

Digital Transformation of Tax Administrations in the EU

JEAN MONNET **DIGITAX PROJECT** International Conference

From 25th April to 26th 2022

Recorte rectangular



With the support of the
Erasmus+ Programme
of the European Union



Internet of things as tool for tax fraud avoidance

Dr. ÁLVARO JESÚS DEL BLANCO GARCÍA, Academic
Advisor (Institute for Fiscal Studies of Spain)

April 26, 3:30 pm (CET) - Keynote Speech

Thank you very much, Alvaro, from the invitation. It's always a pleasure for me.

To collaborate with a few, it has been my my homework for 11 years at the university. About Olivia Freeway Barcelona and in fact today I'm wearing her the tie with the colors of disease so.

We can we can go ahead with my presentation if you share my presentation. OK, yes, Internet of Things as tool for tax.

Fraud avoidance. That's the the result of research of the team.

Within the group that I have pleaded and we have published, we have already published the article in chronic at Tributaria. The the oldest, the tax review, Spanish Tax review published by the Institute of the Studios physicality and you have the the article that it in Open Access. I have checked it in the I have shared it in the in the in the chat so you can access to the article.

And you can leave the the the conference because it would be a.

They're easy to to read the article.

Next slide, please.

And you have go ahead with because I I I didn't remember that it was without somatic. You have go ahead with that. Yes, the outline. So the outline is the article and the structure of the article we will present I I I present. Firstly the technological issues of the of the topic. Then the article has six parts. About tax proof. How there is a relationship between tax proof and Internet Internet of the things that's part of the article has been written by me. The second section of the article is the the problems that present in the taxpayers with taxpayers right that was written by Emma Mosqueda from Leiden University, the first section that is or the cross section.

VAT and customs. The relationship between Internet of the things and virgin customs. It was written by a Marina Terrade that today she is with us and and she is assistant tax professor at Mark Massey University also in the Netherlands.

The section about tax benefits was written by Alvaro de Blanco from institutes of the Studios FISCALES and the last section, energy taxation, was written by Alvaro Anton, our Chairman today so.

I will present the the article in this in this order. The first general topics tax proof and taxpayer rights.

In after that, the three examples of the use of Internet of Things by the tax law next slide, please.

And that's the the the link to the article. So technological issues. What we are speaking about when we speak about Internet of Things. So there are a lot of devices, sensors, thermostats, watches, video cameras, make microchips for clothing.

All of these devices themselves register, collect.

Information.

Information about the localization, the GPS, about the volume about the emissions about many, many physical information about things. That's because we we use the expression Internet of Things and this information is encrypted as a data, which usually with the blockchain.

Technology technique technique so. If sure that the information is true, that's very important from the point of view, as we will see after of the of the the proof of the fact that it's very interesting for the tax law in legal terms in general then.

This information, this through information encrypted in data, can fly. You can shave it by Internet with you can transfer to to a server.

In real time, so you can share this information with another tax administrations and other taxpayers. That's the the the the core of this technology. So this with this technology is very simple. An effective way to track and trace the allocation of goods and people. So that can be useful for tax law. The objectives that we will see after that and the other way that you can use this this technology. In tax law is to size to measure physical phenomenon, you know that the tax base is built with usually physical or economic phenomenons. But in any case you can measure in size this phenomenon and that's really useful for tax laws we can see after. And you can identify changes movements. Illegal situation of the persons or the people, or also goods. The ownership they use. Of these of of of of the devices or the use of goods, and the access to these to these goods. Access, could it be tax event and that would be? Could it be? It could be interesting for tax purposes, so that's the technological backstage of Internet of Things. And how can we use. These technique of this technological system for tax purposes. So next slide please. I'm sure that you know our legal broke hairdo that says dummy factum double TV use, the first thing when we are applying a law law in general not tax law, but also tax law. We we have to define we have to identify the facts. The reality and then we apply the the the tax law in our case. And we received the legal answer of the law, the qualification and the tax debt. But the first step is to fix. The fact so if we can identify the facts in a very precise and simple system with. We got a lot of reference of the of the of the fact. Then did the gap between material through and formal through, and that's a procedure. If it would be narrow. If you think in criminal law. Sitting in criminal law and after really bridging the gap. And now. It has changed a lot the investigation of the crimes. Why? Because there are a lot of video cameras by the street. Because you can know where the criminals were. During the decline.

Because he had the the the smartphone connected and you can track all the movements of the criminal. So that's the thing I insisted bridging the gap with tax flow.

Now you in order to to and that.

Invest because the tax system.

We have to take into account this technological uses.

For instance, for the definition of taxable events and also for setting up the tax basis.

With the definition of taxable events, for instance, where is your physical residence you can use.

Internet of Things.

To prove.

Where is your?

Effective fiscal residence.

You know for the taxpayer or for the tax administration, because we are speaking about the use of Internet, Internet of Things.

To prove the fact.

But it can be used.

In the same way, by the tax administration or by the taxpayer.

So you have changed the theory of evidence.

With Internet of Things it has, it is changing we use.

Everybody knows a lot of presumptive techniques in in in tax law. In Italian law firms, and the food is a party or in Spanish hello, the estimations of the Divas in area.

If then else the presentative techniques. So with Internet of Things that can change.

Because it would be easier to prove directly the if and we didn't, we we won't need the presumption.

You can imagine, for instance, the Duck 7 Directive, the digital platforms they have huge of information.

About people who is shaving his house.

For holidays and they are obtaining a profit, the gig economy so.

You can use all this information for tax purposes. Setting up the tax bases. That's extremely interesting. For instance, when we I will finish speaking about energy taxation. If you can check with, you can measure the missions of the of each vehicle. 10 years ago it was impossible. And now yes.

You can follow the payment, for instance with PayPal.

You can rebuild the reality. How much money has been paid by this person? How much money this stock?

In in a factory or in a warehouse, you can know how many pieces there are when they have come in, when they are, go out so.

All of these.

Final physical phenomenon which which we use that we use to to to calculate the tax debt.

With Internet of Things you can measure all of them in a precise way and with another, not a high cost.

So that's the aim.

In the way how?

