1. Background

The Network of Tax Organisations (NTO)

The Network of Tax Organisations (NTO) is a network of nine regional and international tax organisations. It supports the capacity of NTO member organisations and their member tax administrations by fostering international collaboration and dialogue on tax issues for effective domestic resource mobilisation (DRM). Founded in 2018 and facilitated by the International Tax Compact (ITC), the NTO Secretariat works to create a vibrant platform which strengthens tax systems across the globe for the well-being of their citizens. The secretariat is facilitated by the International Tax Compact (ITC). The ITC is funded by the German Federal Ministry for Economic Cooperation and Development and co-funded by the European Union.

The 1st NTO Technical Conference

Under the theme of ‘Building stronger partnerships to fight tax-related illicit financial flows (IFFs)’, the NTO hosted its 1st Technical Conference from 19 to 21 October 2021. The virtual event brought together experts, practitioners, and decision-makers from around the world. 62 speakers and more than 500 participants, coming from over 100 countries, deliberated on current challenges and best practices on the fight against IFFs from a global, regional, and national perspectives. They further identified cooperation opportunities between and among tax administrations themselves as well as with other stakeholders.

By advocating for international, South-South, and inter-institutional cooperation between and among revenue administrations, law enforcement authorities, and other governmental institutions, the Conference served as a starting point to continue the discussion and promote strategic and widened collaboration towards tackling financial crimes. A summary
document on the core contents of the technical panels and the key take-aways of the Conference is available on the NTO website.

2. The 2nd NTO Technical Conference: Theme

Improving domestic resource mobilisation remains a challenge for most countries around the world, and particularly in the case of developing countries. This challenge continues alongside the multiple crises the world is currently facing. Many countries are still recovering from the economic impacts of the COVID-19 pandemic, while multiple geopolitical conflicts have led to shortages in energy, food, and other commodities, curbed economic growth, and increased inflation. The climate and the biodiversity crises have posed further threats to the planet with additional financial and technical resources need for intervention, mitigation, and adaptation measures.

According to the International Monetary Fund (IMF), low-income countries face an estimated annual financing gap of half a trillion dollars, 0.5 percent of global Gross Domestic Product (GDP), towards the achievement of the 2030 Sustainable Development Goals (SDGs). The IMF further estimates that additional tax revenue could finance one-third of this gap. The important role of domestic revenue collection in closing financing gaps towards the various contemporary crises should, moreover, be highlighted for both middle and high-income countries. DRM, in this context, could contribute to better financing through improved tax policy and tax administration measures. On tax policy, some specific steps to take include broadening the tax base by removing ineffective tax expenditures, increasing excise taxes (including on alcohol, tobacco, and soft drinks), introduce efficient carbon-pricing policies, and adopt and implement effective property and wealth taxation. Countries should further improve taxpayers’ trust, tackle informality, and close (international) tax loopholes that create a conducive environment for aggressive tax avoidance and evasion by multinationals and wealthy individuals. On the tax administration front, some measures include improving the overall bureaucracy of tax administrations, reducing structural bottlenecks, and investing on digitalisation of tax administrations.

Technological innovation and advancement are causing dynamic and drastic changes in the tax ecosystem, bringing opportunities and challenges to tax administrations. Complex business models on e-service platforms, block-chain technologies, and other novelties forced tax administrations to resort to 'digital transformation' and the use of electronic devices and information and communication technologies (ICTs) to address these challenges. E-administration among tax authorities has been on a rise which has further been accelerated by the COVID-19 pandemic. In 2020, for example, tax administrations globally experienced around 1.3 billion contacts via online taxpayer accounts. Digital transformation which refers to fundamental changes in the way tax administrations operate, interact with taxpayers, and conduct business with each other has been a matter...
of necessity vis-a-vis contemporary developments. Noting that around 75% of tax administrations are putting a digital strategy in place, the 2022 Tax Administration Series (TAS) of the OECD Forum on Tax Administration (FTA) categorises components of the digital strategies of countries into two pillars – ‘engaging with taxpayers’ and ‘compliance management’. The goal of improving taxpayer engagement focuses on improving the online taxpayer service delivery through secured digital identity and collaboration with third-party services providers. Tax compliance is expected to improve through the regular use of large and integrated datasets and increased use of artificial intelligence (AI) and machine learning.

