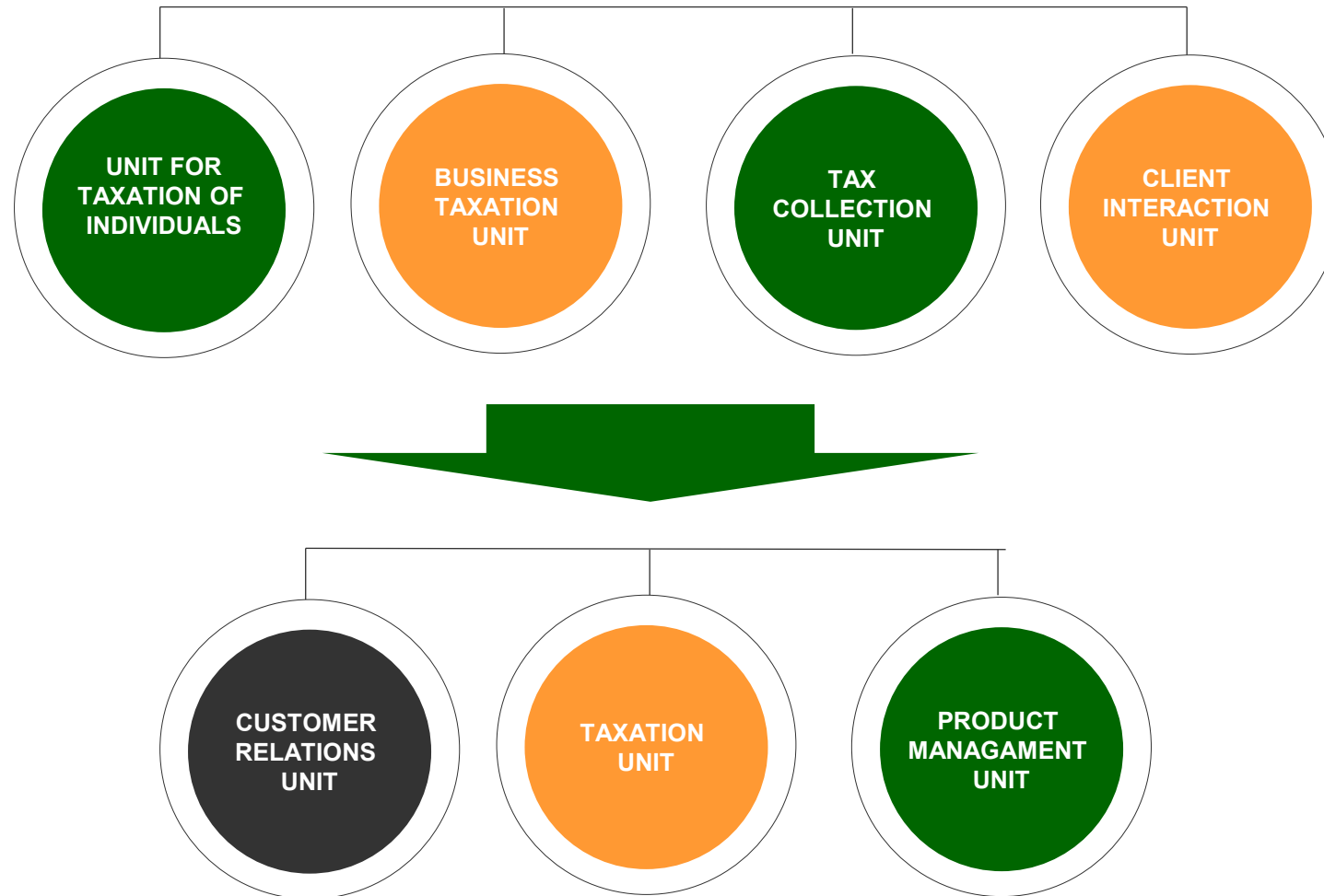
# Focus points in our change

- **Client orientation**
  - In depth understanding of the clients and their needs as well as the utilisation of this knowledge in operations, guidance and development is the key factor in simplifying the process for clients and - in the end - ensuring the revenue income in accordance with the legislators will
- **Agility**
  - Knowledge based management
  - Reactivity, self guided professionals
- **Resource management**
  - Flexible, efficient and timely use of our resources
  - Mandatory activity coupled with strategically targeted measures with additional value
- **Impactfulness**
  - TA guidance and controls based on improved targeting by using high quality, real time data





# Organisational restructuring in 2021



# Customer orientation in new units

## CUSTOMER RELATIONS

Responsible for producing

- customer solutions for customer interface, guidance and controls

with the aim to create a positive customer experience, equal taxation and to secure the revenue income.

## TAXATION

Responsible for

- customer experience and
- for producing data from customer interfacing.

