

Survey of Trends and Developments in the Use of Electronic Services for Taxpayer Service Delivery



What is this research?

The OECD Forum on Tax Administration (FTA), through its Taxpayer Service Sub-Group, recently surveyed member countries and selected non-member countries to assess revenue body progress with - and plans for - the deployment of modern electronic services in taxpayer service delivery. Previous reports were published in 2001 and 2005. This latest survey report published in March 2010, contains an extensive assessment of the use of modern technology to deliver modern electronic services. It builds on and updates the earlier research, and aims to provide a shared understanding amongst all revenue bodies on the stage of maturity of our industry in the development, delivery and effectiveness of electronic services. It enables revenue bodies to benchmark the nature, extent, quality and take-up of the services provided by them.

Why is this important?

The growth in electronic services in everyday life over the past decade has been both dramatic and unstoppable, both in the context of our professional and private lives, through the explosion of services spanning business to business (B-2-B), business to consumer (B-2-C), and consumer to consumer (C-2-C) interactions.

Electronic services enable faster, cheaper, more tailored services to be developed and delivered to customers (whether a business or an individual), both meeting and driving their expectations. These expectations extend to all Government services, including tax administration. Revenue bodies are aware of this, and there has been good progress in the past few years in the development, delivery and exploitation of electronic services by revenue bodies. But is it enough? Are these services cost-effective and is take-up adequate to enable an optimised return on investment? Where are the best case studies? What are the challenges, and how have other revenue bodies responded to these? Where are the next frontiers in electronic service delivery? And what are the risks?

What was the focus of this research?

For this survey, the focus was on the progress achieved by revenue bodies with e-service delivery, and their plans and strategies for the period 2009 to 2012. Included within this are key aspects of planning, stakeholder involvement, priority target areas, the nature of strategic targets and metrics used to evaluate progress.

How was the research conducted?

The scope and approach was agreed in consultation with countries participating in the FTA Taxpayer Service sub-group. Following this, a small group of countries and the OECD Secretariat developed the detailed survey, which was initiated towards the end of May 2009 based largely on 2008 data. This survey was completed by 28 member and selected non-member countries, and the research was supplemented by examination of corporate documents from a number of revenue bodies and selected e-government documents prepared by central government

agencies. Previous work of the taxpayer services sub-group includes the development of a maturity framework for the description and assessment of e-services capabilities. This framework has been used in the assessment contained in this report and is being separately published (see below).

What are some of the key findings of the research?

Strategy

- **A clear majority of participants cited increasing the range, quality and take-up of their Internet-based services as their number one priority.** Revenue bodies' plans give primary emphasis to reducing taxpayers' compliance burden, with improved operational efficiency as a clear secondary goal.

Internet-based services

- **Overall Progress: In 2008, good progress has been made in the overall range and nature of revenue bodies e-service offerings compared to 2004** (as reported in the 2005 report), for example:
 - Provision of basic tax transaction capabilities available in 96% of surveyed countries in 2008 vs. 75% in 2004
 - Some degree of access to personal taxpayer information available in 75% of surveyed countries (2008) vs. 55% (2004)
- **E-filing:** There has been considerable overall progress in the use of e-filing for the major taxes and a number of bodies can report substantial progress over the last 5 years; for many, this progress this has been facilitated by the use of mandated e-filing requirements (viz. CIT, VAT, and employers' wage income reports); **however, around 30% of surveyed revenue bodies still have considerable progress to make (i.e. +60% absolute) across some or all of the major taxes, including a number who have made quite limited progress over the last five years.**
- **E-payments: Take-up of fully electronic e-payment methods (e.g. Internet payments, phone banking, and direct debit) has not progressed at the same rate as e-filing take-up rates and only around one third of revenue bodies can report that the majority of tax payments are made via fully electronic methods;** considerable potential exists in over more than half of surveyed countries to exploit the significant benefits that can be obtained from wide use of fully electronic payment methods, with available industry data from one country indicating a cost differential of up to 1: 5 between fully electronic and manual payment methods.
- **Personalisation: Pre-filing has evolved to become a significant strategy for 'transforming' service delivery in administering the personal income tax in quite a few countries;** there are a number of revenue bodies that now offer a fully automated 'end-to-end' process for return preparation, assessment and

payment collection / refund crediting, thereby providing significant benefits to their taxpayers.

