

Introduction of the Tax Administration 3.0 Model

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Prof. dr. ir. R. (Rex) Arendsen | Leiden University



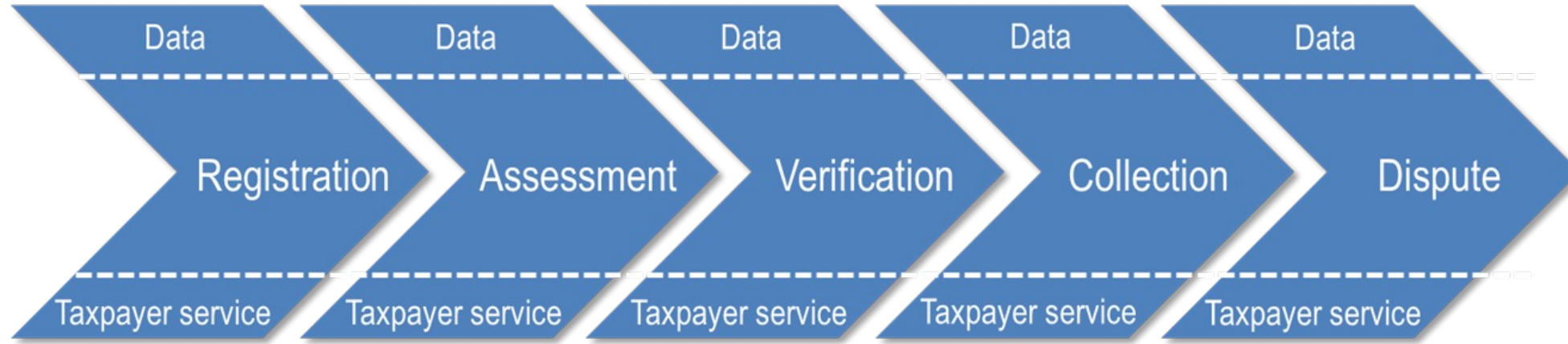
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Introduction

- Rex Arendsen is a Leiden University Professor by Special Appointment (Endowed Professor) on Social and Historical Context of Tax Law since June 2015.
- This chair has been formed by the private founding 'Belastingmuseum Prof. dr. Van der Poel'. His position is financed by the Customs Administration of the Netherlands, the Belastingmuseum founding and Leiden University.
- Rex is an employee of the Dutch Tax Administration. He works for 1 day a week for Leiden University and for 4 days a week for the Dutch Tax and Customs Administration(s).
- Rex was an advisor of the OECD's Forum on Tax Administration Secretariat from November 2018 till July 2022. He contributed to the Tax Administration 3.0 series of products.



Current Tax Administration Business model



- “A bundle of specific activities conducted to satisfy the perceived needs of the market“ (Amit & Zott, 2012)
- The way an organisation creates value

Source: OECD

What might a future tax administration business model look like?

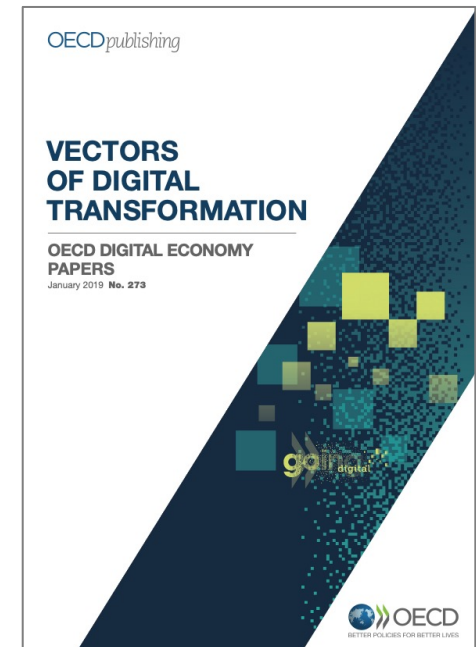
- *Digitalisation*: introducing ICT in paper-oriented processes.
- *Digital Transformation*: refers to the (disruptive) economic and societal effects of digitalisation. It is changing the way people interact with each other and society more generally (raising a number of pressing issues in the areas of jobs and skills, privacy and security, education, health as well as in many other policy areas)



*OECD (2019), Going Digital: Shaping Policies, Improving Lives, OECD Publishing, Paris,
<https://doi.org/10.1787/9789264312012-en>*

Impact of digital innovations

- Omnipresent computational power and data
- Instant answers and services
- Autonomous, intelligent decision making
- New digital business models (platforms):
 - Scale without mass
 - User participation and the value of data
 - Reliance on intangible assets, incl. IP



OECD (2019a), Going Digital: Shaping Policies, Improving Lives, OECD Publishing, Paris, <https://doi.org/10.1787/9789264312012-en>

Towards a Scientific Answer

Which mechanisms (powered by digital innovations) may lead to fundamental changes of tax administration implementations?

Arendsen, R. (2021), Exploring Tax Administration in the Digital Age, Back to Basics, in IEB Report 3/2021, The Barcelona Economics Institute, Universitat de Barcelona, pp. 14-17.

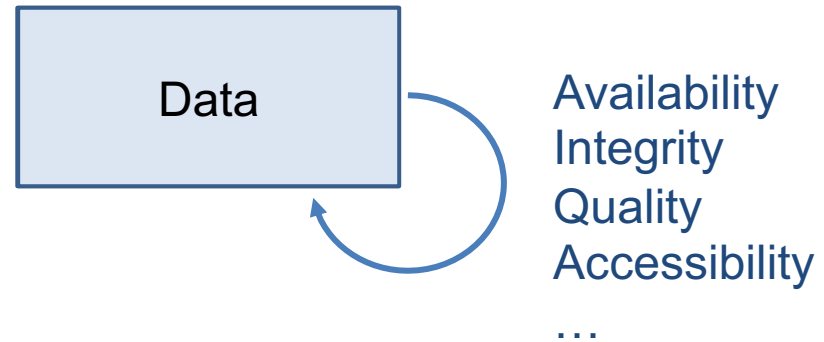
Arendsen R., Wittberg, L, & Goslinga S. (2019). Towards a New Business Model for Tax Administration, Exploring paradigm shifts. Journal of Internet Law 23 (2), Wolters Kluwer, pp. 3-14.

Understanding (rediscovering?) the core taxation operating model.