- tax compliance
- customer satisfaction

- customer orientated operations
- understanding the customer
- customer experience
- impacfulness

- workable processes
- efficiency
- product usability

- products built by customer needs and customer orientation

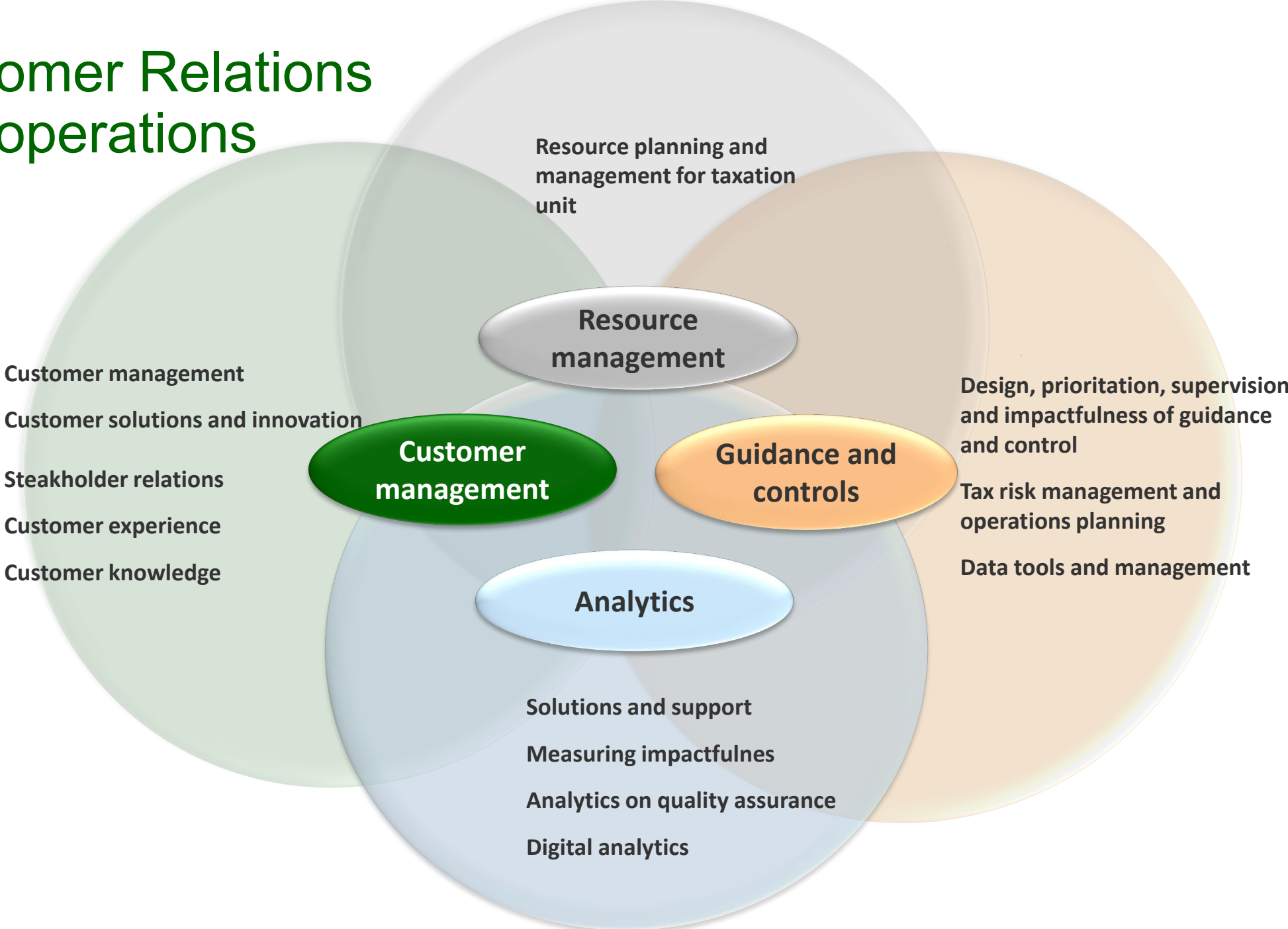
## PRODUCT MANAGEMENT

Responsible for

- user knowledge,
- usability and
- user experience

of and by the customers throughout the product life cycle.

# Customer Relations Unit operations

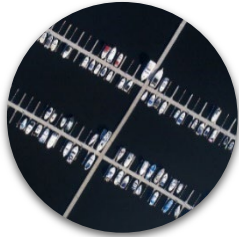


# Customer management



# Taxation of MNEs

# Key customer segments



Individuals  
(earned/capital  
income)



