

# Digital Transformation of Tax Administrations in the EU

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## America and Latam

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Good morning from America and Latin. Good afternoon for Europe. For me it's a great pleasure to be here with distinguished, add audit and with distinguished colleagues we are investigated for more than two years about the topics. Well thanks a lot to say university in Yankee and Alvaro for the possibility today we are in an historic moment regarding the digital.

Transformation of the tax administration. The main topic of my investigation is about the digital transformation of tax administration and new taxpayer rise in America and Latin. We know that many countries are planning tax reforms and modernization process and tax administration like like we say before in the excellent presentation of my distinguished college are incorporating.

Technology, but the the main purpose of my research is to know is about about digital transformation respecting taxpayer rights. That is the main investigation. Let's move on to the main topics. I will focus on five topics in this research. The first is about digital transformation of tax administration, the 2nd about artificial intelligence, the 3rd about blockchain.

The 4th about taxpayer rights and the final ideas and recommendation. Well, we know there are lots of advantages of digital transformation of tax administration. For instance, working with digital files, allowing teleworking or or for an office providing service in new format, implementing compliant risk management, offering pre file tax returns, promoting collaboration.

And integration among different entities and tax administration and also improving the quality of information.

Let's move on an important topic for LATAM and an America that is electronic invoicing. Electronic invoicing is a Latin American innovation of the process of tax transparency. But the important thing is that today electronic invoicing is using for other purpose. For example for control, good for a single accounting system for electronic power payroll and also for factoring.

Some financing mechanisms. But a a tax administration are movers are moving towards online real controls. In this graphic you can see that Chile was the first country to implement electronic invoice in 2003. But nowadays there are 14 countries in Latin America who are using electronic invoice. The the last was.

Dominican Republic from the last year, let's move on to the topic of artificial intelligence, artificial intelligence. There are lots of use of artificial intelligence in America and Latam tax administration, but one of the the best use is in virtual system. Mr. Virtual assistant are using to provide information and assistance to taxpayers. I am, I believe that in the future.

Virtual assistant may be integrated with other digital service for the tax administration, for example, for making payments or for verifying tax files. And another important topic is that virtual assistant could also be integrated with other virtual assistant or for other agencies in the country. For example, Estonia has a virtual assistant to explain Estonia countries.

In my research there are a lot of countries who are using virtual assistant in the in Latham. For example Brazil with Teresa and recently launched Leon for custom Peru with Sofia. What's Demala Canada, Costa Rica, Colombia and Chile?

Let's move to another topic about artificial intelligence in auditing. For instance, in Chile, evaluates the notes that employees take when they answer taxpayer question to their tax tax fraud.

Also Peru use AI for electronic control of the general sales tax and sends alerts to the taxpayers.

Colombia seeks to connect the national ports with this technology and in Canada, in Canada there is an important application of artificial intelligence because with with that they evaluate whether a person should be classified as an employee or as a business person to pay taxes.

In another important use of artificial intelligence is in customs. Brasil has the season who is a, who is a selection system for custom. It evaluates import declaration form and other other use is. Other uses are for example computer tomography that there is an equipment that allows to check the content of the shipments without having to open them.

Argentina custom has been working with data mining also using artificial intelligence. Other important.

Another important use sorry is the in airport the first facial recognition system. For instance in Panama since 2011 in Canada and in the United States. Also a tile custom launched a mobile application.

To make online purchases.

Let's move up to an important topics that I researched with the application of artificial intelligence, injustice, my my question is, could could artificial intelligence help to resolve the dispute with tax administration?

Nowadays there are two countries who are using artificial intelligence. In justice. One is Argentina with a system called Promethea, in another. Is Colombia with a similar system.

Call Pretoria the that system applies artificial intelligence to automatic.

Automatically make court rulings, but I completely disagree with the idea that Jews can be replaced by robots. I I believe that artificial intelligence can be used to support for the ruling that the Jews must take in their resolution, and the two systems that analyze do that, that Argentinian system and Colombian system.

Another important use is blockchain in America and Latin tax administrations.

My my college senior is a senior CPEC and AL. Marito explained a lot about this topic and also in the in in the Latam region there are lots of application. One of the application is in in Brazil who shares data from the Registry of Taxpayers.

Moms, their regulatory institution. Because Brazil is a federal country. We it it has two levels, federal, state and municipal. Argentina has implemented a single tax registry similars like the the Brazil system. But one of the best application of blockchain in the region is in Mercosur customs. Mercosur customs are connected by.

Reconnect with a big Connect is a blockchain network that allowed to share information

It started by allowing the exchange of information from authorized economic operators.

