

# Digital Transformation of Tax Administrations in the EU

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**OECD Approach on Digital Transformation of Tax Administrations and New taxpayer's rights**

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Thank you, thank you very much. Thank you very much. Hello first of all I would like to thank Bilbao and Alvaro Anton and all the other friends of the Digitalx project and the CEO universities.

So now starting with my topic, the title is digital transformation for sure. The specific underlying is the OCD approach on digital transformation.

And on the regarding tax administration by the profile of old and new taxpayers, right? So in the first slide that the topic the main topic is could be the digital transformation conceived as a sort of alibi to circumvent the limits set.

By the law to exercise powers of tax authorities so.

The main question is look for an equilibrium between the digital transformation and and new and old taxpayer payers rights.

It is quite clear that executive power in many states tend to exploit the the current season of digital transformation as an opportunity to defacto reduce the area of freedom, marginally marginalizing the role of the legislative power in tax matters.

Government's exaggerate sometimes they fight against tax evasion and justify serious mortification of the rule of law and the taxpayers freedoms. This is the reason why it is so important to get beyond a pure national.

Internal logic in order to recover a high level of analysis and deliberation not conditioned by demagogy and opportunism in the next. The next slide we could see. A sort of overview on the OCD OCD roll.

It is, it seems worthwhile to take up the debate opponent in the OCD Global Forum. As a key for interpreting the digital transformation among tax authorities.

That late motive we should keep in mind in this background is the more the power of tax authorities increase.

Thanks to the digital transformation.

More the system of taxpayers guarantees should be modernized and proportionally strengthened.

They will see the digital transformation process keep an eye on the Trust's intended, for sure as a person believed that another person or institution will act consistently with their expectation of positive behaviors. From this point of view.

That that then pivotal role of trust from this point of view, digital transformation and enriches such a concept with further.

Facets, which basically consist in uncertainties and interdependencies stemming from the digital environment so OCD focuses.

Focuses.

Of the earliest management approach to ensure trust, both for individuals and for institutions in the next slide, the 4th we could.

See a sort of dark side of the digital transformation. Think to the importance of the privacy.

Privacy is not crucial.

Percent, as it represents the fundamental, but not absolute right, since it is a condition for the free flow of personal data across borders, and consequently is functional to innovation and economic growth. This stress seems to be focused.

More on the free flow of personal data rather than rather than on the data protection.

This seems the main trend at the OECD level.

Wow.

So the OECD guidelines on the protection of privacy and transborder flows of personal data.

Umm?

Are you a few words?

Oriented to.

Hmm.

Don't prevent states from creating obstacles to transborder flows or personal data in the name of the protection from the states from the different countries cannot be used the the protection of a sort of.

General principle in favor of the privacy protection as individual freedom so.

Privacy is not.

An absolute right for.

Individuals

it is possible. Hmm, understand that there are a lot of derogation.

First, a state main post restriction. If another member country does not yet substantial substantially observe OECD guidelines in. In the case in which.

Umm?

That could be a sort of read.

Export of data.

With the goal of circumvent its domestic privacy legislation.

Other derogation certain categories of personal data protected in the states legislation.

If the other Member State does not provide provide for any equivalent protection and this is a limit respect to the.

Free flow of personal data among the different countries.

So if you want, this is the dark side of the free flow of personal data. The protection of privacy in the next next slide.

This principle is on the proportionality. The principle of proportionality in any case restriction have to be proportionate according to the OECD approach and also for sure according to the European Union principles and approach the principle of proportionalities proportionality needs to be evaluated with with the reference to limitation.

Transborder flows or personal data.

These

implement a risk based approach so.

The voice CD info or the Docs D viewer seems to be even more unbalanced than the you you want, since in the UK in the EU the GDPR, data protection and free flow of personal data among Member States are equally promoted.

At the European level it is possible.

Find a good balance between the different interests, the different values rather than at the OECD level. Nevertheless, according to the OECD guidelines, it is possible to find a sort of minimum standards.

Exceptions should be.

As if you as possible, including those relating to national sovereignty, national security, and public policy so.

Going on in the following slides.

I am in the flight number 6. The topic is the guidelines on the protection of privacy and transborder flows all personal data. So in the in the following slide could be possible identify sort of international hockey.

The international agree from one side national strategies on the other side limits in data protection, individual participation, accountability, establishment of privacy enforcement authorities and again go on in the in the next slides. This the slide #7 there is a sort of interoperability.

End the privacy protection safeguards.

And it is possible underline that.

At the level of the.

Oh, I see the guidelines there. There is the perception of this topic of the privacy protection.

In the following slide.

It is possible Identify.

