Information Note: Programmes to Reduce the Administrative Burden of Tax Regulations - Follow up report

Reducing **administrative burdens** is a priority for Governments in many countries. As of December 2009 Governments in around two thirds of OECD member countries had challenging burden reduction targets in place of between 20-30 percent, with tax regulations and their administration bearing a major focus of their burden reduction efforts. There are many possible approaches and avenues to pursue to successfully reduce administrative burdens including but not limited to; regulatory reform; organisational and process re-design; and the effective use of information and communication technologies (ICT or IT).

This report by the OECD's Forum on Tax Administration is based on a survey of twenty OECD member countries and related research. It brings up to date the reported findings of earlier research published in January 2008 on the strategies, approaches and measures being used by tax policy makers and revenue bodies to achieve their burden reduction targets. It explains the administrative burdens (with a major - but not sole - focus on business burdens) and describes the opportunities and barriers to burden reductions, citing a number of revenue body approaches and case studies. The report should be of assistance to tax policy makers and officials of revenue bodies engaged in or considering new burden reduction projects.

Summary of conclusions:

Regulatory management reform to improve the framework of the administrative system: As with the prior survey, this survey and related research revealed a number of examples where administrative definitions and/or requirements embodied in tax legislation have been adjusted to reduce burden, in particular for smaller businesses (e.g. unifying important areas of definition such as 'wages' and 'employee' across different regulations, simplified tax liability determination and record-keeping regimes, and reduced payment and filing frequency). However, as recorded in other OECD publications and noted in the prior report, there appears potential in some countries to do more, particularly concerning the VAT administrative framework (e.g. registration/collection thresholds).

Organisational re-engineering (including process redesign): The survey identified numerous country examples, many with estimates of potential savings, involving reduced information requirements and less frequent reporting from businesses. There was also a very significant example cited (i.e. Italy) concerning reformed requirements in the area of social security contributions (SSCs) administration which may have relevance in other countries that have not integrated the collection of tax and SSCs.

Use of information and communication technologies (ICTs): Wider and more effective use of technology was the main approach for reducing burden reported by surveyed bodies. The most important and commonly cited strategies and measures were:

- Pre-filling of personal tax returns (for some entailing the preparation of fully completed returns for a majority of taxpayers);

- Increased use of electronic filing and payment (often facilitated by the introduction of mandatory requirements);

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- Use of modern call centre operations and technology making it easier for taxpayers to get the specific information they need when they need it;

- Expanding the range of services and information available to taxpayers on-line, especially giving them on-line access to their own personal information; and

- Automating VAT invoicing requirements (a potential 'market' of 18 billion invoices per annum in Europe alone).

Better information on the delivery of services and administrative requirements: There were only a few examples reported falling into this category (e.g. more user friendly websites). Other work conducted in parallel by the FTA that examines trends and developments in the use of e-services notes that despite efforts by revenue bodies to enhance their websites so a greater proportion of taxpayers can "self-manage" their tax affairs, large and growing numbers of taxpayers in many countries are resorting to phone inquiries to get the information they require.

Co-ordination of multiple requirements stemming from public administration:
Re-engineering the way government processes (including tax) are designed and operated appears to present the most potential for efficiencies for Governments, and better service and reduced burdens for taxpayers into the future, but is also

likely to be the hardest to achieve. In this field, the survey and research point to examples of a potentially promising range of initiatives in place or planned for implementation in the medium term:

- Standard business reporting (and similarly-focused initiatives) that eliminate duplicated reporting obligations to Government and automate its transmission;

- Single "one stop shop" government registration and numbering for businesses and citizens, and the associated ability to update registration data.

- Mechanisms for more effective sharing of information across government, thereby negating the need for unnecessary requests to businesses and citizens.

For the full survey findings and analysis see: [Information Note: Programmes to Reduce the Administrative Burden of Tax Regulations - Follow up report](#)

Additional reading:

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

For more information, please contact:

Richard Highfield Richard.highfield@oecd.org

Jeremy Greenfield Jeremy.greenfield@oecd.org

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