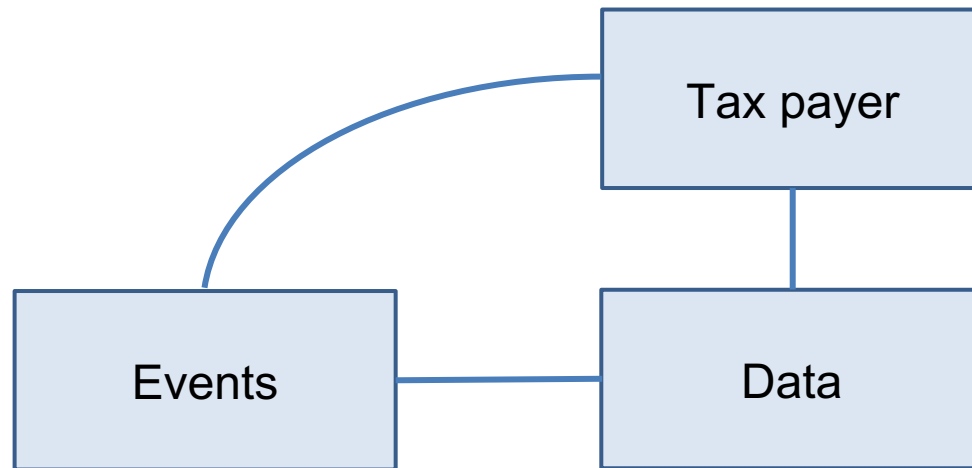
A Conceptual Taxation Model



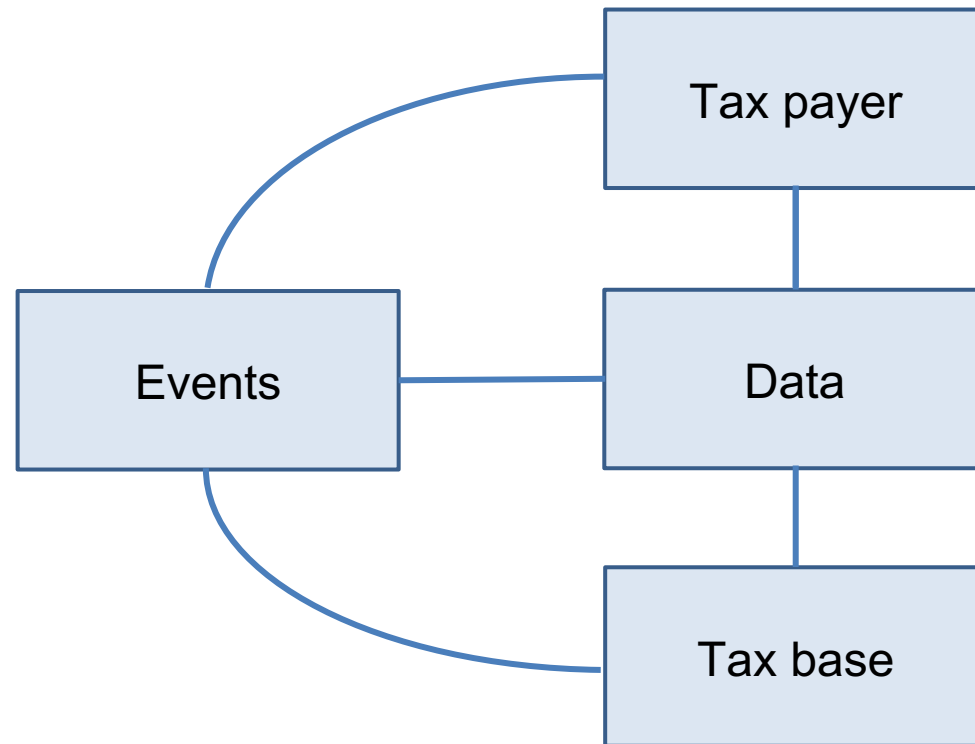
Data management



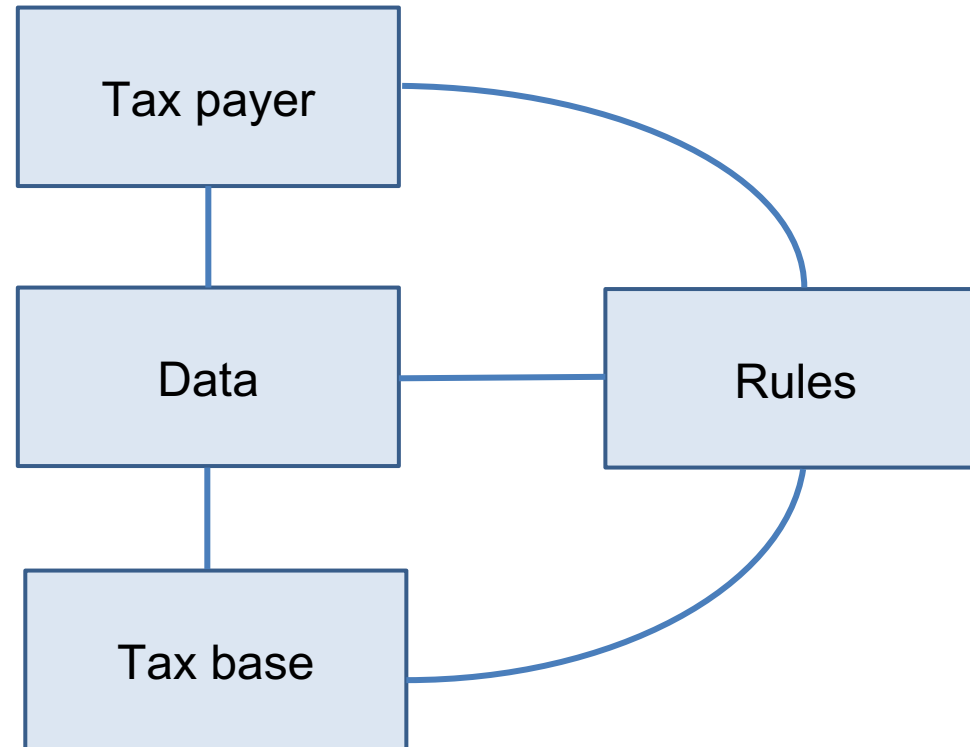
Taxpayer ecosystem perspective



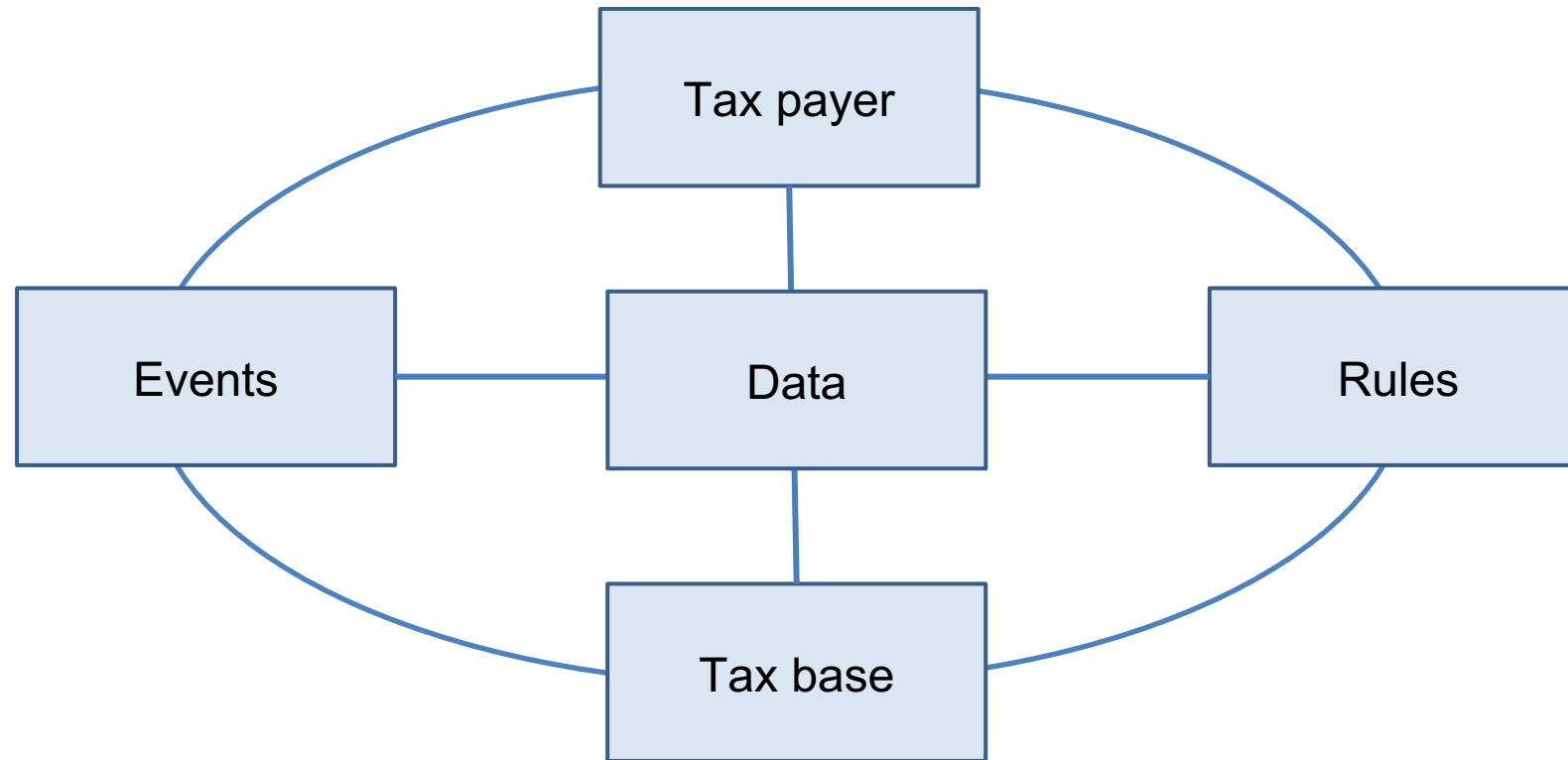
