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# ***FEE Tax Day***

2 October 2013

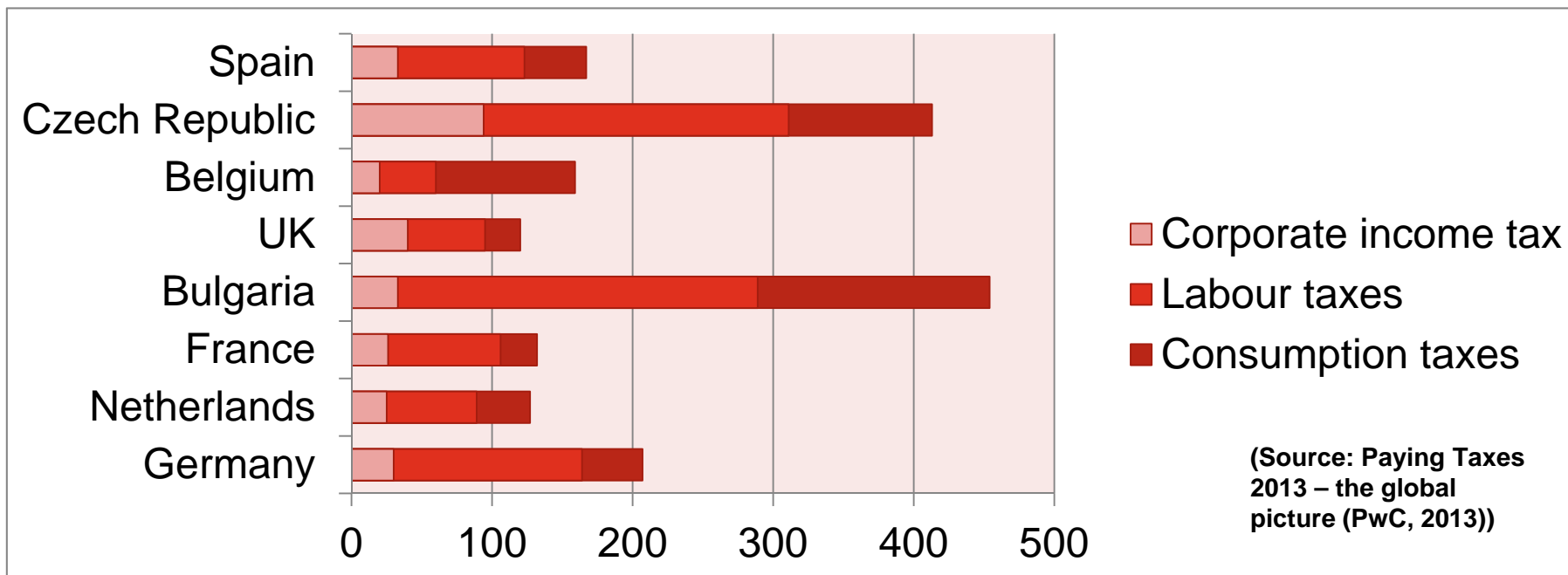
Technologies as a tool for  
cooperative tax compliance:  
a win-win?

***Ine Lejeune***

Global Indirect Taxes Policy Leader

PwC

## How big is the burden?



### Evolution number of circular letters in Belgium regarding all taxes

1960 – 2003: 1.497 (34,02/year)