The digital revolution which has made technological changes in the business of tax administration a necessity, however, presents both challenges and opportunities. Digital transformation and technology have the potential to positively shape the way tax administrations collect, process, and act on information by helping them be more effective, efficient, transparent, and equitable. Transparency which comes with the digitalisation of taxpayer information, among others, could further improve taxpayers’ trust, develop the state-citizen relationship and lead to an efficient DRM. Moreover, with the aid of technology, tax authorities could increase compliance and reduce tax evasion, and decrease administrative/enforcement cost.

Alongside these positive attributes, however, the journey towards digitalisation has challenged tax administrations across the world. In the context of developing countries, tax administrations are faced with various technological barriers including the lack of basic infrastructure, e.g., internet access, and lack of largescale access to digital financial services thereby preventing them from taking advantage of the opportunities presented by digitalisation. Further, the tax authorities have historically been outsourcing their bureaucratic functions to private institutions and agencies. The result has been the deployment of multisource applications, infrastructure, and hardware, that are often incompatible with one another and unmatched with the skills of the tax administration staff. This has undermined their value to the institutions and constrained the return on investment. While transitional and developed country tax authorities have a relatively mature digital infrastructure, their challenge in the digitalisation journey lies on the use of data to improve tax compliance as well as investment to make tax compliance processes as simple as possible. One notable challenge is the complexity of tax legislations which make it very difficult for automation programs to generate tax obligations. The OECD’s Report: Digital transformation maturity model, 2021, further, points to three bundled issues: (i) accessing and using information in the light of changing work patterns, changing business models and the use of opaque digital assets such as virtual currencies, (ii) changing societal expectations about joined-up government processes, and (iii) privacy, security, and transparency concerns around the use and control of large data sets.

Considering that digital transformation is a pressing agenda for tax administrations worldwide and that improvements in the performance of tax administrations is intertwined with how digital information systems are taken advantage of, and in light of the challenges

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Digital transformation maturity model, OECD, 2021
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Tax Administration 2022: Comparative Information on OECD and other Advanced and Emerging Economies | READ online (oecd-ilibrary.org)
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However, the rise in mobile technology and the increased turn to technology during the COVID-19 pandemic has created a conducive environment for tax administrations to make significant progress on their digital journey.

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Tax Administration 2022: Comparative Information on OECD and other Advanced and Emerging Economies | READ online (oecd-ilibrary.org)
\(^8\)

Digital transformation maturity model, OECD, 2021

\(^9\)

Fiscal Policy for Financing Sustainable Development in Africa, 2019
mentioned before, the NTO has chosen to address the topic of “digital transformation of tax administrations” in the upcoming technical conference.

3. The 2nd NTO Technical Conference: Objectives and structure

Objective(s) of the 2nd NTO Conference

The overall objective of the 2023 NTO Technical Conference is to shed light on some selected sub-topics that fall under the digitalisation of tax administrations. In doing so and among other things, it highlights the current state and required future steps regarding the following specific topics:

- Challenges and opportunities for the digital transformation of tax administrations: the aftermath of the COVID-19 pandemic and its impact have further exposed the need for tax administrations to invest on the use of technology and strengthen their digital infrastructure. During the pandemic, in person visits of tax authorities dropped by 55%, while digital contact increased by 30%.10 In addition to digitalising the tax collection system and the experience of taxpayers, digital transformation and investment on communication and data storage capacity that safeguard data security and taxpayer confidentiality are needed.

- Tax compliance and enforcement technology: modern technology is increasingly becoming a common and integrated part of the activities of tax administrations across the world. Simple automation of manual submission and payment processes present a good opportunity for tax administrations to transform and modernise their approaches. Tax authorities can also empower taxpayers through technology driven services and education.