Taxpayer ecosystem perspective



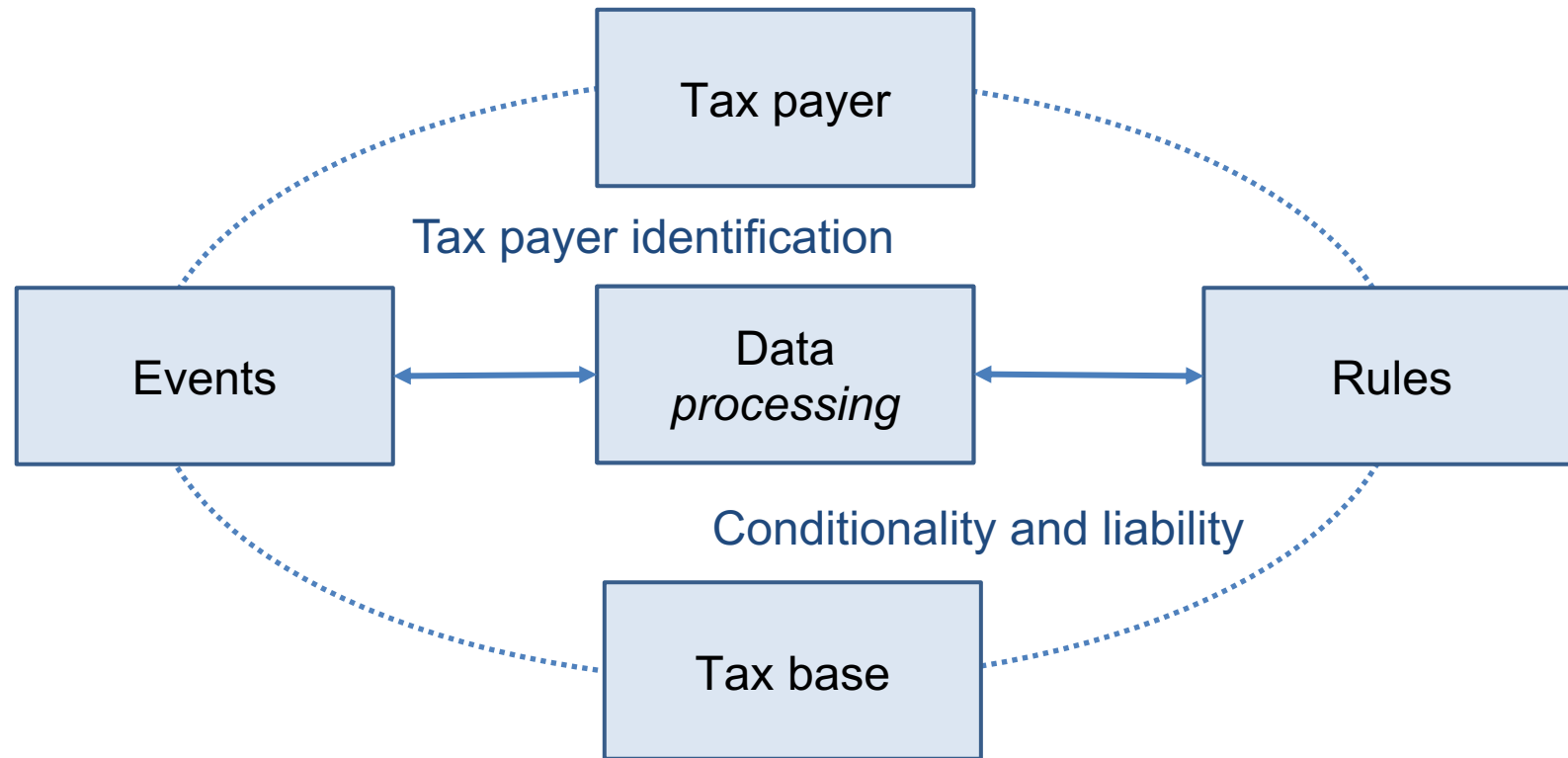
The legal perspective



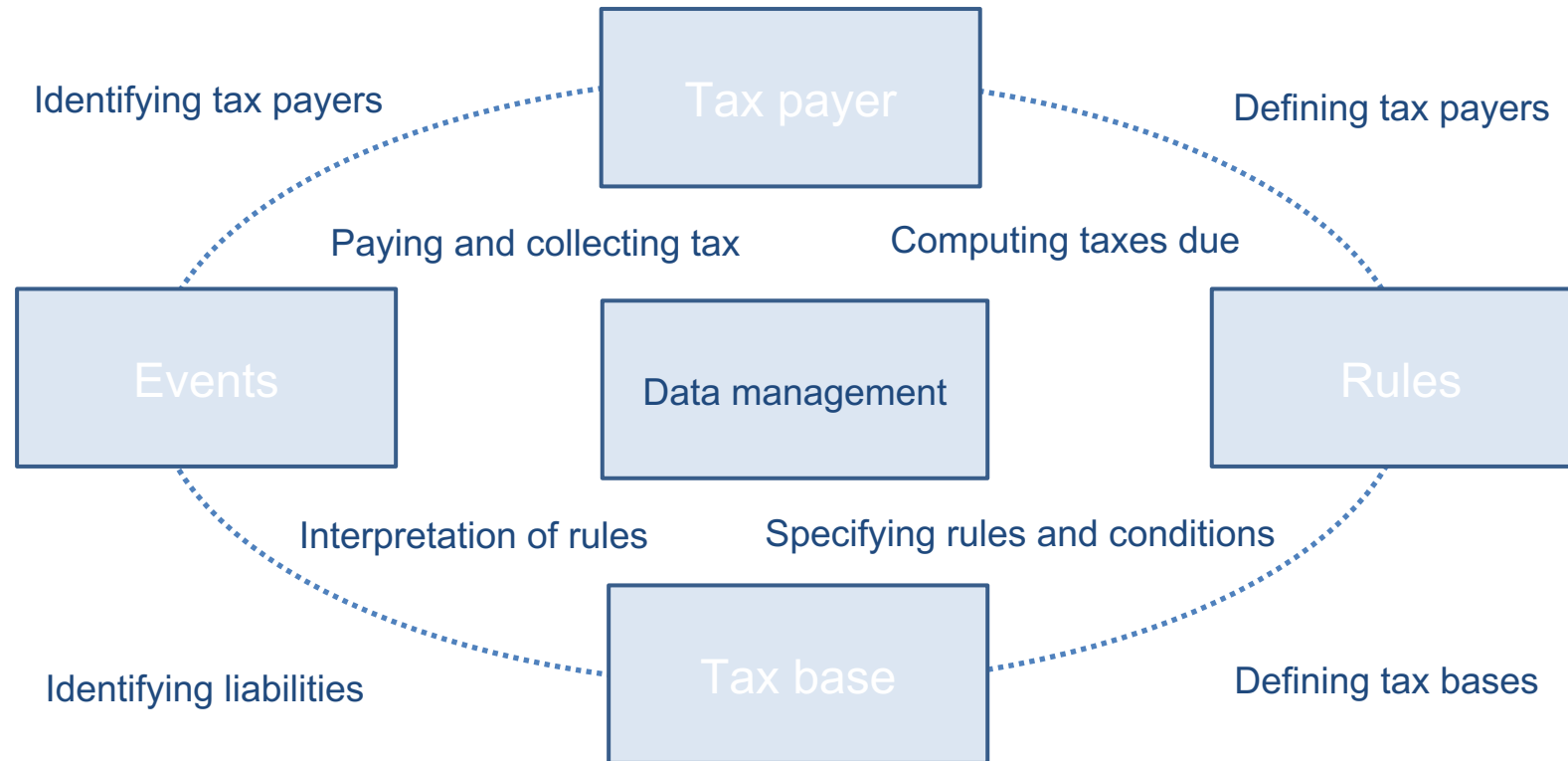
A Conceptual Taxation Model



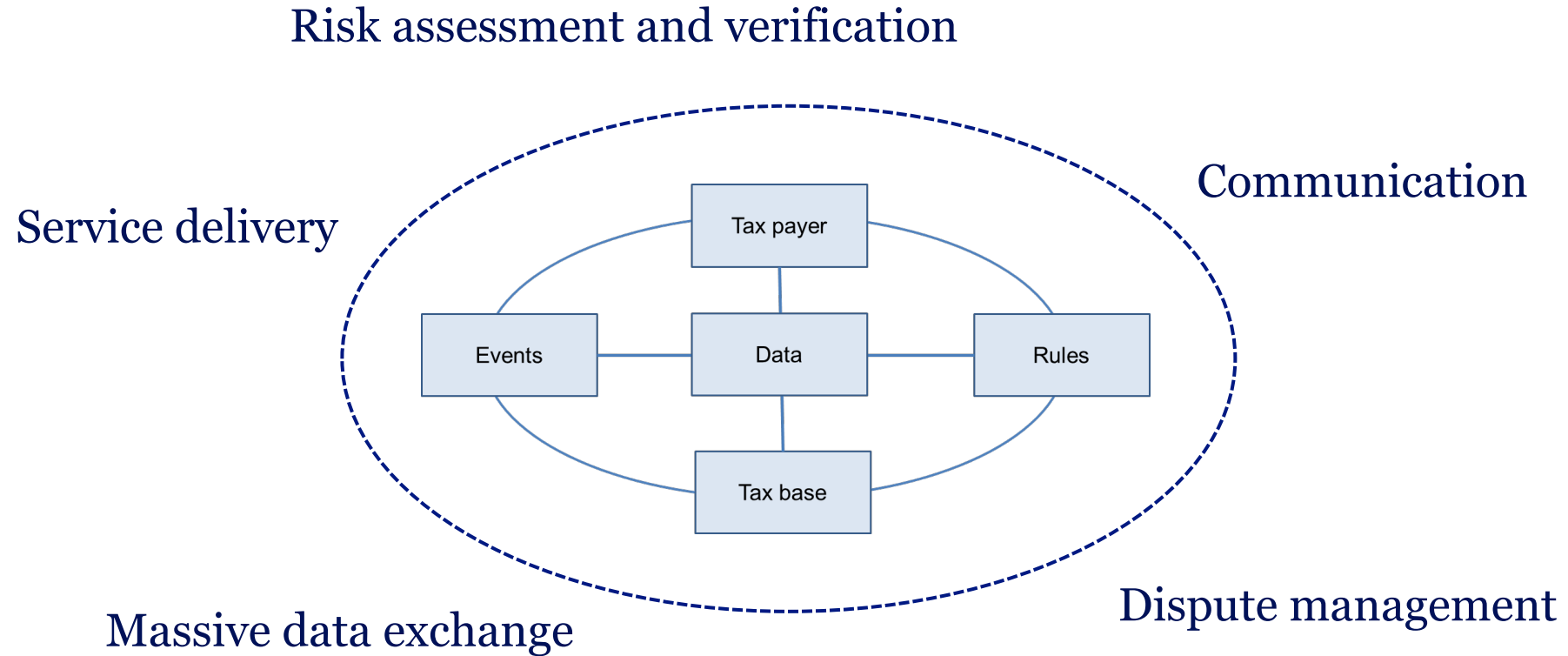
Taxation = Data processing



Core taxation processes



