

# The elephant in the room:

Taxpayers' digital divide in a "digital by default" tax world



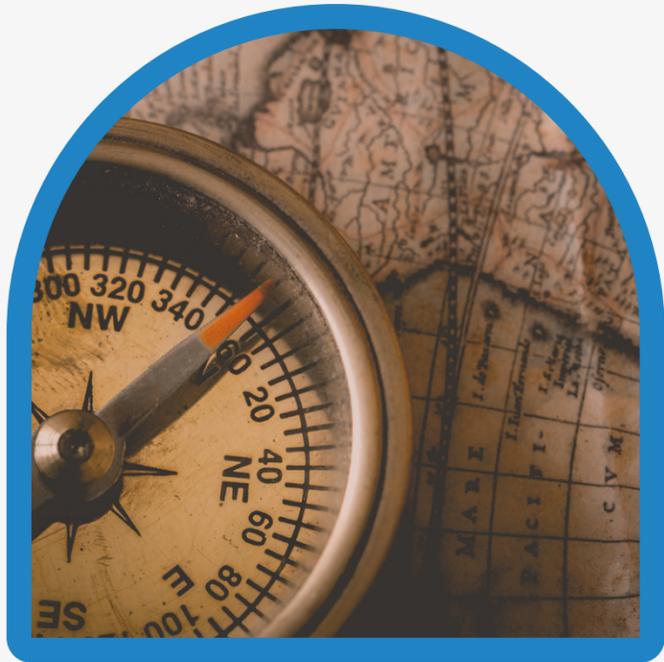
# DEFINING THE DIGITAL DIVIDE

The digital divide is an economic and social inequality regarding access to, use of, or impact of information and communication technologies (U.S. Department of Commerce, 1995).

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# DIFFERENT DIMENSIONS OF DIGITAL DIVIDE