Self-employed



SMEs



Non-profits



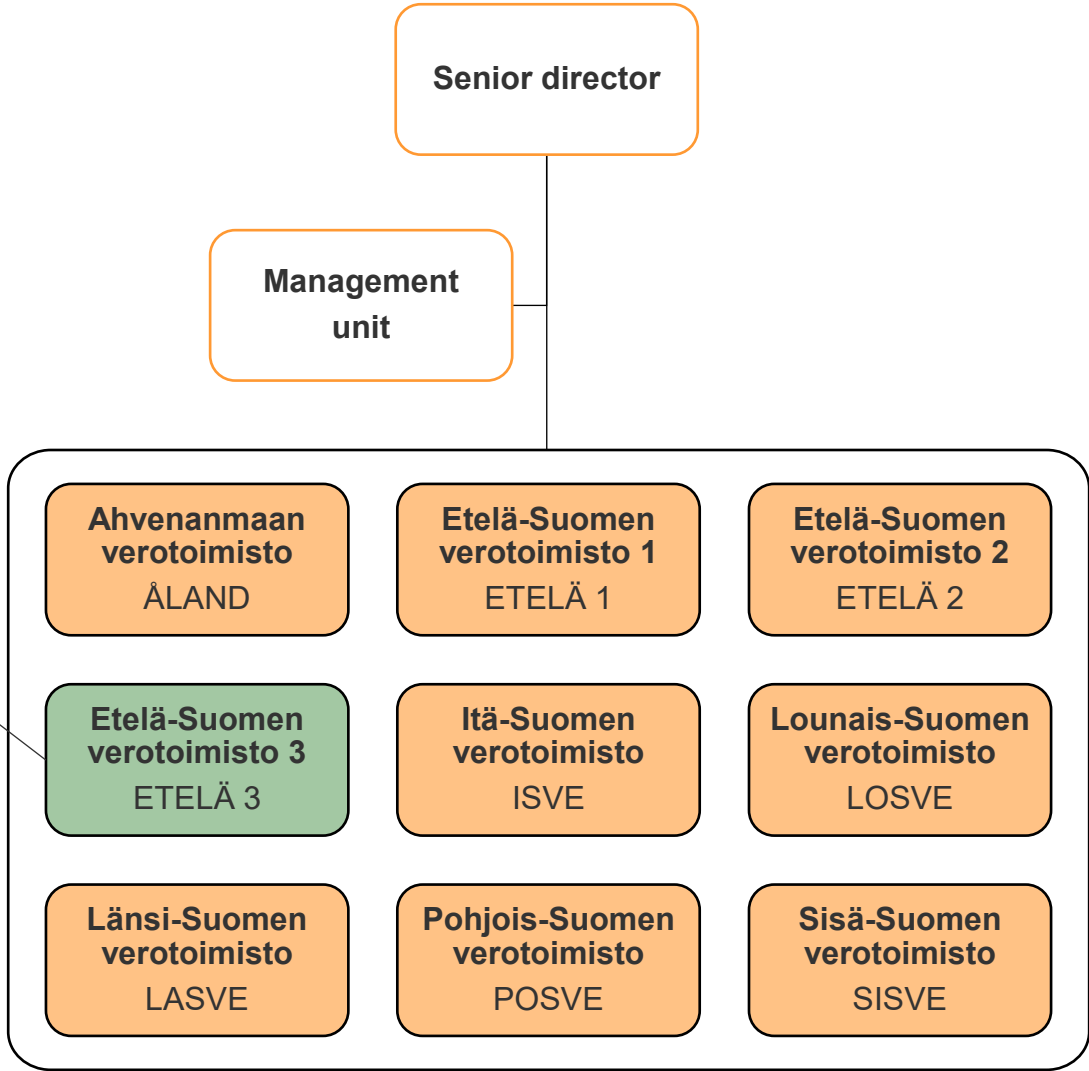
Large  
businesses and  
significant  
business  
segments

Large tax payer - as a customer management group - refers to large companies that are

- major employers
- sources of third party reporting
- subject to international reporting practices
- major sources of payroll/VAT

# Taxation unit split in to reagonal sub-units

Former Large Tax Payers' Office, international taxation for the most part plus certain specific areas of taxation, approx. 5 000 companies



# Operations in South 3



## Large Tax Payers

- Support and controls of large taxpayers
- 100 MEUR turnover in Finland, international activity
- Quoted companies
- Banks and insurance
- REITs



## International taxation

- Support, controls and registration of non-resident entities
- Dividend withholding taxation
- International taxation of individuals



## Special operations

- Transfer pricing
- Excise taxation
- Large tax risk audits
- Information flows: CbC, Fatca/CRS/ DAC2, DAC6
- Tonnage regime

~ 400 experts and professionals



# TA vision for large taxpayers



## Service

TA services, products and skillsets match the needs of the large customers.

- Customers **interact** with the TA on selected issues that are **resolved** effectively.
- Customers are able to monitor the **progress of the handling** of their issues and the expected delivery from MyTax/OmaVero.
- Service available in FI/SE/EN in all tax issues.



## Automation

Taxation is integrated as a part of the customer business operation and there is no need for separate tax reporting.

- No need for separate tax reporting**, data flows in automation and in real time between systems through APIs.
- Taxation is a **part of the daily life** of the businesses as the same data production serves both the business operations as well as the administrative procedures
- TA has an active role in **enhancing the international interoperability** and in the use of the standardised reporting models.



## Customer solutions

Based on trust and cooperation between all parties.

- Customers **requiring service are being provided with high quality and bespoke solutions** for arranging any tax question.
- The cooperation between the TA and a large customer is based on **trust**, in particular, in connection with the cooperative compliance services.
- TA is an active part for **the ecosystem** around large tax payers. **TA supports** the work of the service providers and advisors.