I believe that in the future blockchain have have a lot of potential for exchange of information domestically and internationally, and another another potential use is a prefilled tax returns where the tax administration could use a database with blockchain to supply taxpayer with such information.

Now we are advancing in the presentation, and we enter in the in the main topic who is the taxpayer, rise in in America and Latin. There are charters or status of the taxpayer rise, but they they also include the duties of the taxpayer because there there is a balance between obligation and rights. One important document is Inter American Center of Tax administration.

The tax procedure code model that code model considered the figure of the Ombudsman of the taxpayer. The Ombudsman of the taxpayer is now nowadays presented in many countries that are reserved, for example, in Mexico, Colombia and Peru. There are the most developed countries with with this figure and also Argentina, Ecuador and Chile.

Well then I I research in the countries where the taxpayer rise are legislated in Argentina, the nowadays the the taxpayer rights can only be found in the national constitution. But there are several attempts to pass a statute for taxpayer rise.

Brazil, uh, the the there are similar situation because there are under analysis, uh, code of taxpayer rise, but nowadays the rise of Brazilian taxpayers are dispersed in the various tax law and regulations.

Canada introduced the Taxpayer Bill of Rights in 2007 and they include values of professionalism, integrity, respect, collaboration and many standard for how taxpayers should be treated when interacting with the tax administration.

In in Chile, the taxpayer rise are legislated in the article A of the Chilean tax code.

Yeah, in all dependencies of the tax authority, the poster must be displayed with the taxpayer rights.

In in Mexico, the taxpayer rise around the federal tax code and other guidelines and an important institution in Mexico is. The protocol is similar, like an Ombudsman with the task. The Taxpayer Defense Attorney has been present since 2006 and also in in Peru. The taxpayer rights are on the tax code, Article 92.

That, uh, another country that I investigated is the United States, the United States, the taxpayer Bill of Rights is a cornerstone document that highlights the change fundamental rights of the taxpayers.

They I want to mention the right to challenge the IRS position and be here apart from this, to appeal the IRS decision and in the in an independent forums the the right to privacy and to confidentially.

My my final ideas and recommendation to begin with. Digital transformation is producing vertiginous changes on the structures and the main function of the tax administrations.

Also, tax administration are using artificial intelligence and blockchain in many functions like we see in in my presentation and and the presentation of my colleagues before.

Sorry, after me before me, uh, in America, electronic invoicing is an important innovation. Another important idea that I think that artificial intelligence must be respect some principle of ethics sensitive principle. For example, privacy, accountability, security, transparency and explicable. I think it's it's. It's very important, it's clickability and also justice nondiscrimination human control and supervision of technology.

I, I believe that the acetate solution the the new technology that implement that the tax administration are compatible with the accounting and computer system using taxpayer we we we should reduce the the tax burden and it's important it's it's very important that they are compatible. I think that I believe I strongly believe that ICT.

Are only a tools to obtain better results, but the technology is not an objective in in in itself, technology is only a tool for. Because of that it is vital. On the one hand to promote the technology for its efficiency. But on the other hand, to be attentive of a. For this governance there are a key role here of course.

And jurisprudence they're a key role in the future of a how tax administration are using this new technology.

In America and and latan, the taxpayer rise are known in various regulations like we see in the tax code. In taxpayer statutes and in guidelines.

Some, uh countries like Argentina and Brazil have projects to introduce a specific law.

But I think one of the the most important conclusion of my investigation is that from the from my survey carry out, it has not been detected that countries have modified their taxpayer rights as a result of the incorporation of modern technology. Now nowadays tax administration are incorporating technology but the law are with the with the similar law that they have.

It's just.

Despite the incorporation of ICT technology, no countries have modified the tax law.

Another important idea is that tax administration are responsible for the processing processing of citizen data, and taxpayers need to know that their information is safe.

Because of that, I think that we need comprehensive law are are that are required to protect the security and confidentiality of this information is vital. It's vital, more collaboration and more cooperation between tax administration between taxpayers between professional in this field.

The new tax law of each country will be consistent with national and international law because nowadays taxation is global. It's a global phenomenon. For example, we pile a pillar one and pillar 2 from OECD. Is is vital to reduce compliance costs. I think that technology should reduce taxation. I I think that's a.

Technology should reduce tax more than we have today and and the taxpayer rise should be adapted to the this digital disruption.

I believe that when the new technology, uh, with new technology, should help efficiency and effectiveness to fight against tax throw to provide better services to system to reduce compliance costs and to promote transparency. Transparency is is is enough. We need transparency in in a lot of regions.

All of this in all of this, uh, we always need to respect in the taxpayer rise, because there there will be a balance between the rise and the use of technology that tax administration are using. Well thanks a lot for your attention and I will. I will be happy to answer answer the questions.