**GEOGRAPHICAL**



**GENERATIONAL**



**INCOME**



**EDUCATION**



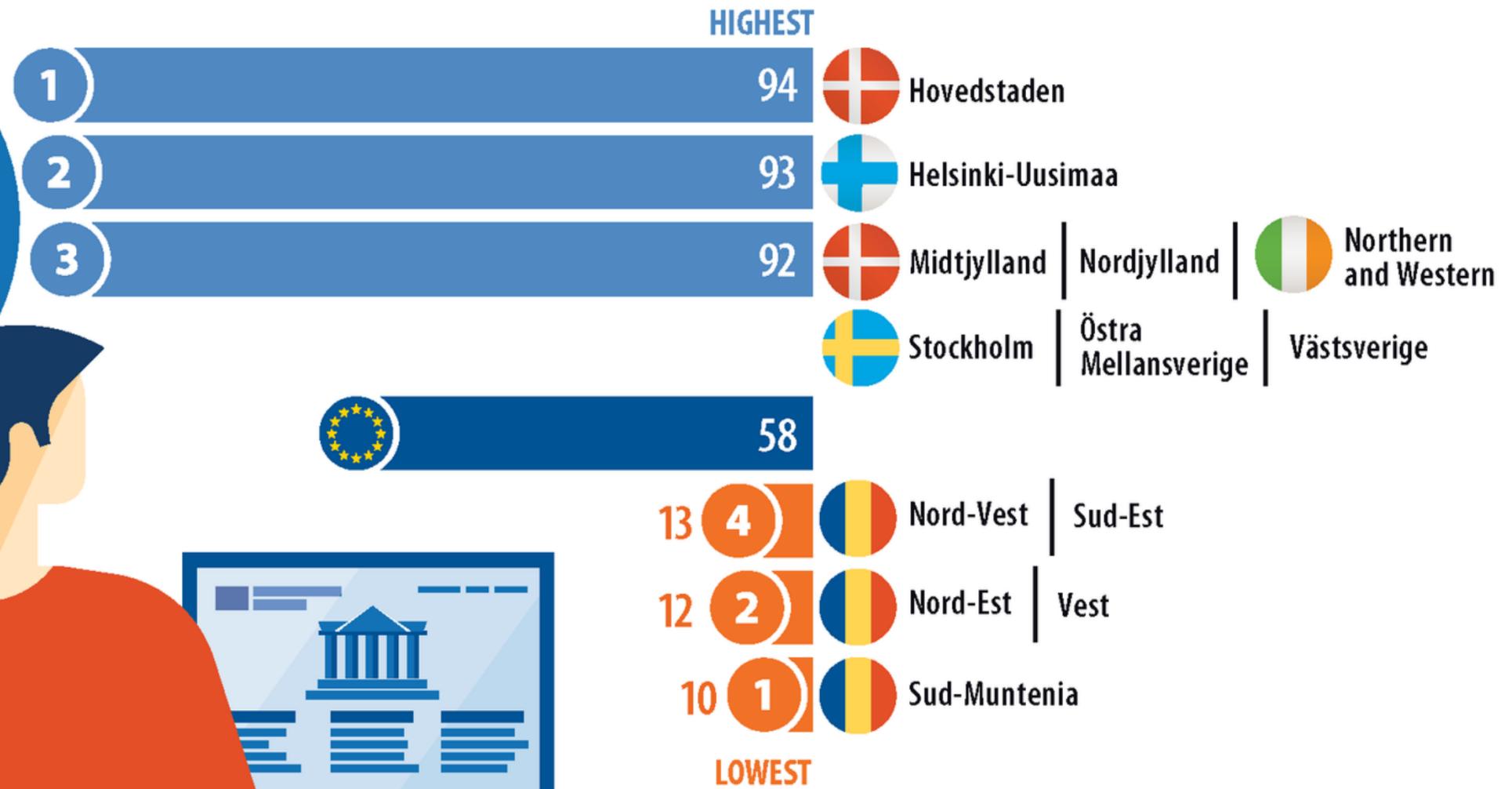
# THE SIZE OF THE PROBLEM

36% of the population in Central and Eastern Europe is unconnected compared to 19% in Western Europe (ITU 2020, A4AI/Xalam Analytics)

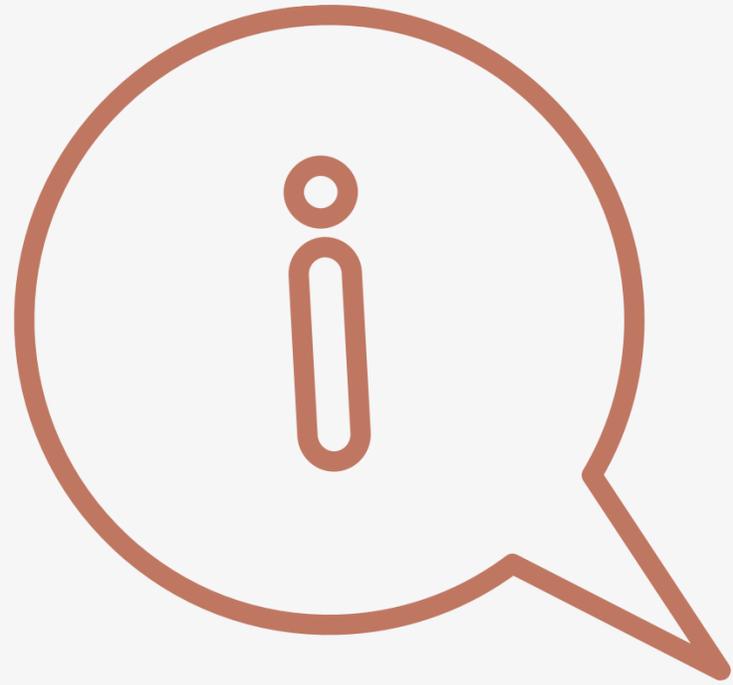
**Nearly half of the world's population is still offline**

**In terms of internet usage in Europe:** High use of social networks also in rural areas but if we look for example at online banking, in 2021, almost three fifths (58 %) of the EU's population (aged 16–74 years) used the internet for banking

Which EU regions had the highest and lowest shares of people interacting with public authorities over the internet?



(%, people aged 16–74, 2021)  
 Note: people interacting with public authorities over the internet during the 12 months prior to the survey. Germany, Greece and Poland: NUTS level 1. Croatia: national data. Germany and Ireland: break in time series. Mayotte (FRY5) and Åland (FI20): not available.



# **POSSIBLE SOLUTIONS**

**RIGHT TO A MEANINGFUL CONNECTIVITY**

Beyond improving  
broadbands  
infrastructure,  
complementary  
initiatives are needed to  
connect people who are  
already covered.

This can be done  
through programs that  
support device  
affordability,  
affordability of data  
and services, digital  
skills programs and  
content

