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Deepening Tax Administration Cooperation for  
High-Quality Belt and Road Development

Hong Kong, China 24-26/9/2024



# Business and Industry Tax Dialogue

## Digitalization of Tax Administration

### Tax Certainty and Pillar 2

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# The Rise of Digital Tax Administration







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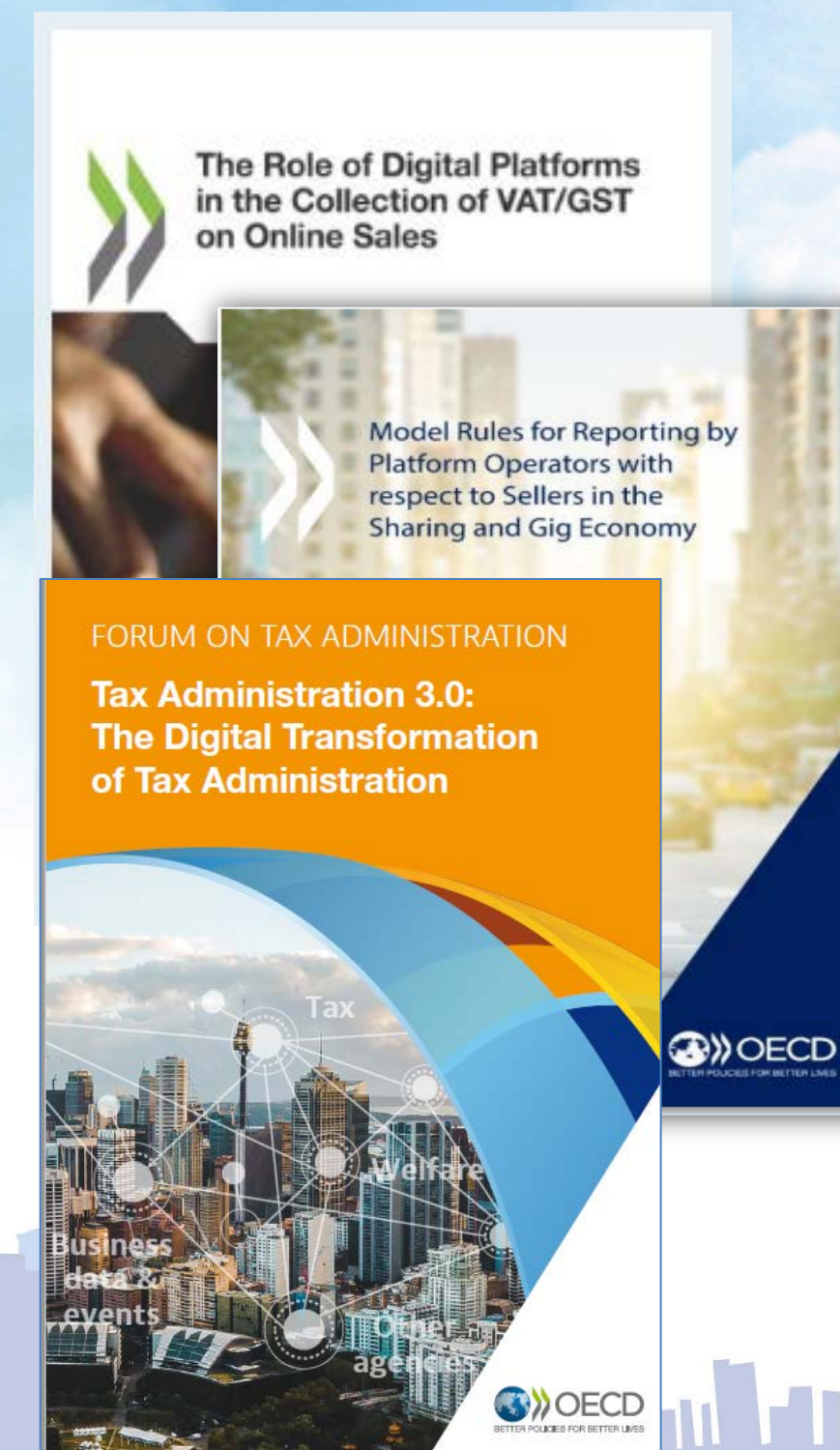
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# The Rise of Digital Tax Administration

## Main trends

- *New and evolving **digital reporting systems**,*
- *Ever wider **third party data (and tax) collection***
- *Better data processing and risk assessment based auditing*
- *Ever wider range and improved fully **digital services for taxpayers***
- *More **international focus and cooperation***







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# Implementation of Digitalization