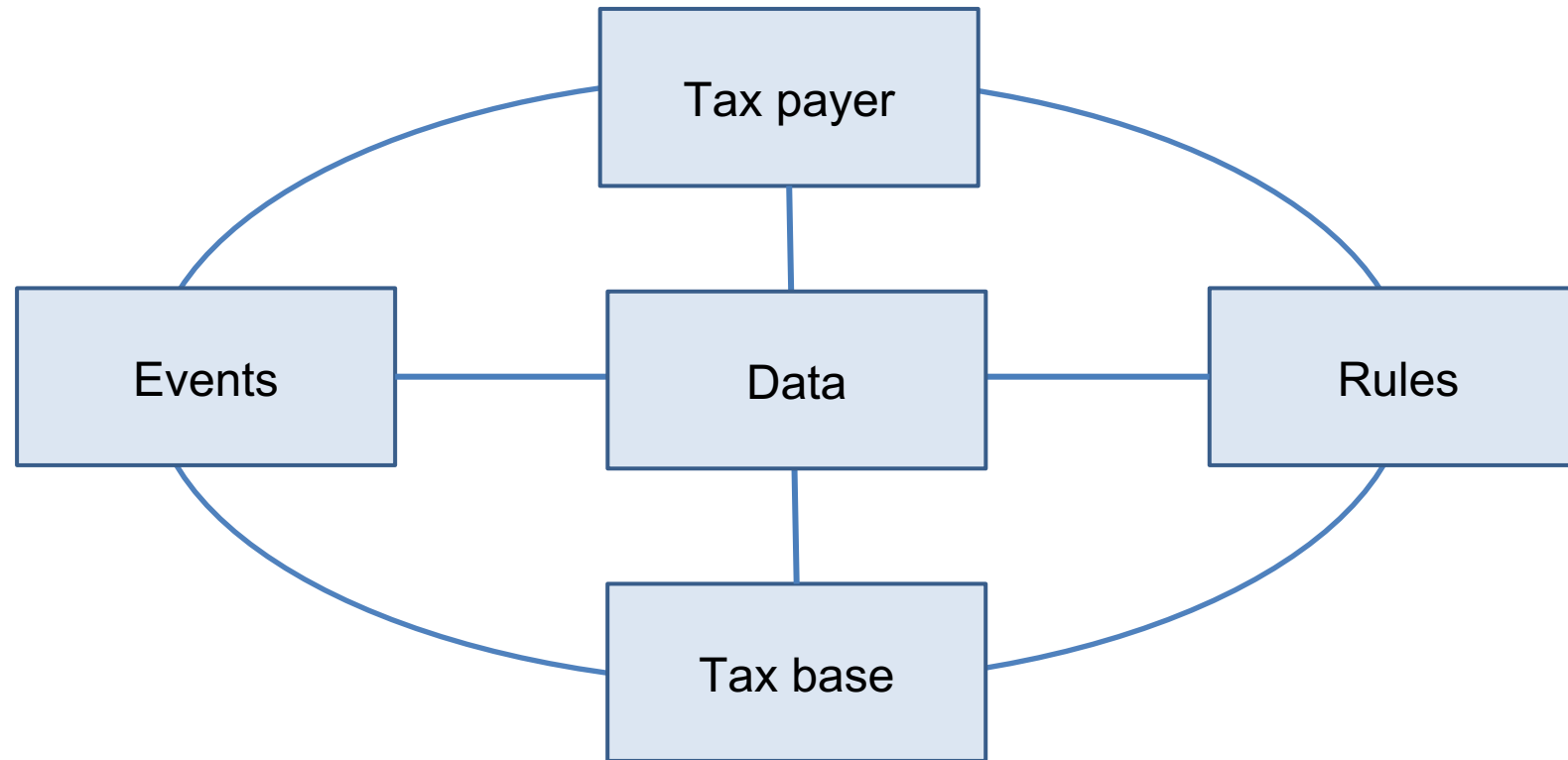
Supporting processes



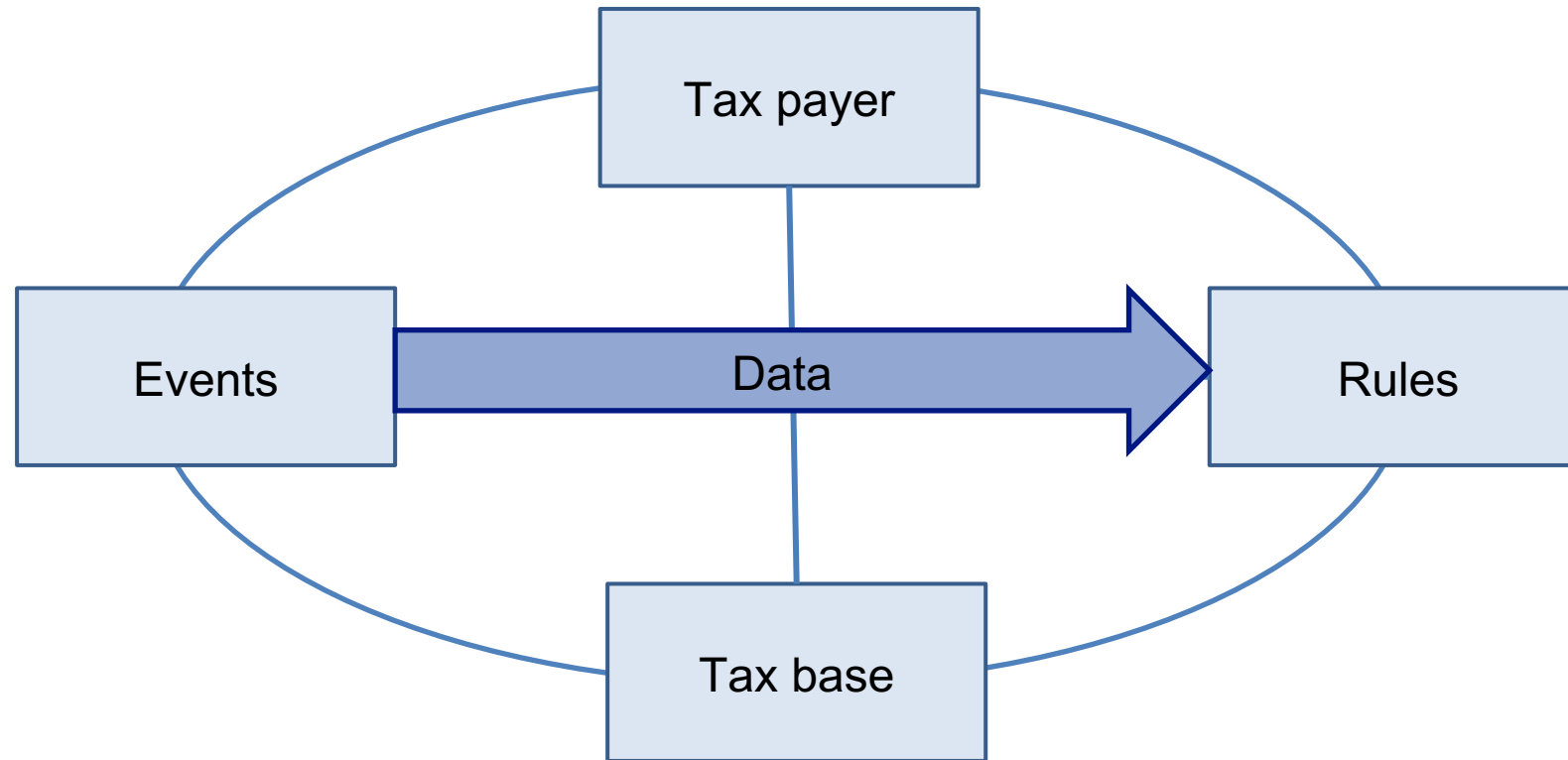
Paradigm shifts – Mechanisms of change

- Back to basics and to core tax processes
 - *instead of* focussing on service and repair
- Rules to the data