# WHY DIGITAL DIVIDE MATTERS IN THE CONTEXT OF TAX DIGITALISATION?

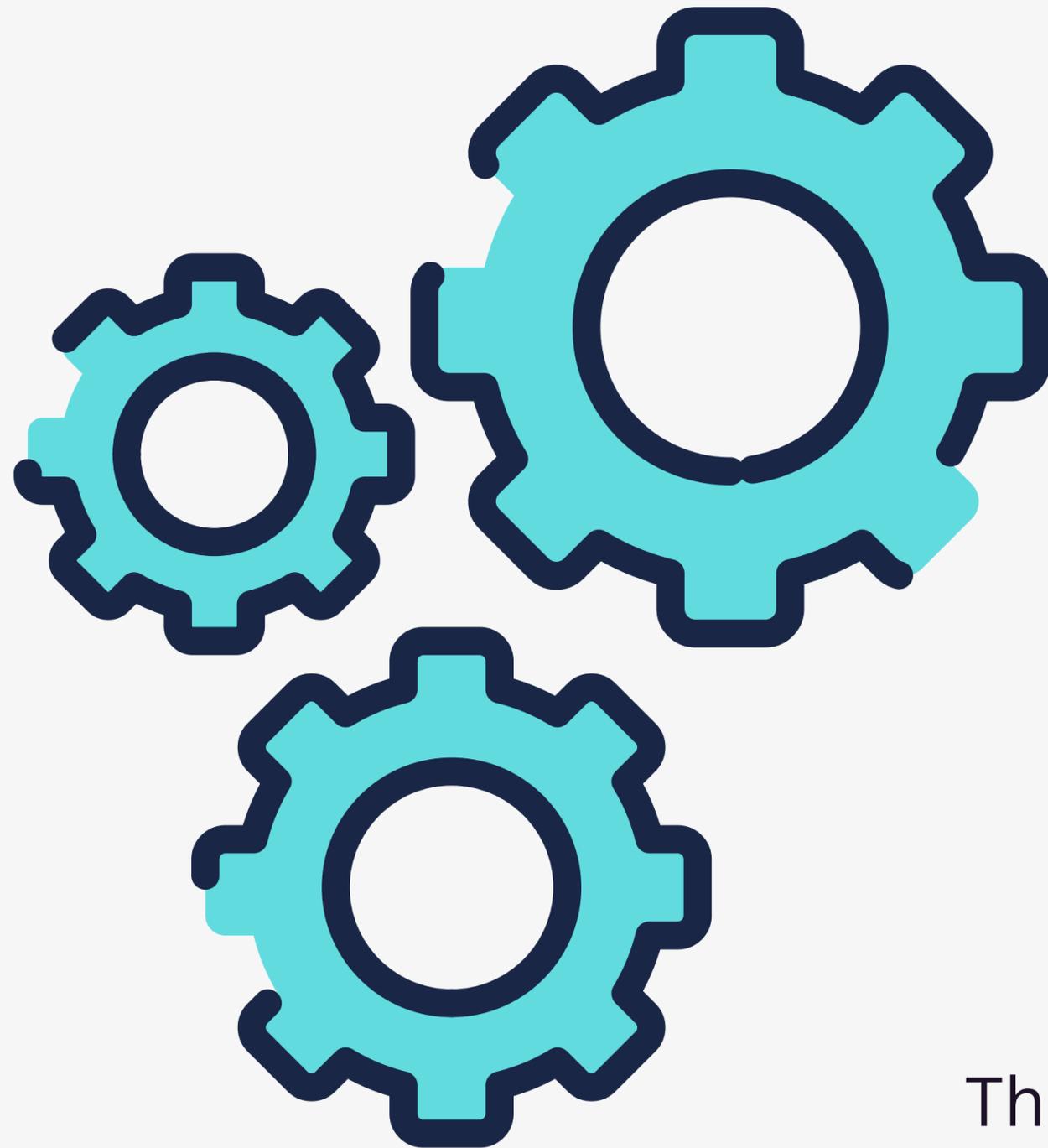
At the moment, there is no specific and comprehensive data in relation to the segments and characteristics of the taxpayers which are not using public digital services (especially the ones in the area of taxation and social benefits).

**We lack data on what are the symptoms of the "digital divide" in such a context.**

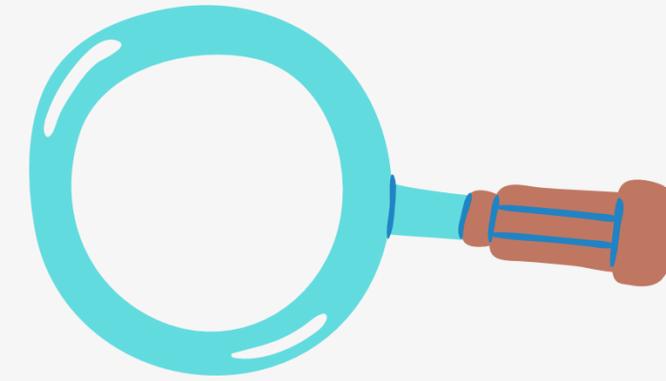
Nevertheless, the legal and human rights questions arising in connection to the digital divide need to be taken into account already in the design phase of new technological instruments to be implemented.

This will ensure that the policy goals behind the digital transformation of tax administrations are successfully fulfilled in a fair and inclusive way.





## **DIFFERENT EXPERIENCES**



- In policy design and implementation of digital transformation policy objectives (e.g. Italian Cashback program, digital identity systems)
- In Risk Assessment/Fraud detectors tools (Australian Robodebt)
- Prefilled tax declarations

The digital divide from a tax standpoint affects individuals but also MSMEs

# **THE LEGAL QUESTIONS THAT CAN ARISE**

- 1. Breach of the equality principle and possible discriminatory treatment**
- 2. Breach of the ability to pay principle**
- 3. Impossibility of effectively benefit from the right to a good administration**



# A DIGITAL TRANSFORMATION MATURITY TEST FOR TAX ADMINISTRATIONS



**Digital Identity**



**Taxpayer Touchpoints**



**Data Management and Standards**



**Tax Rule Management and Application**



**New Skill Sets**



**Governance Frameworks**



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# TAXPAYERS- CENTRIC SOLUTIONS

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While improvements are needed for broadband connectivity, programs are developed to ensure the development of e-skills, it is vital to **keep in mind the user when embarking on a digital transformation journey.**

However, it is crucial to not only to consider the "average user" but to take into account the difficulties and challenges that will be experienced by the **vulnerable users** as well.

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**THANK  
YOU**