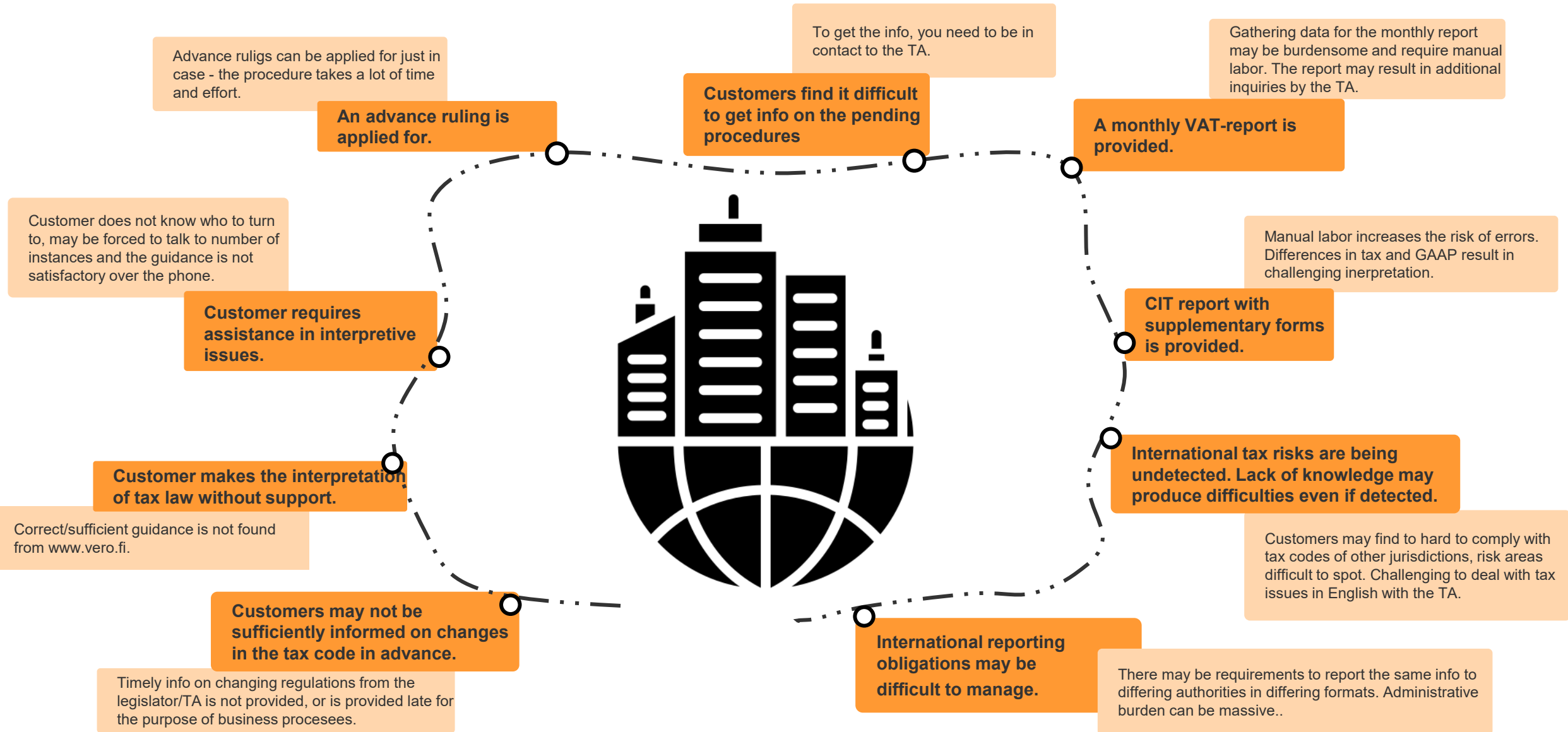


## Stakeholder relations

The cooperation between the TA and stakeholders is goal-orientated and inclusive.

- The service-, product- and customer solutions are **developed in cooperation** with the stakeholders.
- International stakeholder work seeks to enhance the use of **dispute preventive practices and solutions**.

# Procedural issues for large taxpayers - as is



# Procedural issues for large taxpayers - to be

Advance rulings applied for in genuinely interpretive/unclear issues only.

Majority of tax issues are dealt with in pre-emptive dialogue with the TA.

Customers maintain a real time view on progress of tax questions in the TA.

Customers review their monthly VAT reports.

VAT-return is generated in automation and in real time based on transactional data.

CIT report reviewed by customers.

CIT return is generated in automation, based on structural financial data. Financial data flows to TA through APIs directly.

Dispute prevention services support the handling of the international tax questions, in particular, in cases with multiple jurisdictions involved.

Customers are well informed on tools available and knows how to use them. Service in EN works seamlessly.

International reporting practices are manageable.

The TA aims for standardisation of different international reporting obligations pertaining to large tax payers.



Service channels clearly defined.

Tax issues are dealt with effectively.

Guidance in vero.fi is current and well-designed to client needs.

Vero.fi-guidance allows the customer to make calls on daily issues independently.

Critical issues in tax law amendments are being detected in time.

The tax code changes are communicated in a way that allows the customer to assess the impact.



TA services, products and skillsets meet the requirements of the large tax payers.



TA is a natural and true partner of a large business.



Taxation integrates to customer's business and systems, limiting the need for separate tax reporting.



Cooperation with the stakeholders is goal-orientated and inclusive.