- The impact of emerging technologies on revenue administrations: on top of existing technologies, the business of tax administrations is being impacted by emerging technological advancements such as machine learning, artificial intelligence, big data analysis, etc. Big data is bringing untapped compliance opportunities. To take advantage of these, however, tax administrations need manpower that is equipped with up-to-date technical and technological knowhow. This, in turn, requires innovative and new ways of working. It is imperative for tax administrations to reflect on their experiences and take necessary steps.

Structure of the conference

The three days long technical conference will be structured in various sessions which will be designed to address specific sub-topics under the umbrella of the digitalisation of tax administrations. The number of sessions will be defined in due course. However, initial proposal on the theme of some sessions is presented as follows:

**Day 1: Digital Transformation of Tax Administrations**

- Session 1: The digitalisation journey of tax administrations

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10 Tax Administration 2022: Comparative Information on OECD and other Advanced and Emerging Economies | READ online (oecd-ilibrary.org)
• Session 2: Organisational change management as a key enabler for digital transformation
• Session 3: Maximising benefits and minimising risks: a guide to service contracting for digital tax systems
• Session 4: Leading in a period of change

Day 2: Tax Compliance and Enforcement Technology
• Session 5: Empowering taxpayers through technology-driven services and education
• Session 6: E-invoicing and electronic receipts
• Session 7: Data analytics: the power of data
• Session 8: Cyber risks and threats facing tax administrations

Day 3: Emerging Technologies and their Potential Impact on Revenue Administrations
• Session 9: Blockchain, artificial intelligence, and machine learning in tax services and enforcement
• Session 10: Shaping the future of tax: embracing the evolving role of the tax person

4. The 2nd NTO Technical Conference: Organisation

Date and format

The conference will take place over the course of three days from 05-07 September 2023. It will be a hybrid event using a virtual platform with an interactive and networking function to allow exchange between and among participants. The main discussion and outcomes of the sessions as well as a follow-up on the highlights of the conference will be documented by rapporteurs.

The conference will be held in English with simultaneous interpretation into French and Spanish.

The slots of the conference will be organised in a different format in order to give all stakeholders/participants the opportunity to connect with each other, present their country/organisational experiences, and articulate their respective needs and perspectives. Some of the proposed formats are:

• Panel discussions: to present insights from relevant stakeholders on specific topics related to digitalisation of tax administrations, while allowing contribution and input from the participants
• Live and pre-recorded sessions: to give all participants the opportunity to conveniently share/receive information about various topics and to feature different regional experiences and viewpoints, e.g., developed vs developing countries. The best practice and case studies will focus on examples of what has worked and what did not and the main takeaways which will serve as a background for the discussions
• Polls and quizzes: to make the event interactive and gather the views of the participants
• Organisational booths – online: to allow NTO member organisations, tax administrations, and other interested international stakeholders to present their work, current successes, and activities. All stakeholders and participants will have a chance to network with one another and share good practices, lessons learnt, and other relevant information
Networking space with discussion groups: to allow participants to join lively discussions on various topics and get to know each other.

Target audience and participation

The conference will bring together a broad range of stakeholders and professionals working on tax and digitalisation from governmental, non-governmental, and international organisations as well as the academia. Some target institutions and participants include:

- Policy makers working on tax issues
- High ranking officials from tax administrations and Ministry of Finances (MoFs)
- Tax administration reform divisions
- Taxpayers service section officials
- Tax auditors
- IT experts of tax administrations
- Risk management offices of tax administrations
- Development Partners interested in contributing to the works of the NTO and its members.

The conference aims to host up to 1000 participants through the virtual platform and up to 200 participants onsite. Participation is possible by invitation only and registration is required.

Cost and funding

Virtual participation is free of charge and requires registration. In-person participants are responsible for their own transport, daily allowance, and accommodation costs. The African Tax Administration Forum (ATAF) is the host and will provide venue and catering services during the event as well as the virtual platform.