Lithuania – Description of the i.KON system

i.KON - smart control system that can identify inconsistencies and risks in real time

Smart tax administration subsystem - i.KON, which was implemented in 2020, allows for the identification of discrepancies in real time, ensures faster and more efficient processing of incoming data, and can assess tax risks more quickly. i.KON automatically selects payers based on various risk criteria. According to calculations made by the State Tax Inspectorate of Lithuania (STI), taxpayers declared an additional EUR 21 million in 2021 based on i.KON's risk analysis.

About i.KON

i.KON is one of the seven sub-systems of the Smart Tax Administration System (i.MAS) for the analysis and risk assessment of i.MAS and other data managed by the STI. The creation of i.KON was the final stage of the development of the Smart Tax Administration System. The objectives of the system are to reduce the administrative burden on taxpayers, increase transparency in the accounting of income and the collection of taxes, and increase the efficiency of the STI's activities.

Risk assessment of economic operations

i.MAS data analyzed in the i.KON subsystem includes detailed information on risky economic transactions carried out by taxpayers. This information includes data on VAT invoices, bills of lading, and, since the end of this year the electronic cash registers data will be added into the automated analysis. This is a large and important set of data that defines the economic transactions carried out by the taxpayer, and the automatic assessment and control of it is an important component of the STI's activities.

Real-time risk identification

One of the key features of i.KON is its operational speed. The system can react quickly to the data provided by taxpayers, perform data cross-check, assessment, and identify risks. The processing of data used in risk detection starts on the day following its receipt in the STI systems, and the entire chain of processes from data sources to formation of the set of risky payers takes up to 12 hours. During this time, the risk assessment is carried out for the entire set of taxpayers.

Operational newly available data assessment

It should be noted that risk identification in the i.KON subsystem is carried out on a daily basis. Risks are recalculated daily for the entire group of taxpayers, and the list of risky taxpayers is newly updated. Each newly submitted or revised data used in the assessment of tax risks shall be responded to. The system responds not only to the data provided by the taxpayer himself but also to the data provided by counterparties and their changes.

Analysis of relevant data

Another key feature of i.KON's operation is the analysis of relevant, up-to-date data. Although the technical capabilities of the subsystem allow long-term data analysis, it is limited to assessing the risk of the last few tax periods. This ensures the rapid evaluation and control of the most recent data and eliminates the "oldness" of the most important risks.

Faster and more efficient tax risk assessment

The i.KON subsystem can quickly assess the tax risk of each taxpayer. Various methods are used in the risk assessment, including the calculation of data discrepancies, the identification of risky transactions, the assessment of payer behavior, and other qualitative, non-quantifiable risks.
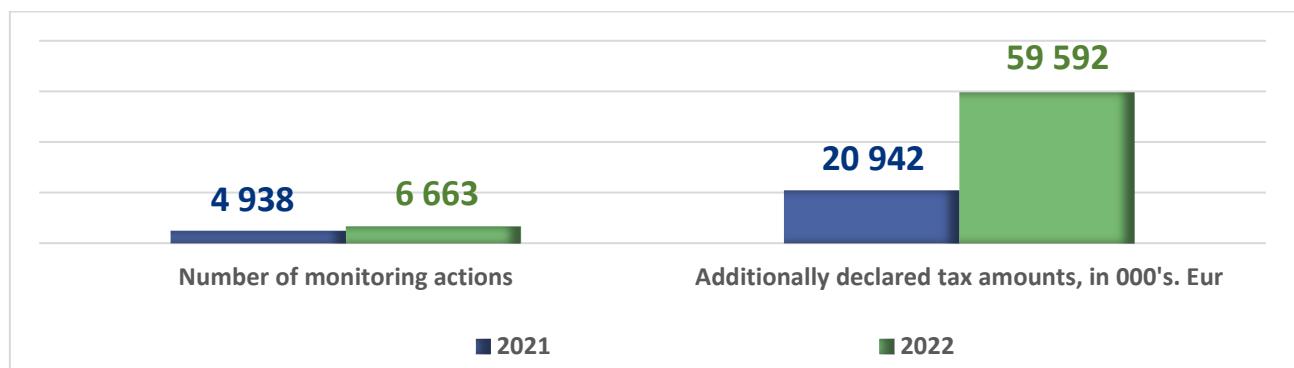
Automated selection of impact measures and task allocation

One of the key benefits of i.KON is its ability to automatically select impact measures and allocate tasks to employees. Based on a taxpayer's risk level, i.KON generates automated or non-proposed actions for impact measures on a daily basis. Through automated procedures, detailed tasks are created with information on the risks of the taxpayer, including discrepancies, calculations, and descriptions of risky economic operations.

On a daily basis, the performers are automatically selected for the execution of tasks. This is done by task distribution algorithms that take into account the abilities, qualifications, and actual workload of the employees, and if a payer needs to be visited, even the employee's physical workplace.

Automated Recontrol Processes

The i.KON subsystem performs efficient and rapid automated calculations of the results of exposure measures, responding to any data adjustments made by taxpayers. It recalculates controlled risks and automatically generates the results of impact measures, which is particularly useful for controlling larger taxpayers where control involves a large number of risky economic transactions or data discrepancies.

	2021	2022
Number of monitoring actions	4 938	6 663
Additionally declared tax amounts, in 000's. Eur	20 942	59 592

i.KON results

The efficiency of the i.KON subsystem and the ability of the STI to properly exploit and manage the automated processes realised in the subsystem are reflected in high and improving performance. On the basis of the I.KON risk analysis, taxpayers declared an additional EUR 21 million in 2021 and EUR 59 million in 2022. It is noteworthy that these significant and growing results were achieved through relatively small investments - the development of the i.KON subsystem cost only EUR 1.5 million. Since the start of i.KON, the results of the actions carried out on the basis of i.KON risk analysis represent the majority of the results of the monitoring actions.