# Dispute prevention - a key service to MNEs

# Increasing number of tools available

- Advance rulings
- APAs
- Pre-emptive discussions
  - Cross-border dialogue
- ICAP
- Cooperative compliance
  
- ETACA (pilot phase)
  - [https://ec.europa.eu/taxation\\_customs/eu-cooperative-compliance-programme/european-trust-and-cooperation-approach-etaca-pilot-project-mnes\\_fi](https://ec.europa.eu/taxation_customs/eu-cooperative-compliance-programme/european-trust-and-cooperation-approach-etaca-pilot-project-mnes_fi)
- OECD Pillar I dispute prevention mechanism TBD



# Pre-emptive discussion

- **Companies can request a pre-emptive discussion** on their complex tax issues, such as changes in operations models, large divestments/investments, changes in ownership etc. - that are not covered by the available guidance in the vero.fi -site
  - **Initiation also by the TA**
- **Applicability of the tool is decided on case-by-case basis**
- The ideal timing is to address the complex tax issues **as they are about to emerge** but when no final calls have been made or contracts signed
- These free of charge discussions aim to **enhance predictability and support compliance** plus increase the transparency in the TA operations
- The discussion can result in **guidance being provided** to the particular issue at hand, the company can present differing solutions and gain understanding of the tax implications of the options
- **The guidance** is provided orally to begin with, but a written guidance can be provided nevertheless - **a memorandum** of the discussion is drafted as a rule
- Pre-emptive discussions can also address transfer pricing questions - this may lead into applying the sc. cross-border dialogue or seeking of an advance pricing agreement
- **Protection of good faith**
  - If the issues raised are covered by established jurisprudence, **the written guidance stands in the final taxation as well**
  - **In the absence of established praxis, or if the parties end up in disagreement** of the application of the law, the company is recommended to seek for an advance ruling



# CROSS-BORDER DIALOGUE

## → SCOPE

- Different types of specified international tax issues
- For example corporate tax issues related to:
  - Permanent establishment
  - Cross-border losses
  - Withholding taxes
  - Transfer pricing

## → LEGAL BASIS

- Exchange of information by the competent authorities as set out in the provision of applicable tax treaties or
- Mutual agreement procedure (MAP)

**COUNTRY 1: TAX ADMINISTRATION**

EXCHANGE OF INFORMATION (EOI)

**COUNTRY 2: TAX ADMINISTRATION**

- Initiative: Taxpayer or Tax Administration
- The competent authority for EOI function should take part in the process
- Taxpayer submits all relevant information

ACTIVE PARTICIPATION AND CO-OPERATION

**TAXPAYER(S)**

INFORMATION  
GUIDANCE

INFORMATION  
GUIDANCE

## → OUTCOME

- The outcome of the CBD is not an agreement between tax administrations
- Separate guidance in writing in each country according to the domestic legislation

## → BENEFITS

- Preventing disputes and eliminating potential double taxation
- Bringing certainty to the taxpayer
- All the parties could save significant time and resources compared to intensive tax audit enforcement, litigation or mutual agreement procedures

# OECD ICAP

- **A voluntary transfer pricing and international tax risk assessment and assurance programme to facilitate engagements between MNE groups and tax administrations**
  - ICAP coordination supports a faster, clearer and more efficient route to improved multilateral tax certainty
  - ICAP should reduce the resource burden on both MNE groups and tax administrations and mean fewer disputes requiring resolution through mutual agreement proceedings
- The **number of tax authorities** participating determined by the lead tax administration and MNE group on a case-by-case basis
  - The OECD estimating that multilateral risk assessment including **between four and eight** covered tax administrations is likely to be the most effective
- **MNEs to approach the tax administration** in the jurisdiction of their ultimate parent entity (UPE)
  - The OECD does not discuss MNEs being proactively approached by tax authorities - but it happens
- MNEs should start initial discussions with the lead tax authority to determine what is involved in the process, what outcomes can be expected, and whether they would be a suitable candidate
- No obligation on any tax administration to agree to participate in any individual MNE ICAP risk assessment.
- <https://www.oecd.org/ctp/administration/international-compliance-assurance-programme.htm>



# OECD ICAP

- MNE groups are required to make available a “**selection documentation package**” to their potential lead tax administration; details on the proposed covered tax administrations, covered periods and covered risks, as well as copies of the MNE’s latest CbC report, TP master file, current global group structure (if not included in the TP master file) and a list of all APAs and tax rulings relevant to the proposed covered risks.
- As regards **qualification** for participation, factors taken into account are
  - MNE group’s Ultimate Parent Entity (UPE) is resident in the jurisdiction of an FTA member tax administration
  - The footprint of the MNE group and the volume and materiality of the MNE group’s covered transactions in jurisdictions
  - Whether the MNE group is subject to a CbC reporting filing requirement in its UPE jurisdiction and whether CbC reports are available for the relevant fiscal years commencing on or after 1 January 2016
  - Where the MNE group has previously participated in ICAP, the value of a further ICAP risk assessment by the same covered tax administrations, by different covered tax administrations or a combination of the two
  - The MNE group has a **group tax strategy** which is clearly documented and owned by senior management at the board level, and internal structures to set and manage its tax policies
  - The MNE group has an effective **tax control framework** (or equivalent) which addresses the covered risks at a global level
- UPEs must discuss their possible ICAP participation with the relevant potential lead tax administration in advance of the deadlines set:
  - Next 30 September 2023, intention to maintain a **biannual intake process**

