DIGITAL TRANSFORMATION
OF TAX & CUSTOMS ADMINISTRATIONS

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GOVERNANCE

EQUITABLE GROWTH, FINANCE & INSTITUTIONS INSIGHT

Digital Transformation of Tax and Customs Administrations

Raúl Félix Junquera-Varela
Cristian Óliver Lucas-Mas
Ivan Krsul
Vladimir Calderon
Paola Arce

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INFORMATION MANAGEMENT

& DATA QUALITY

- Tax administration is essentially a **business of information management.**

- **Information and communication technology (ICT)** supports such function.

- Technological change impacts **organizational structure, business processes, and human resource policies.**

- Real digitalization involves a **comprehensive legal and institutional transformation.**

- Technology allows to process **huge volumes** of information, and increases the **reliability, accuracy, and timeliness** of the information processed, **reducing administration costs.**

- **Data quality** is crucial in optimizing the availability and value of data required to meet the administrations' objectives.

- Processes and protocols must ensure an **acceptable level of confidence in the data.**

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MATURITY MODELS

WBG web-based tool DIAMOND provides four-level maturity models that:

Help monitor revenue administrations' **progress, by practice, areas and functions**.
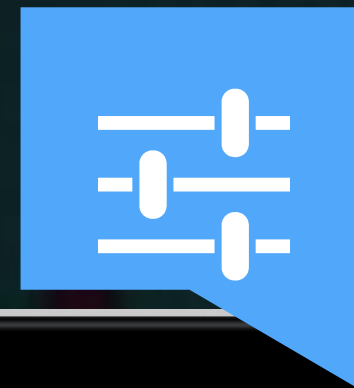
Is a key element in **assessing the IT performance gap** and in designing an **action plan**

Leverage existing systems, processes, and **tools** in **designing strategies** to **overcome the gap** in tax administration and customs capacity.
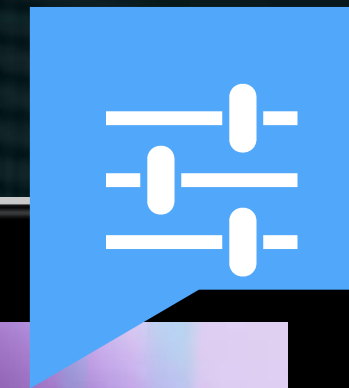
Assess in the form of **constraints** to achieve **comprehensive functionality**.

Assess the general level of maturity of revenue administrations to tailor action plans.
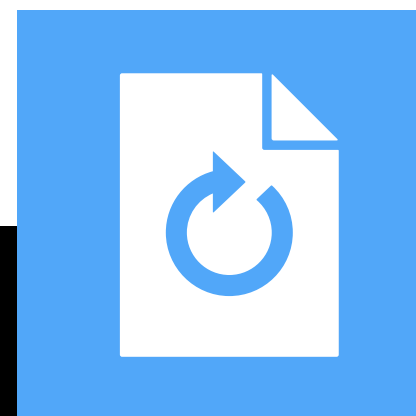
Help **build the data science capabilities** needed to advance to the next maturity level.

Show how to **properly sequence the IT infrastructure** and the **institutional reform.**

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- Digitalization is creating **new products, services and business models.**

- **Disruptive technologies** are changing the way **taxpayers and tax authorities interact.**

- Also they are altering how **taxes are paid** and the way information is **stored and used.**

- **Digitalization** is also **reshaping the tax systems.**

- The following **disruptive technologies** are transforming businesses and governments:

  ✓ Big data, cloud computing, machine learning, social media, blockchain, 3D printing.

- Technology by itself can only provide tools, but digital transformation **requires a strategy.**

- Data sciences and machine learning can **improve the efficiency** of tax administration

- The appropriate technology **depends on the maturity level of each tax administration**

DIGITALIZATION IS THE KEY ENABLER

FOR REVENUE ADMINISTRATIONS

ROADMAP

To Implement High-Tech Digital Administrations.

❑ Innovation must become an integral part of the organization's culture.
❑ Align taxpayers' (client) needs with institutional priorities to facilitate compliance.
❑ Enhance the institutions' level of maturity and functionality.

1. ELECTRONIC PLATFORM

Basic e-tax administration.

2. USE OF DATA

Enforcing use of data to strengthen and expand e-services.

3. DATA ANALYTICS

Data-analytics-based risk profiling and real-time horizontal monitoring.

4. DIGITAL BY DEFAULT

Algorithm-based with data analytics and business intelligence

5. BOUNDARYLESS & INTELLIGENT

Fully automated and AI-driven tax administration, leveraging machine learning, process automation, and predictive analytics for seamless, real-time decision making and operations. Breaking down internal silos, leveraging external ecosystems, and continuous improvement powered by data and technology.

THE BOUNDARYLESS & INTELLIGENT TAX ADMINISTRATION

DIAMOND Recommendations establish an **output-oriented** focus on taxpayer compliance and satisfaction, cost efficiency, data-driven risk management, organizational agility, and future readiness

Holistic & Proactive Analytics: Internal and external data integration drives predictive, personalized taxpayer services.

Boundaryless Collaboration: Data sharing between agencies breaks down silos.

Agile & Iterative Approach: Continuous improvement embeds adaptability.

Reduced Footprint & Complexity: Automation and simplification streamline operations.

Fully Automated & Intelligent Operations. AI and automation enable real-time optimization of end-to-end processes and resources
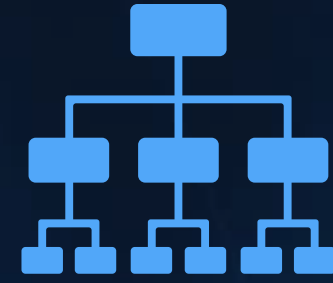
Modular Systems & Open Architecture: APIs and microservices create agile, nimble systems that can evolve.

Omni-Channel Taxpayer Engagement: Seamless digital platforms create unified taxpayer experiences.

Taxpayer-Centric Design: Co-creation of services and compliance ensures taxpayer-focused experiences.

KEY SUCCESS FACTORS

For Digital Transformation

Establishing a transformational strategy, vision and ideal organizational structure

Ensuring that the digital transformation is driven by the strategy, a transformational roadmap, and a clear action plan.

Recognizing the importance of the human factor and building a strong team.

Addressing business process improvement.

Addressing fragmentation, structure, and quality of systems and data.

Promoting user adoption and trust through inclusive change management program.

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