 - *instead of* data to the rules

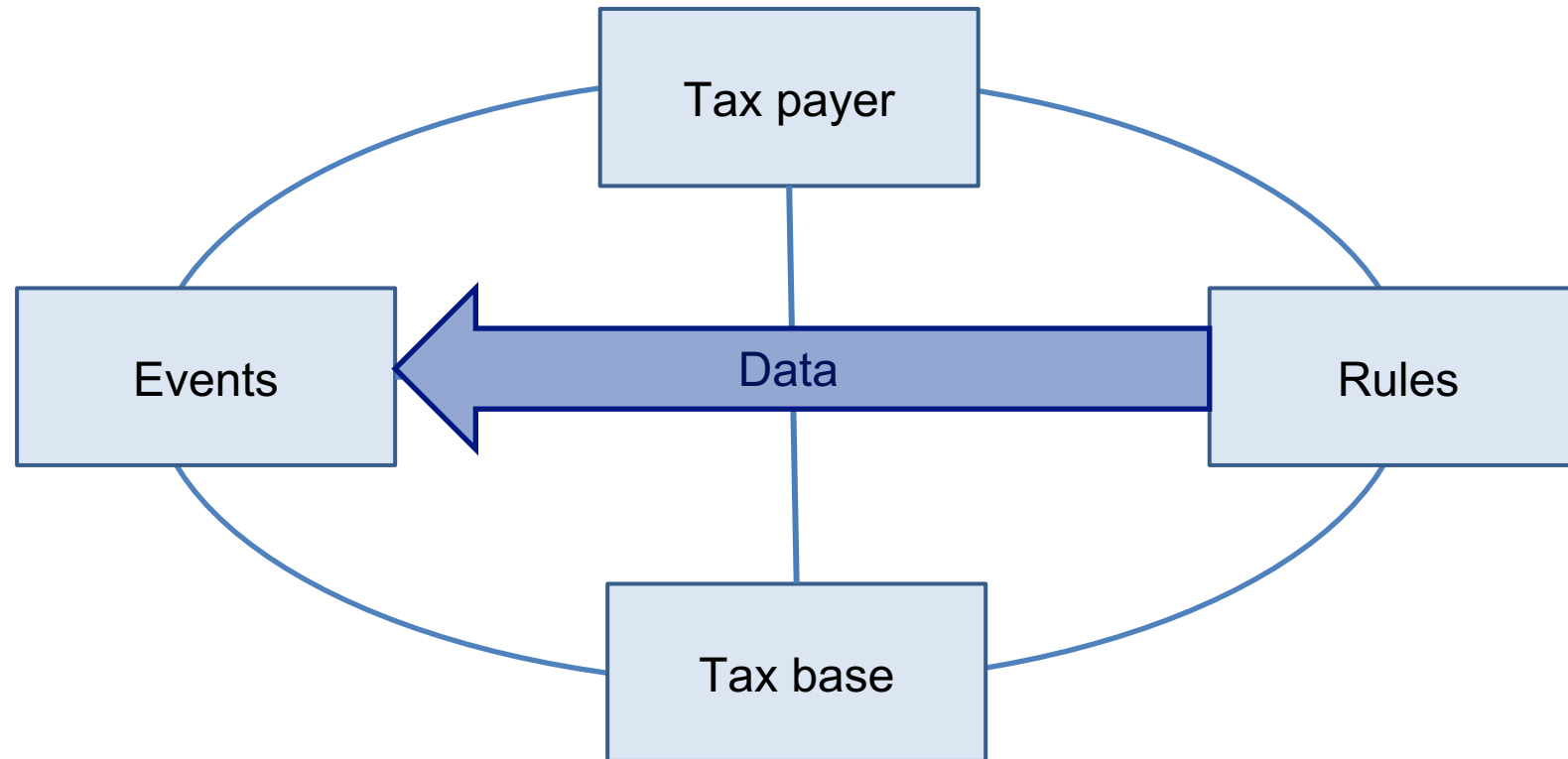
Events – Data – Rules



From: *Data to the rules*



To: *Rules to the data*



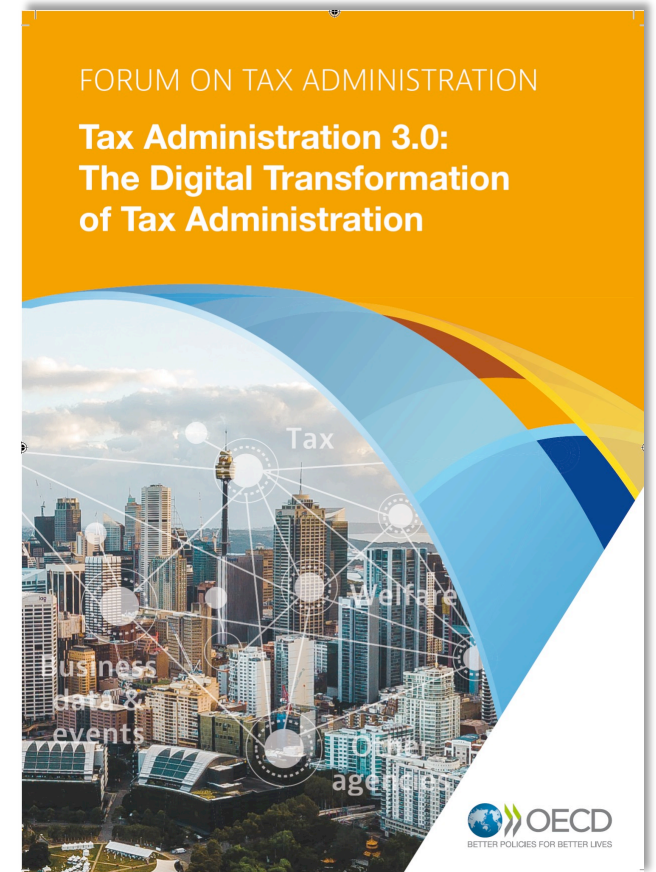
Paradigm shifts – Mechanisms of change

- Back to basics and core tax processes
 - *instead of* focussing on service and repair
- Rules to the data
 - *instead of* data to the rules
- Towards ‘tax-inclusive’ networks
 - *instead of* hierarchical bureaucracy
- Embracing complexity
 - *instead of* fighting complicatedness