# OECD ICAP

- Risk assessment will be completed within **24 to 28 weeks** following delivery of the main documentation package by the MNE at the start of the risk assessment
- The period or periods to be included in a particular MNE group's ICAP risk assessment (the covered periods) will be agreed between participants
- ICAP risk assessments are likely to cover **either a single or two consecutive covered periods** - tax administrations will typically aim to provide tax assurance also for the two immediately subsequent tax filing periods (**the roll-forward periods**), assuming there are no material changes in circumstances
- Covered risks and covered transactions: risks associated with TP, PEs, and other international tax issues as agreed between the MNE, the lead tax administration, and the covered tax administrations
- Outcome
  - Issuance of a completion letter by the lead tax administration, confirming the finalisation of the ICAP risk assessment
  - The results of its risk assessment and assurance of the covered risks for the covered periods, each covered tax administration will reach its own conclusions, which may differ and are not co-dependent
  - Risk ratings, if any, or a description of key findings from the ICAP risk assessment
  - Any agreement reached as part of an issue resolution process
  - **Confirmation of the covered risks that are considered to be low risk, with a statement that it is not anticipated that compliance resources will be dedicated to a further review of these risks for a defined period = comfort**
  - Appropriate caveats or limitations, including any requirements to notify the of any material changes that impact the covered risks

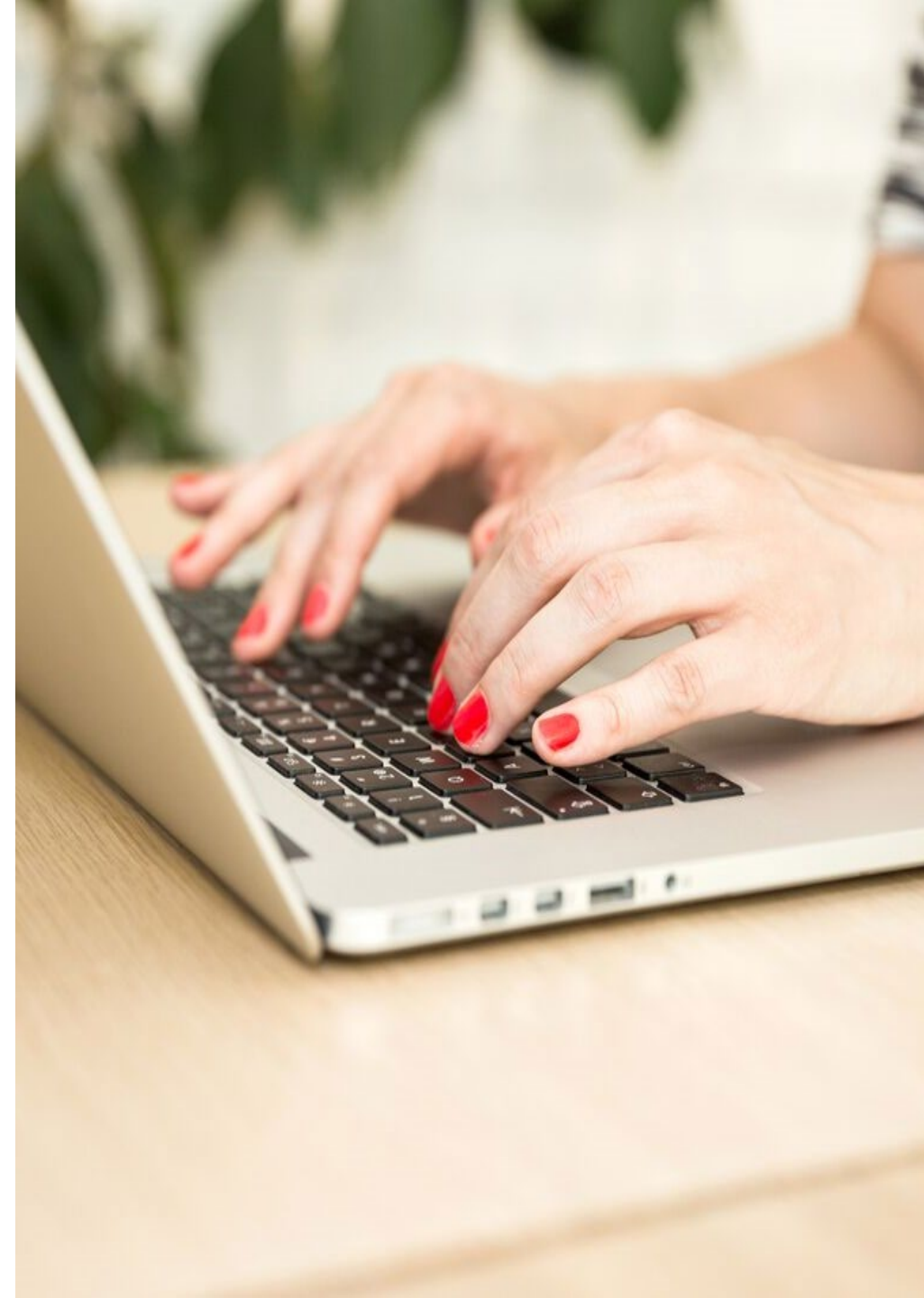
# Cooperative compliance

- OECD recommended approach for supervision of large taxpayers' tax compliance
- Parties share mutual interest to manage tax matters effectively in real time
- Overall goal
  - Predictability and legal certainty
  - Managing tax issues in real time
  - Effective and flexible
- From practical perspective:
  - Dedicated team of tax advisors
  - Continuous dialogue on tax matters