23 main reports at the OECD level for sure in the 2000 and the three, the well known report on taxpayers rights and obligation and in the following following years, the tax administration OECD reporting the 2015, and in the 2020.

The report on Tax Administration 3.

Uh, points there nevertheless.

In in this. And now it is possible. Gone in at the following the following slide. Nevertheless, in this huge quantity of documents of report of information, it is possible stress from one side awake attention from the OC D to the.

The taxpayer's rights.

On the front of taxpayers protection, nevertheless, it is possible to identify some remarks on the OCD report analysis so.

Force the primacy of the free flow of data over the protection of rights. This is an important feature, the primacy, the pragmatic approach, the primacy of free flow of data.

Nevertheless, the solution of possible conflicts between the principle of free flow of data and the principle of proportionality. The principle of proportionality could be a sort of tool to look for a possible balance between free flow of data and protection of privacy.

And also at the European.

Union level according to the CJ there are a lot of case law in favour of this equilibrium. According to the principle of proportionality between transparency, exchange of information, and protection of protection of privacies privacy and other taxpayer rights.

I mean back to the remarks at the OCD level.

The paramount significance of a right.

To privacy to confidentially and secrecy. And the need to assure the right of individuals to access and challenger personal data so.

It is possible.

Find out some.

Umm?

Principle in the OCD works in favor of the protection of privacy and other taxpayer protection.

Unfortunately.

Hmm, thinking to the to the last, the last statement, such principles such.

Such.

Thanks.

Remarks

first of all, are not mandatory within the OCD context. But above all are.

Conceivable only for individuals and not for legal persons, not for corporations and not for companies.

In the following slide, I think that now we have few time to stress the different examples. Nevertheless, it is possible it identified 3 different sector. The BEPS action 13 the Back Action 5 and the last the Aussie Guide on the Protection, Protection and confidentiality. Of information so.

It is possible understand looking at this slide that in some sector there is an in the last years and and an increase of sensibility in favor of.

Taxpayer rights and above all, the most interesting example is in the sector that transfer pricing digitalization in favor of the.

Protection, privacy protection and.

It is important above all, because thinking to the transfer pricing, digitalization, all the principles are clearly applicable.

Also, to empower all corporation undertakings and companies not only in favor of individuals.

So going towards the.

Conclusion and in the next the next slides in the next slides.

Digital transformation could be a sort of alibi from the tax administration. The ball from the governments above, all from the legislature, to reduce some guarantees.

Additional guarantees in favor of the taxpayer. This is the general the general framework.

I think that we need to stress and underline limits and principle digital transformation.

All control activity in tax matters cannot escape the traditional limits related to the normal powers of the tax authorities, such as the principle of the legality, the principle of impartiality above all. Above all, the principle of proportionality and the right to be heard. Right?

So going on, we are now in a complex scenario with the different phases. Now we are in the middle of the digital transformation, the second the second step digital transformation. So we.

Are living now a sort of a lot of?

Regulatory interventions regulatory modification in this sector, with a significant impact on external relation between tax authorities and tax payers. Nevertheless it is.

Doesn't exist.

And a similar attention, a similarly similar regulatory.

Sensibility from the point of view of the taxpayer's rights so.

Gone gone.

In the in the next slide slides, the prospect the most important principle is.

The proportionality US powers are strengthened.

Guarantees and follower taxpayer must be redesigned and strengthened at the same, such as at the level of the.

Stocks authorities power.

In going on at the next slide, in a sort of reciprocity.

And unfortunately, now I am not the possibility to go in deep with the deck example. Nevertheless, in the slide 15 it is possible and I I recommend you to to.

Going in deep in some example.

Because it is possible understand from a practical point of view what does it mean? Reciprocity and proportionality and equilibrium between the increasing of the power of the tax administration from one side and on the other side increasing of the guarantees. Increasing of the taxpayer's rights. So at.

In the last slide and going directly to some some sentence, some conclusion. What are the OCD inputs? The OCD makes explicit its basic logic inspired by the need for balance based on two pillars. The powers of the tax authorities.

Must always be assessed in the light of the principle of proportionality only from this point of view it is both possible protect the trust between.

Individuals and tax administrations. The powers of the task tax authorities must always be regulated and exercised in such a way as to safeguard the trust that nationals must have in their government.

Do you city always keep it distance from the neuralgic junctures that characterize?

This topic nevertheless we have to walk in deep or.

These this digital transformation.

Looking what is on the dark side of the digital transformation despite the technological innovation on the dark side, there are the decreasing of rights of guarantees from the point of view of the taxpayer. So beyond the appearances and the techron, technocratic drives.

A digital transformation cannot be used as an alibi to undermine the rule of law.

Thank you I I..

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