# Implementation of Digitalization

## Key Factors for Efficient Implementation

- Consultation with businesses throughout the process
- Clear legislation and comprehensive guidance
- Possibility for early testing /piloting
- Use regular business formats and ask regular business data
- Keep the reporting templates simple
- Principle of asking data only once
- Sufficient lead-in time (e.g. penalty free period)
- Sufficient taxpayer support before and after implementation (FAQ, helpline)
- Use of collected data for pre-filled tax returns or abolition of tax returns (e.g. VAT returns abolished in Poland, Norway)
- Digital services for taxpayers (e-filing, e-payment, online self-service tools, online live chats)
- Importance of data security





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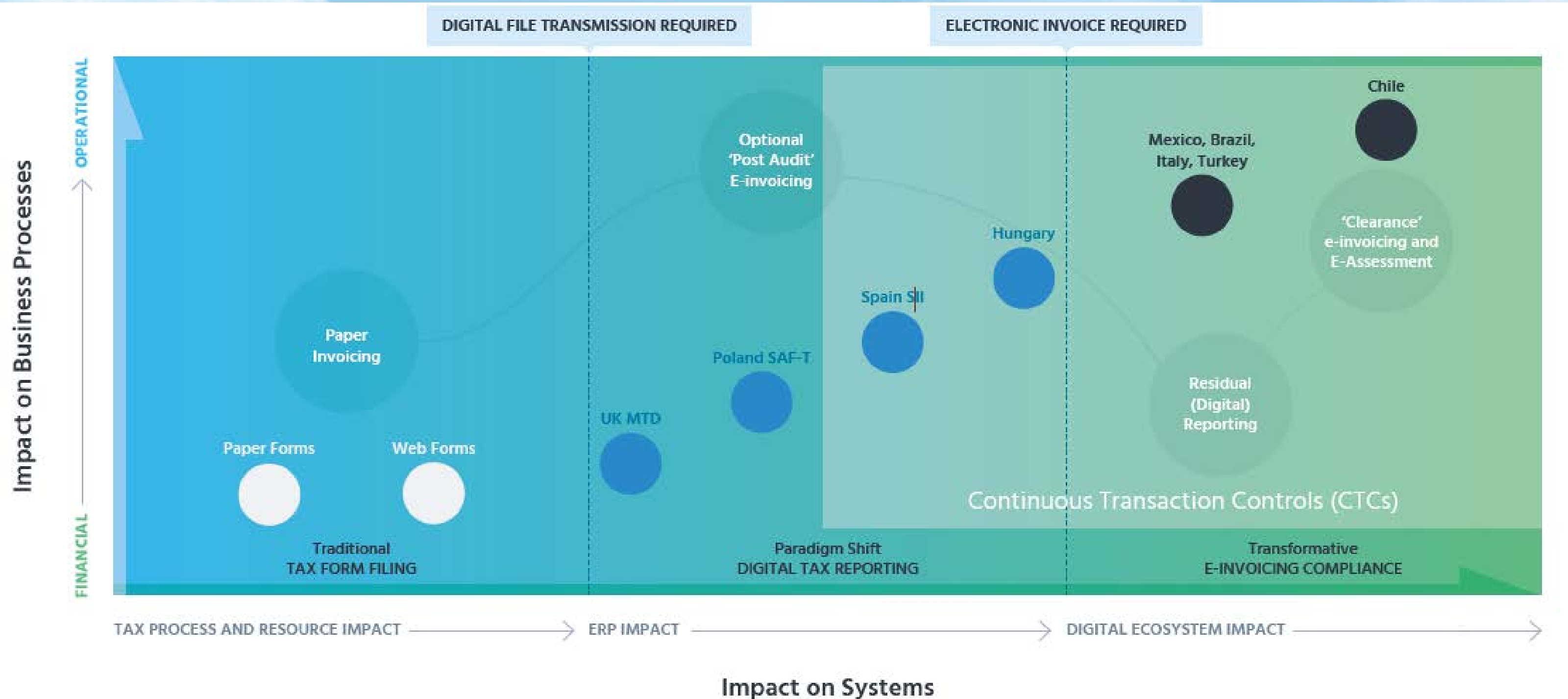
# E-invoicing and Continuous Transaction Controls (CTC