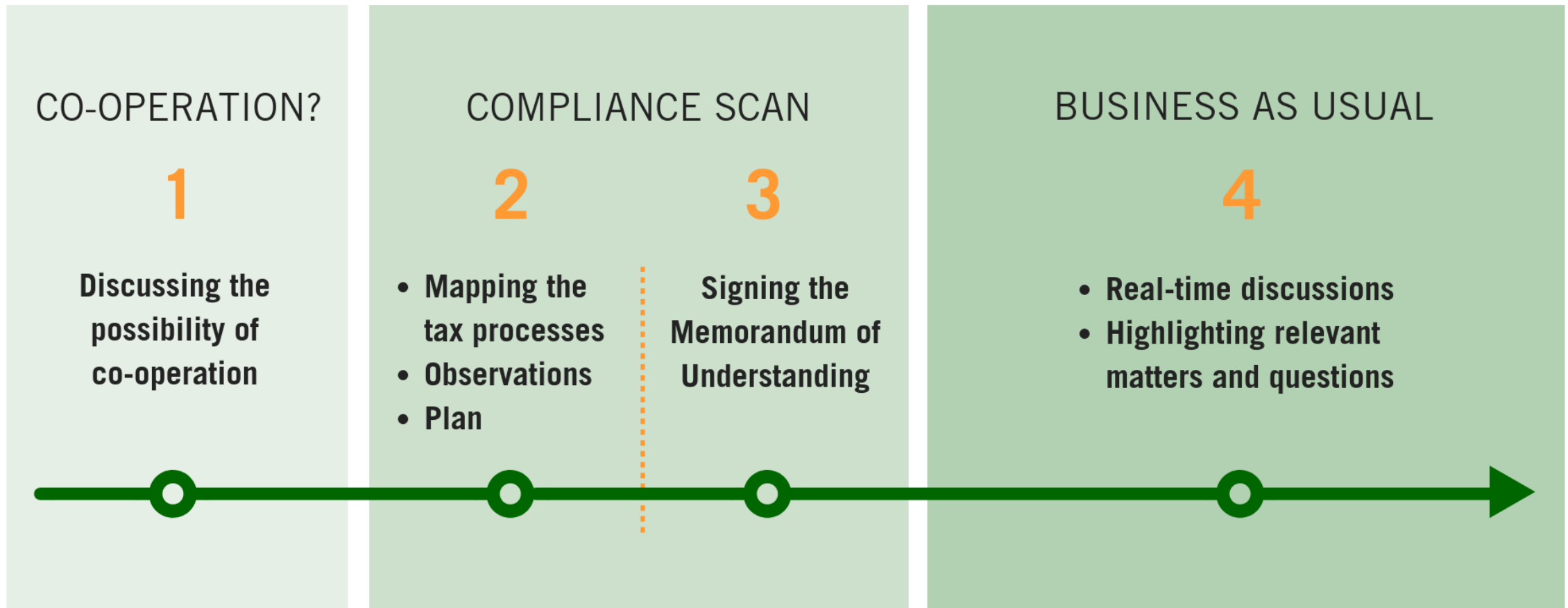


# Principles and rules in CC

- Principles
  - Trust
  - Mutual understanding
  - Transparency
- Rules
  - Optional arrangement
  - Parties may agree to disagree on interpretations of tax legislation
  - Protection of legitimate expectations applies



# Process for CC




A glance to the future

# TA strategy - integrating the taxation to the real time economy ecosystem

## Our goal:

Finland supports businesses as a society. We develop the taxation in cooperation with the customers and their interest groups. This development leads us towards seamless customer experience for companies.

## Strategic Goals

A large green chevron arrow pointing to the right, indicating a flow from the goal statement to the strategic goals.