Towards a Policy Answer

OECD Forum on Tax Administration

- Reimagining of tax administration in the digital age
- Foundation for a longer term (5 – 10 years) FTA digital work program
- Guiding domestic strategy design
- A basis for collaborative actions

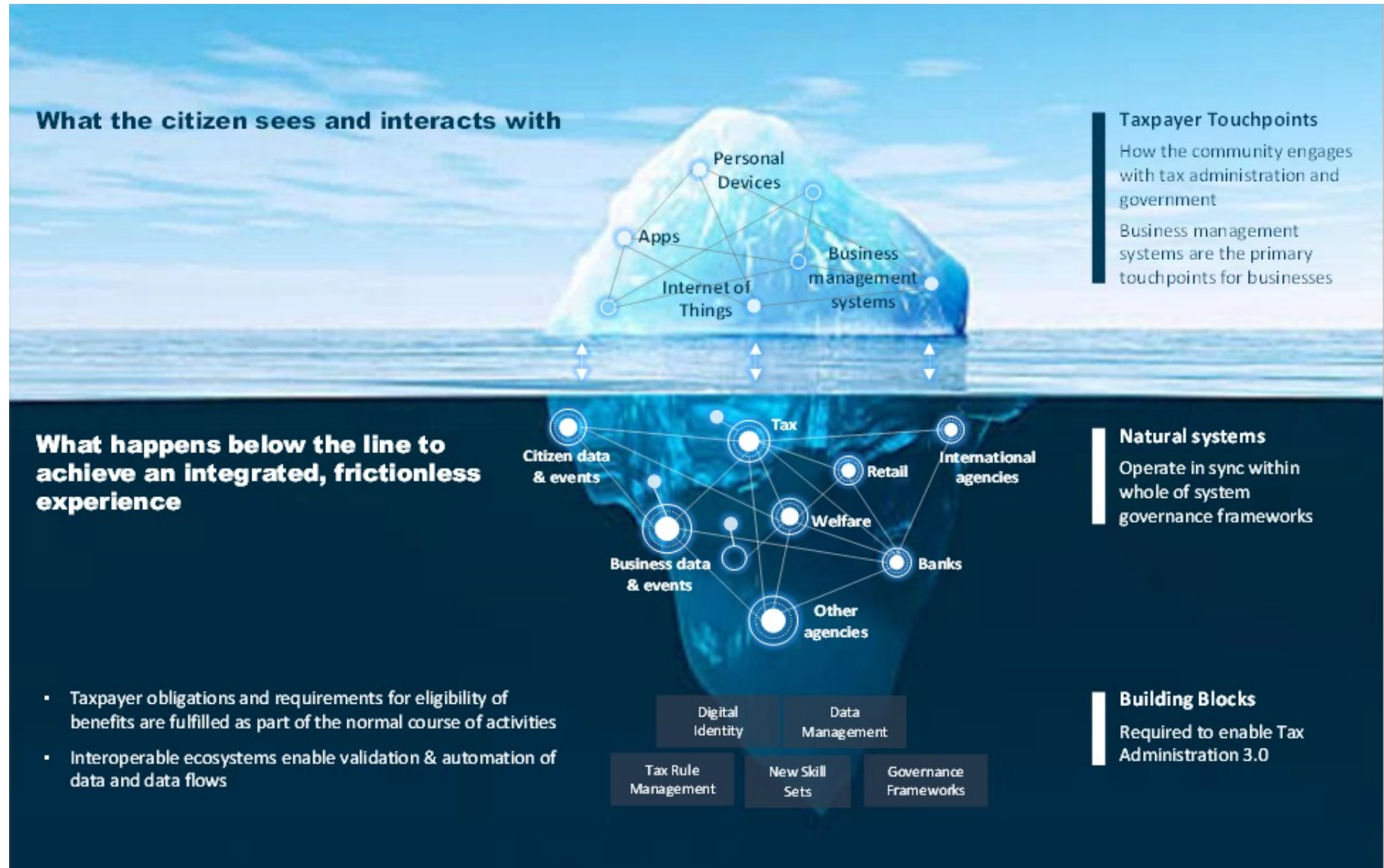


(OECD, 2020)