# E-invoicing and CTC

## Impact of Indirect Tax Compliance Mechanisms







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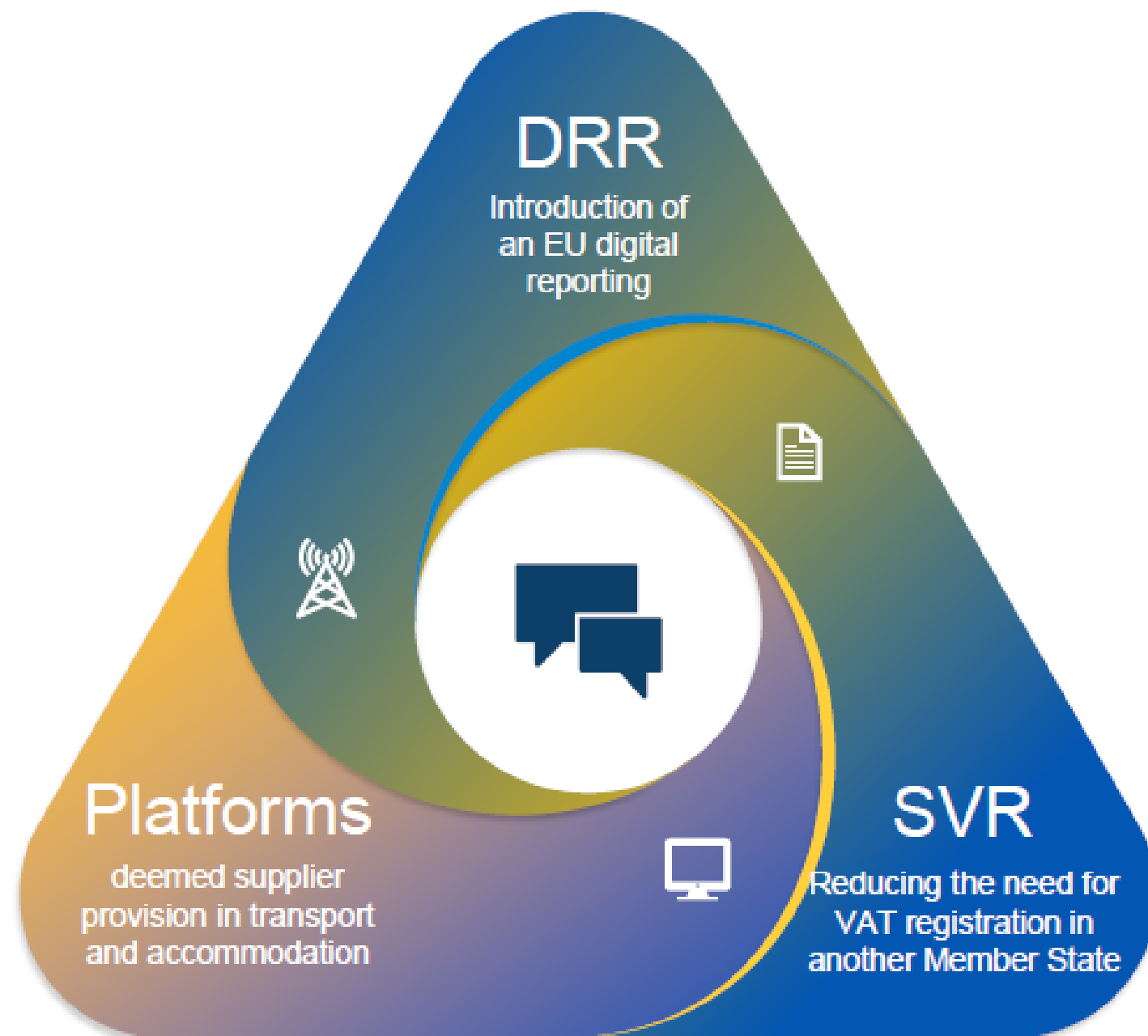
4

# EU VAT in Digital Age (ViDA) proposal





# EU VAT in Digital Age (ViDA) proposal



**Digital reporting requirements (DRR):** Introduction of an EU real-time digital reporting based on e-invoicing, with full medium-term interoperability



**Platform economy:** a deemed supplier provision in transport and accommodation sectors; clarifications and standardising the information provided by platforms



**Single VAT registration (SVR):** Removing the need to VAT register in another Member State and improving (quick fixes) the current VAT e-commerce package's rules



**SMEs:** major simplification for Small and Medium Enterprises (SMEs) in all areas





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# Tax Certainty and Pillar 2





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# Tax Certainty and Pillar 2

- Most MNEs include compliance with corporate tax regulations as a key element of their tax policy.
- Tax certainty is a priority in order to ensure correct compliance and avoid disputes.
- Pillar 2 areas of uncertainty can include:
  - Treatment of specific accounting items like intercompany transactions
  - Interpretation of domestic rules that vary from the model rules
  - Qualification of DMTT rules





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# Tax Certainty Solutions for Pillar 2

- Advance Tax Rulings
- APA
- Peer Review







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# Thank you