- Ensuring Revenue Income**
- Equal Taxation**
- Positive Client Experience**

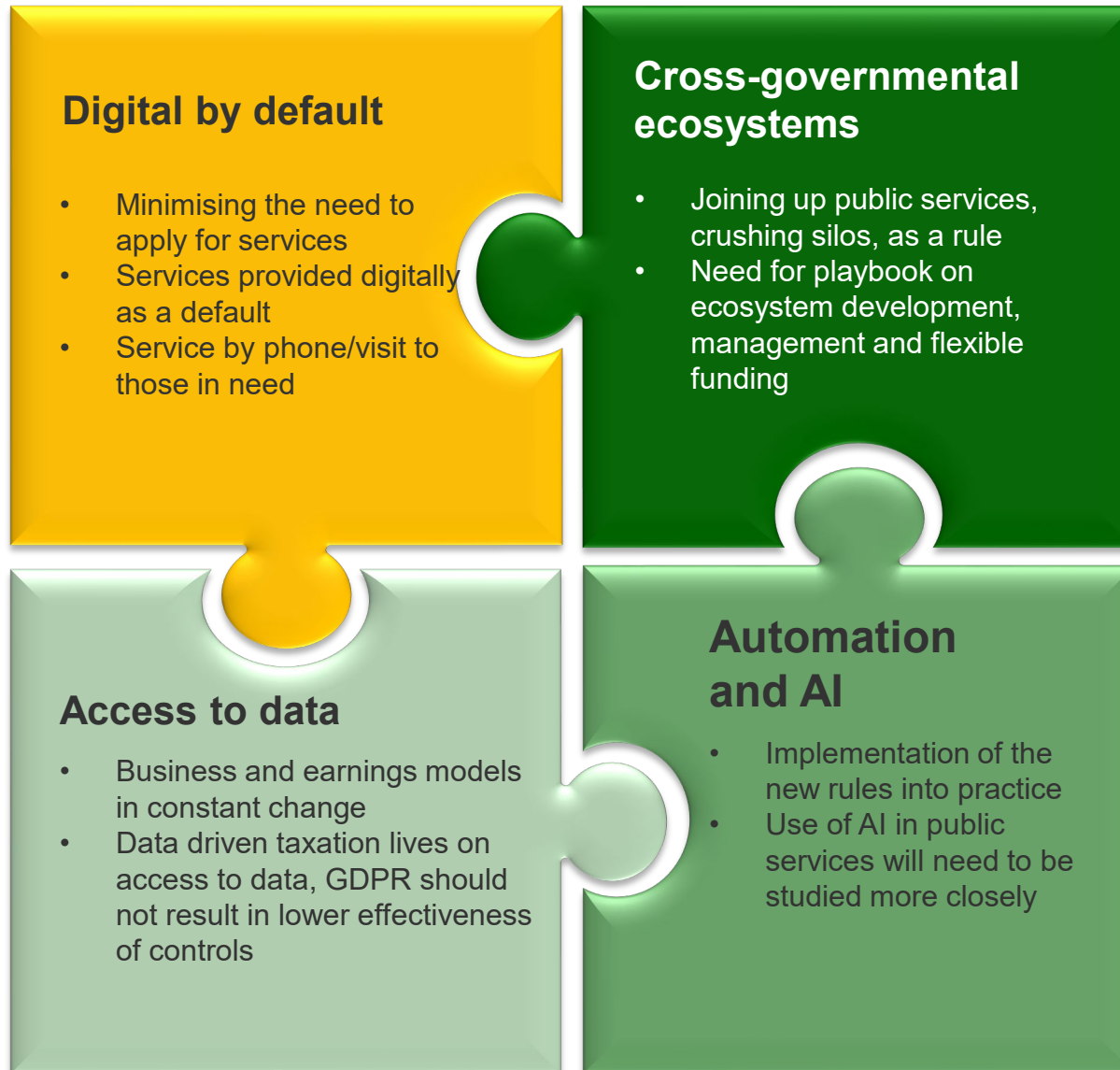


# International development in digitalisation

- Nordic cooperation - Nordic Smart Government + Business
  - Project for Nordic Business registries
  - TA taking part as an active member, supporting the Nordic interoperability
  - Finnish real time economy -project as a national leg
- EU-level development
  - EIDAS
  - E-invoicing (ViDA, in the Council)
  - Standardisation, digital business architecture, single digital gateway
- OECD Tax Administration 3.0
  - Goals established and road map drawn
  - Further work being discussed



# Supporting elements required for digitalising taxation



# Digitalisation of taxation - more tax revenue with current resources and at current tax levels

## Supporting elements - see prev. slide

- Digital by default
- Automatic decision-making
- Cross-governmental ecosystems
- Securing access to data



## Changes in practical terms

- Real-time tax rates for individuals
- Death in the family ecosystem
- Real Time Economy ecosystem
- Real time solutions and automation of VAT and CIT
- Transparency services



## Re-allocation of TA resources

- TA is engaged to sc. basic services (clerical) and value adding services (guidance and controls)
- Automation of the basic services allows for reallocating approx. 300 FTEs to value adding work



## Impact in practice

- Value adding services will support compliance
- Higher quality, machine readable data will enhance the quality of risk analysis - better targeted guidance and control
- Targeted controls produce, on average, 1 MEUR/FTE, thus, in theory 300 MEUR more tax revenue with current resources and under current tax rates

# Bubbling under - transparency

- Data available at the TA could be utilised to provide additional services - TA provided information to have high level of credibility
- Information provided to tax payers or to third parties (if allowed for)
- Taxpayer to decide how to use the data, but the knowledge of such data would increase public/client interest - indirect effect on compliance
- On the drawing board
  - Tax footprint
    - Taxes paid by tax type
  - Tax behaviour certificate
    - Taxes paid by tax type
    - Level of compliance, successes and areas of improvement
    - Comparison to peer behaviour
  - Know-your customer services
    - Likely services provided by third parties
    - Info something alike tax behaviour



# My vision of the future

- **Cooperation**
  - Developing solutions as a joint operation
  - Functioning ecosystems for service providers and customers, continuous development
  - Partnership models applied
  - Enhanced international cooperation
- **Simplification**
  - Less and less need for interpretation
  - GAAP vs. Tax
  - Profit allocation models
  - Improving services for dispute prevention
- **Digitalisation and automation**
  - Systems communicating with one another
  - Financial systems speaking tax
  - Human intervention for discretionary issues only
- **Transparency and trust**
  - Financial admin system verification as key control mechanism
  - Tax compliance certificates - know your customer/vendor
  - Compliance by default
  - Transparency and trust
- **Quo vadis, CIT?**





# Comments, questions, further discussion - at your service

**Sami Koskinen**

Director, stakeholder relations

Delegated Competent Authority MAP/APA

Finnish Tax Administration

[sami.koskinen@vero.fi](mailto:sami.koskinen@vero.fi)

+358 40 719 32 39