Vision

Towards seamless taxation

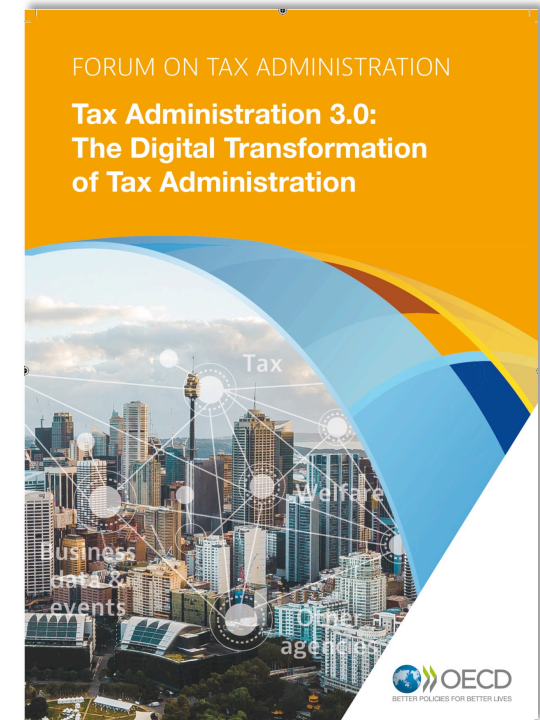
Tax just happens



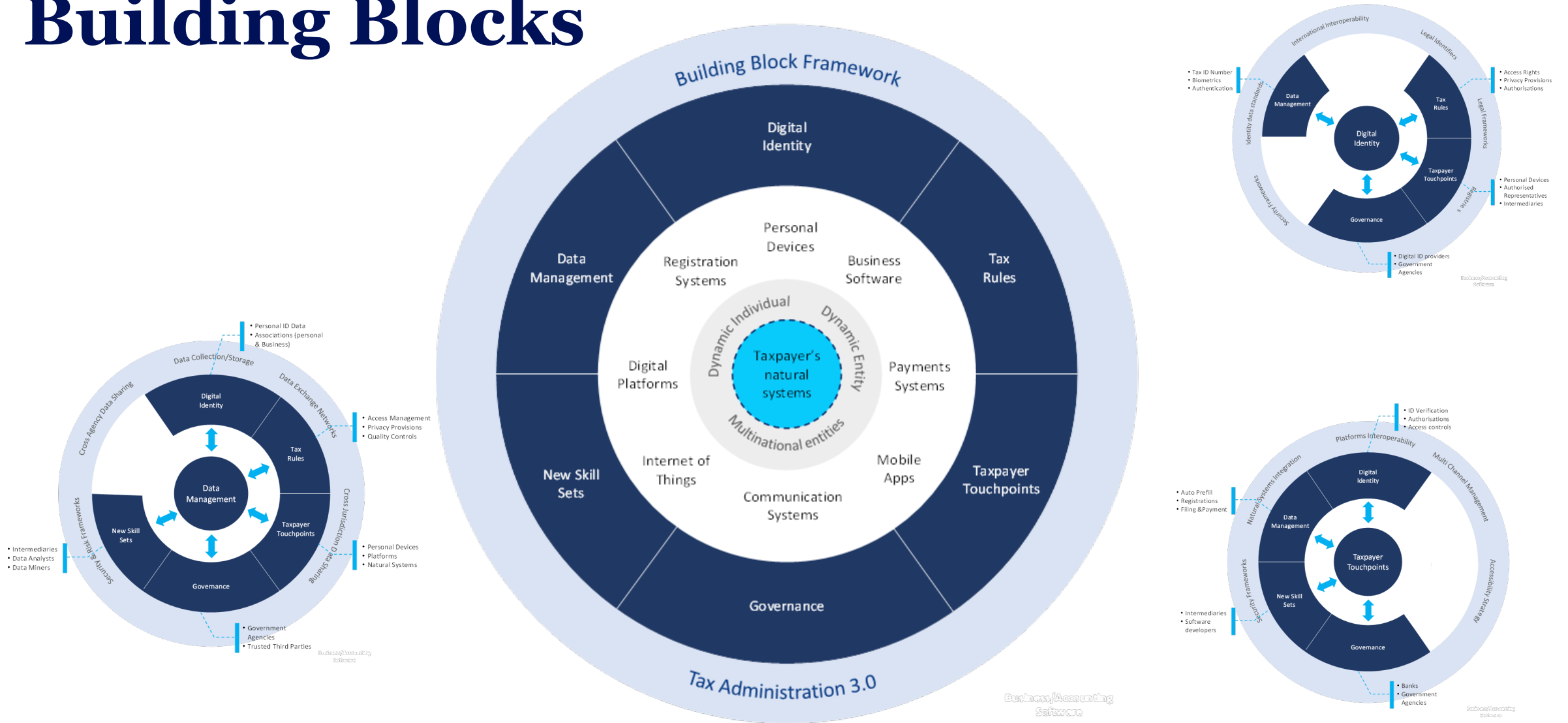
Source: OECD

Vision, Tax Administration is increasingly:

- Embedded within taxpayer natural systems
- Part of a resilient “system of systems”
- Real-time tax certainty provider
- Transparent and trustworthy
- An integrated part of whole of government
- A human touch and high tech adaptive organisation

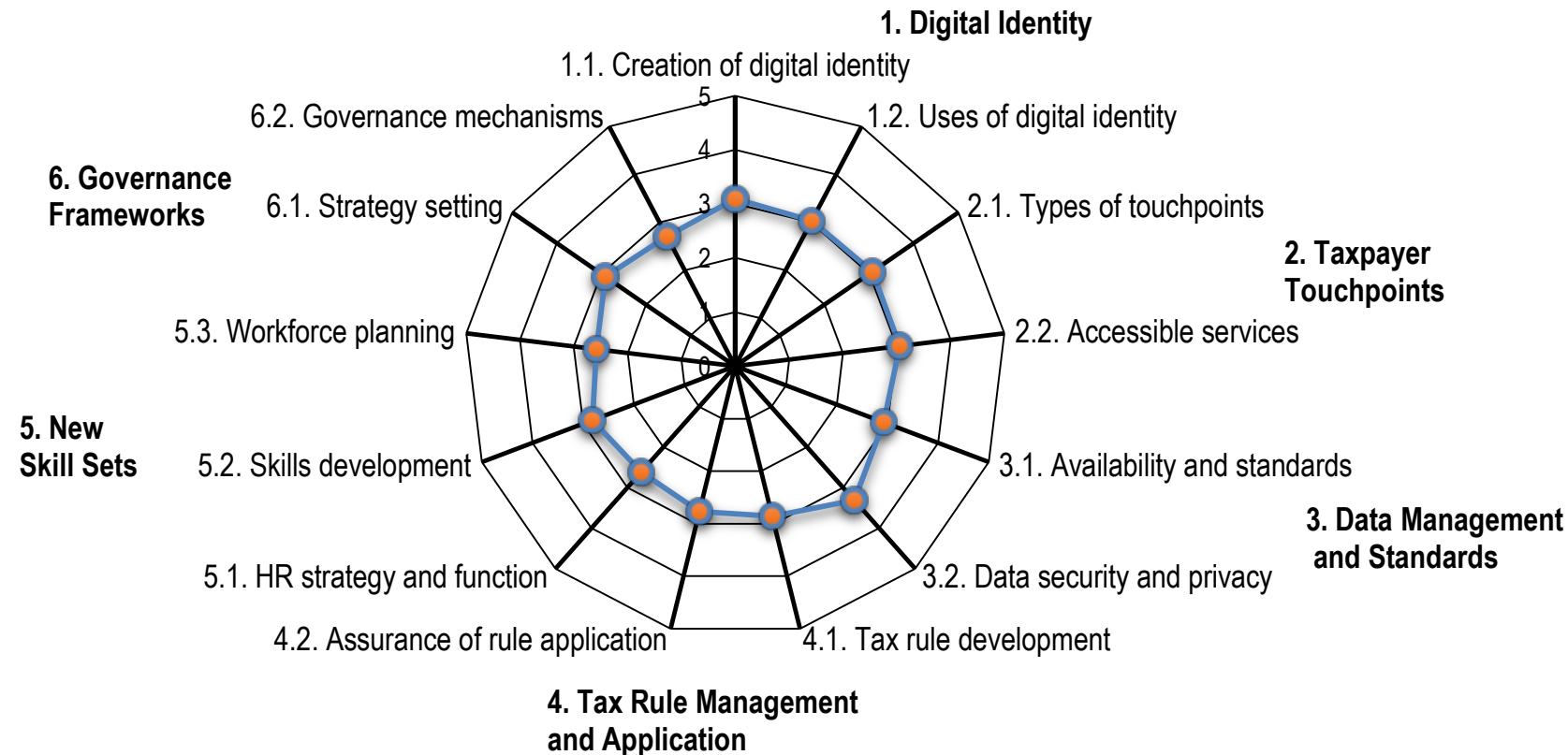


Building Blocks



Source: OECD

Overall starting point (n=50+)



Source: OECD, FTA Digital Transformation Maturity Model

Thank you

r.arendsen@law.leidenuniv.nl



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