- *Accessing personal taxpayer information in real-time via the Internet: Relatively few revenue bodies offer in 2009 the full range of functionality defined as representing a comprehensive suite of on-line services for taxpayers*— as a result, taxpayers must resort to other more costly channels for some of the services they require; for businesses, just over 60% of revenue bodies offer very limited or under-developed services concerning on-line ‘accounting’, ‘payment’ and ‘specific enquiries’ functionality’, as defined, for their CIT and VAT—on a positive note, around one third of revenue bodies in this category indicated system enhancements in ‘accounting’ and ‘payment’ functionality over the medium term; for citizens, between 60-80% of revenue bodies offer very limited or under-developed services to citizens concerning ‘accounting’, ‘payment’ and ‘enquiries’ functionality’, as defined, for their PIT—on a positive note, around half of revenue bodies in this category indicated system enhancements in ‘accounting’ and ‘payment’ functionality over the medium term.
- *Strategies for promoting the use of e-services: There has been considerable resort to the use of mandated requirements for e-filing (and to a lesser extent e-payment) over the last five years for prescribed segments of taxpayers and this appears likely to continue for the medium term*, along with the use of promotional activities and administrative incentives.

Telephony capabilities

- *Use of call centres:* Contrasted with the situation observed in 2004, there has been considerable progress in the development and use of call centre capabilities (as a more effective service delivery channel) and the associated volumes of traffic being handled; *survey data regarding the trend of call volumes over the last 3 years were not complete but suggest that for around half of surveyed bodies the annual growth rate in call volumes exceeded 10%*; while growth of this magnitude would be viewed as a concern by some revenue bodies, others described it as a positive outcome, reflecting their success in introducing and promoting the use of modern call centre operations as a service alternative to other (*more expensive*) channels (e.g. walk-in centres).
- Faced with the demands of large increases in call centre workloads and associated resource investments, and declining resource budgets a number of revenue bodies are giving priority to better understanding the drivers/ causes of these high growth patterns as a means of devising mitigation strategies.

Whole of government service delivery approaches

- Viewed across all surveyed bodies, ‘whole of government’ service delivery approaches appear relatively immature but some useful developments were identified for a few countries (e.g. single sign-ons (for authentication purposes), ‘whole of government’ portals, common citizen and business registration and numbering systems, standardised business reporting, and dynamic sharing of information across government agencies); ***putting all these developments together to form a picture of a possible future, the findings clearly point to ‘whole of government’ approaches representing the next paradigm in government service delivery, suggesting the need for close monitoring by the Forum.***

Security/ authentication

- There is a relatively consistent range of authentication solutions in use (primarily User ID/Password and digital certificates), with limited implementation/plans for adoption of newer technology (e.g. smart cards); ***the impact of ‘whole-of-government’ developments on framework/policy approaches and application of security solutions will be an area to closely monitor for all revenue bodies and, it is suggested, by the Forum.***

Overall maturity of revenue bodies’ e-services offerings

- Contrasted with the situation observed in 2004, there has been considerable progress on many fronts and a fair number of innovative developments; however, applying the maturity framework for the provision of e-services developed by the Sub-group and described in Chapter II of the report, ***most revenue bodies have some way to go realise the ‘transformational’ level of competence set out in the framework***

For the full survey findings and analysis see:

[Survey Report: Survey of Trends and Development in the USE of Electronic Services for Taxpayer Service Delivery, March 2010](#)

[Tabulations](#)

Additional reading

[Programs to reduce the Administrative Burden of Tax Regulations – Follow up Report, March 2010](#)

[Framework for the Provision of Electronic Services to Taxpayers, March 2010](#)

[Tax Reference Model – Application Software Solutions to Support Revenue Administration in Selected Countries, March 2010](#)

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