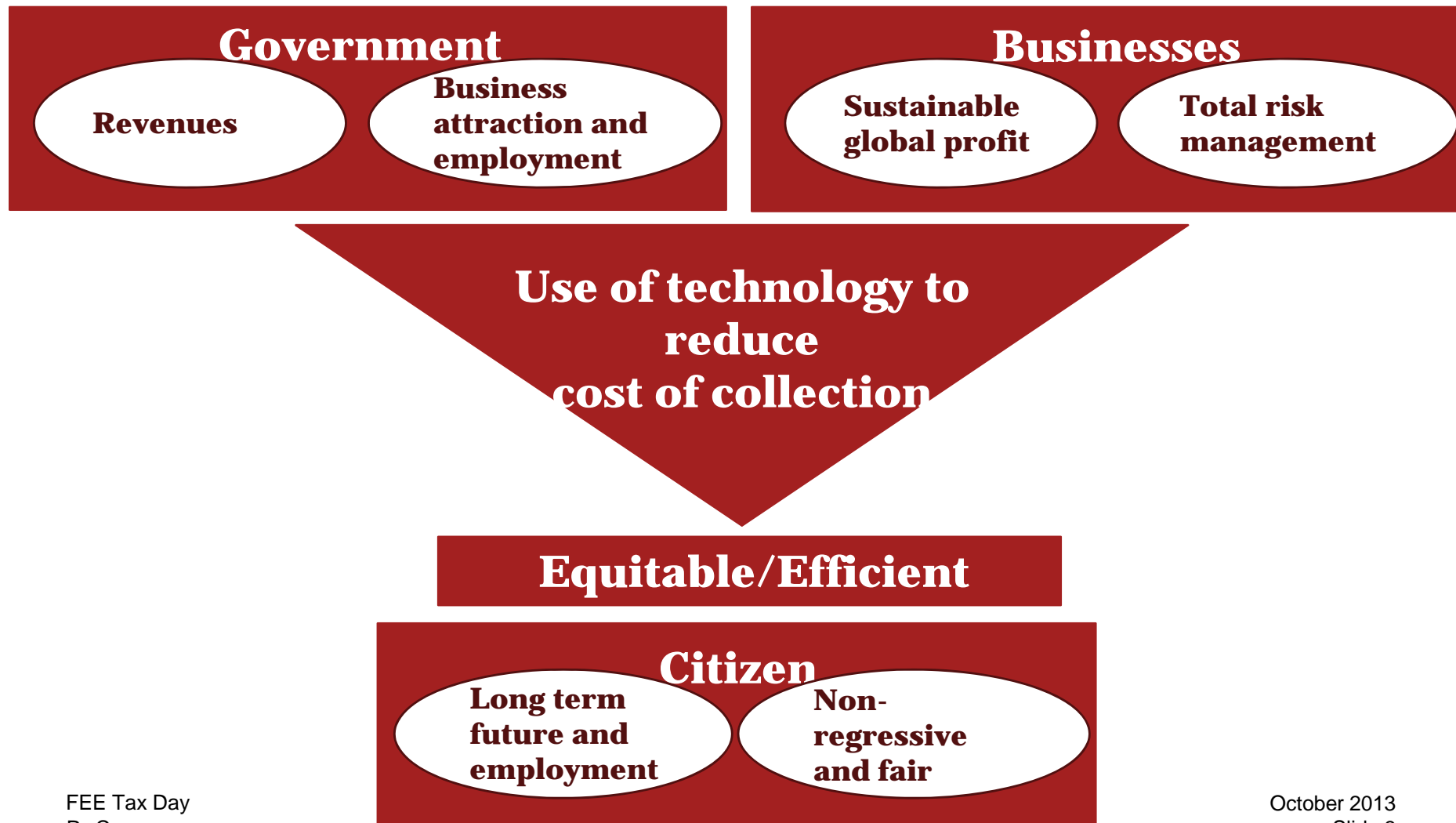
2004 – 26/09/2013: 1.022 (102,2/year)

(Source: [www.monkey.be](http://www.monkey.be))

### Evolution of No. of boxes in the Belgian Personal Income Tax Return

1988	2007	2009	2011	2013
215	579	689	749	770

# ***VAT/GST: the Biggest Public Private Partnership and use of technology***



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## ***Using technology to reduce the burden and increase collection***

- **E-filing** of personal income tax returns and corporate income tax returns
- **E-invoicing and e-archiving** and requirement to be in control
  - First Invoicing Directive: 2001/115/EC (PwC Study 1999)
  - Second Invoicing Directive: 2010/45/EU (PwC study 2008)
- **Automatic exchange of information** (in the context of a simplified Relief at Source System) (PwC Study 2013)

## ***The common EU standard VAT return (PwC Study – proposal expected)***

- Total annual recurring cost of periodic VAT returns and summarising annual VAT returns: **€43.3 billion** in the EU.
- The impact of introducing the common European standard VAT return depends on the scenario considered:

