



**IOTA**  
Intra-European Organisation  
of Tax Administrations



National Tax and  
Customs Administration

# AN URGENT PARADIGM SHIFT

## SAY GOODBYE TO RETURNS

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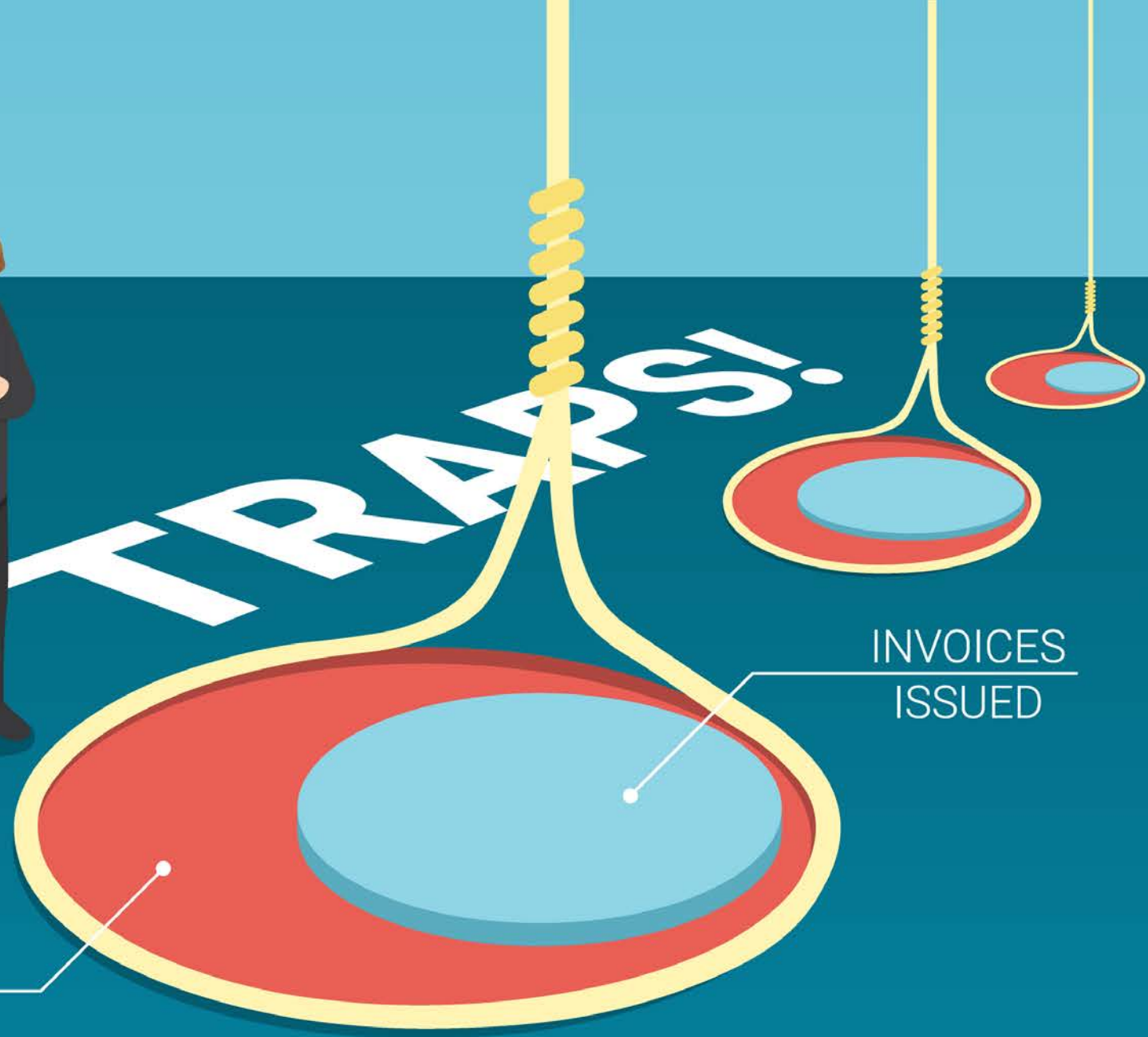


# VAT-declaration

In the era of periodic returns, the risk of audit selection for fraudulent transactions is too low, the delayed reaction of the tax authorities is not efficient enough, and a significant part of the transactions remains hidden.

RECEIVED  
INVOICES

INVOICES  
ISSUED



# VAT-declaration

highest  
expected  
utility

prob. of  
no audit

after tax  
value

remaining  
after penalty

extra rate of  
penalty

$$\mathbb{E}U[X] = (1 - \alpha)U[I - \theta X] + \alpha U[(1 - \pi)I + (\pi - \theta)X]$$

tax

extra loss  
if audited

$$\alpha U(I - \pi I + \pi X - \theta X)$$

$$(I - \theta X) - \pi(I - X)$$

income  
if compliant

penalty

$I$  - true income

$\theta$  - tax rate

$X$  - declared income

$\alpha$  - prob. of audit

$\pi$  - penalty rate



Source: Allingham and Sandmo (1972)



# Solution: transaction-level data

HOW?

RIGHT FROM THE START!

SEAMLESS TAXTION!

## 01 ONLINE INVOICE REPORTING SYSTEM

- ▶ IMMEDIATE FEEDBACK
- ▶ MACHINE INTERPRETED ERROR CODE
- ▶ eVAT





## 02 eRECEIPT

- ▶ ALL DATA COLLECTION
- ▶ GRANTED AND GUARANTEED ANONIMITY
- ▶ STATE OF ART CYPTOGRAPHY
- ▶ PUBLIC AND MARKET SERVICES

# 03 ePAYROLL (EVENT-BASED DATA REPORTING PLATFORM)

- ▶ PERSONAL DATA SOVEREIGNTY
- ▶ SERVICES
- ▶ INCREASED TRANSPARENCY
- ▶ MORE SOLID SOCIAL SECURITY
- ▶ IMMUTABLE DATA AUTHENTICITY, PROOFING FOR DECADES (E.G. PENSION ELIGIBILITY)

BLOCKCHAIN ←







# THANK YOU!



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