

# Information Note: Tax Reference Model – Application Software Solutions to Support Revenue Administration in Selected Countries - March 2010



## *What is this research?*

The OECD Forum on Tax Administration (FTA), through its Taxpayer Service Sub-Group, recently surveyed member countries regarding application software solutions, both custom-built and commercial off-the-shelf (COTS), planned or being used to support revenue administration. This information note summarises information provided by revenue bodies in twenty countries in response to the survey.

The report describes an indicative capability model drawn from one leading revenue body, and considered broadly appropriate to almost any national revenue body. It explores the approaches, commercial solutions purchased or custom-built solutions developed by participating countries against this indicative capability model.

## *Why is this important?*

Most if not all revenue bodies have taken a unique approach to the selection, development and deployment of information technology software applications to support the operation and delivery of their business. Very little has yet been done between revenue bodies - and between revenue bodies and the software industry - to develop a shared and sharable model which revenue bodies and the software industry can use to explore and develop best practice, and – potentially most importantly – assets, providing common solutions to common business needs.

Revenue bodies engaged in or considering projects involving technology-enabled solutions in any of the defined capability areas can see which other revenue bodies might be able to provide guidance, share lessons learned, and

ultimately share developments or existing software assets. They can also see which commercial vendors and products have been used in other revenue bodies for the purpose they are considering, and consult with them on subjects such as capability and performance.

## *What was the focus of this research?*

The aim of this work was to provide an inventory of solutions being adopted by national revenue bodies to support the technical architecture of revenue bodies' IT systems and to identify areas of commonality in approach, thus facilitating cross-country exchanges of experiences to assist future decision-making in this area.

## *How was the research conducted?*

In order to be able to sensibly bring together information on the change work currently underway for each country and the technical solutions being used to deliver change, it was necessary to start with a common framework, described as a 'Tax Reference Model'. For this purpose, and in the absence of commonly agreed framework or model, it was decided to apply Australian Taxation Office's (ATO) capability model as a similar version of it had been used in a previous Forum survey. The capability model is described in the Information Note.

Participating FTA countries were asked to overlay their current (or to be implemented within 12 months) applications solutions against this capability model.



### *What are the key findings of the research?*

- Overall, the survey responses indicate there is a diverse range of application software solutions in use or planned for future use, and provides an opportunity for member countries to seek and/or share information and experiences when considering change initiatives where new or redeveloped application solutions are required.
- Custom-developed solutions are universal for the Revenue Management capability. While not specifically provided in the survey responses, the incremental development of tax legislation has resulted in many countries having individual technology solutions for different tax types. Through modernisation/redevelopment programs a number of countries are seeking to provide a common (integrated) solution for different tax types. COTS solutions are commonly used in on-line and reporting capabilities.

- The most common vendors across all capabilities are Oracle and IBM. SAS is commonly used in Analytics and reporting.
- Mexico has the largest penetration of COTS solutions across all capabilities based largely on the Oracle suite.
- Java is the most common development platform used by revenue bodies.

For the full survey findings and analysis see:

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

### *Additional reading:*

[Programs to Reduce the Administrative Burden of Tax Regulations – Follow Up Report. March 2010](#)

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