<b>Scenario</b>	<b>Cost saving for businesses (best case scenario)</b>
All companies can freely choose between their national VAT return and the common European standard VAT return	<b>€ 20.6 billion</b>
A mandatory system for all businesses and all tax authorities	<b>€17.2 billion</b>
Mandatory for Member States and optional for businesses that are registered for VAT in multiple Member States	<b>€9.5 billion</b>

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## ***E-auditing and Standard audit file for tax (SAF-T)***

- **OECD SAFT 2.0 Guidance Note** (published in April 2010) after 10 years of work in the TeA group
- Facilitating e-auditing by means of a **standard** audit file for Tax
  - Adoption
  - Planned introductions
  - Feasibility study Belgian MinFin
  - As many versions as countries?
- Need to standardise – at EU level/OECD and beyond
- Incentive for business: Singapore model?

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## ***Is technology enough to create a win-win?***

### **Less is more**

Simplify (and harmonise) the legislation and “freeze”

- Analyse reporting needs for collection and enforcement purposes (in-country/x-border) and ROI analysis (taxpayers/government)
- Review and standardise compliance obligations (where possible)
- E-auditing methodologies
- One STANDARD audit file for Tax v.2 (not 28 in the EU or more globally)
- Inform, involve and incentivise businesses to participate in the process of change and implementation

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# Overview Relevant Publications

- **Study on the Invoicing Directive (2001/115/EC) now incorporated into the VAT Directive (2006/112/EC)** (PwC, 2008)
  - [http://ec.europa.eu/taxation\\_customs/taxation/vat/traders/invoicing\\_rules/index\\_en.htm#existingleg](http://ec.europa.eu/taxation_customs/taxation/vat/traders/invoicing_rules/index_en.htm#existingleg)
- **Study on the feasibility of alternative methods for improving and simplifying the collection of VAT through the means of modern technologies and/or financial intermediaries** (PwC, 2010)
  - [http://ec.europa.eu/taxation\\_customs/resources/documents/common/consultations/tax/future\\_vat/vat-study\\_en.pdf](http://ec.europa.eu/taxation_customs/resources/documents/common/consultations/tax/future_vat/vat-study_en.pdf)
- **A retrospective evaluation of elements of the EU VAT System** (TAXUD, 2011)
  - [http://ec.europa.eu/taxation\\_customs/resources/documents/common/publications/studies/report\\_evaluation\\_vat.pdf](http://ec.europa.eu/taxation_customs/resources/documents/common/publications/studies/report_evaluation_vat.pdf)
- **Consumption Tax Trends 2012** (OECD, 2012)
  - <http://www.oecd-ilibrary.org/docserver/download/2312291e.pdf?expires=1378802165&id=id&accname=oid014767&checksum=3D68B42AD3CAC6C9BBB7D4B666EBDCAD>
- **Study on the feasibility and impact of a common EU standard VAT return** (PwC, 2013)
  - [http://ec.europa.eu/taxation\\_customs/common/publications/studies/index\\_en.htm](http://ec.europa.eu/taxation_customs/common/publications/studies/index_en.htm)
- **Paying Taxes 2013 – the global picture** (PwC, 2013)
  - <http://www.pwc.com/gx/en/paying-taxes/index.jhtml>
- **Shifting the balance from direct to indirect taxes: bringing new challenges** (PwC, 2013)
  - <http://www.pwc.co.nz/KenticoFiles/57/5776f14c-3902-4c16-924b-740f6ccc7986.pdf>
- **Feasibility Study on a Standardised Relief at Source System** (PwC, 2013)
  - [http://www.pwc.com/gx/en/eu-institutions-services/pdf/study\\_fisco\\_recommendation.pdf](http://www.pwc.com/gx/en/eu-institutions-services/pdf/study_fisco_recommendation.pdf)



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# ***Thank you.***

**Ine Lejeune**

**Global Indirect Taxes Policy Leader**

**ine.lejeune@pwc.be**

**Mobile: +32 475 794573**

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