3RD BRITACOF

Enhancing Tax Administration Capacity Building in the Post-pandemic Era

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Digitalisation and Capacity Building – Speech by Jeffrey Owens

This BRITACOM meeting is the first to be held on the African continent and I very much regret that due to personal reasons I will not be able to be with you in Algeria over the coming days. I am sure that your Algerian colleagues will be excellent hosts and will provide you with a taste of the rich culture that has shaped this country over many centuries.

Now to turn to my topic for today: Digitalisation and Capacity Building.

Digitalization will be the main driver of tax administration reforms in BRI countries over the next decade. Currently, BRI countries are at different stages of digital maturity. Some such as Singapore are well advanced toward fully automated tax systems. Others such as Kenya are making progress in specific areas (e.g. digital money) and yet others are just starting this journey. But wherever a country stands the current emphasis is on using new technologies to adapt and improve existing systems. This has to change. We as tax administrators must be prepared to explore the full transformation potential of these digital technologies. Their potential to change - to disrupt - existing systems.

Let me ask you a question: If we were designing VAT systems in today's technological environment would they look like the system in place today? The answer is no! Technologies such as AI and blockchain enable us to bypass the cascading approach of current VAT systems and bring VAT compliance into real-time.

What holds back this transformation? Fear of the unknown! Fear of the risks to revenues during the transition! But perhaps the most important barrier is capacity constraints.

BRITACOM can help its members address all three of these constraints:

Firstly, BRITACOM could provide a digital platform that tracks emerging technologies such as the Blockchain and quantum computing to assess their transformation potential. These technologies are by definition global so whether you are in Pakistan, Poland, or Portugal, Commissioners face the same challenge: identifying new technologies which have the greatest transformation potential. This challenge could be met by establishing a BRI observatory to

monitor emerging technologies and this information can be circulated in the form of a short quarterly newsletter to Commissioners.

Secondly, one way of addressing the transitional risk to revenue is by developing a digital tax roadmap and a set of indices that enable Commissioners to monitor progress and potential risks to revenues during the transition and how these can be addressed.

BRITACOM could build on the work done by the WB, IMF, and OECD FTA, but adapt these models to the unique circumstances of emerging and developing BRI countries.

Thirdly BRITACOM has a major role to play in addressing capacity constraints. By far the biggest are those associated with people (when digital programs fail it is almost always due to the human factor than the technology). Successful digital transformation programs require that tax administrations are able to attract and maintain staff with the right skills and a willingness to embrace new technologies. This in turn will need well-developed training programs that are available to staff over the whole of their careers. Put another way: Life-long digital learning. In designing these training programs, those in charge of them must be prepared to draw upon the experiences of other countries since in the BRI tax world there is a breadth of experiences - both of success and failures - that can be drawn upon.

BRITACOM can build upon the three years of experience in the BRITACOM training centres where 2300 tax officials from over 120 jurisdictions have undergone training. Nevertheless more can be done.

Here are some suggestions:

1. More of the courses can be delivered digitally. This will require an initial investment to convert physical courses into virtual courses, back up by material that can be used by domestic training departments.

2. More emphasis could be placed upon case studies on the way that digitalisation programs have been implemented, starting with the goal set for these programs, the criteria used to select the appropriate technologies, decisions on the balance between insourcing and outsourcing such programs, the changes in laws and regulations, required to enable the programs to function, change management programs put in place to get a buy-in from staff and a framework to evaluate the success of such programs in real-time so that quick adjustment can be made.

3. A greater involvement of the private sector in the training courses since businesses are more at the cutting edge of technology than most tax administrations (In this respect countries can draw upon the experience of China). Also the more that digital transformation program can draw upon existing business processes the lower the compliance cost and the better the chance of a strong business buy-in.

4. Developing a BRITACOM internship program which would enable up-and-coming tax officials to spend short periods embedded in the digital departments of other tax administrations. This would complement the training courses.

5. Organising an annual exchange of views between the heads of the BRITACOM training institutions to see what each can learn from the way they operate and developing a best practice manual

All of these suggestions would reinforce the role of BRITACOM in assisting its members to exploit the full potential of todays and tomorrow digital technologies

To conclude, capacity building has to be at the centre of any digital transformation program, and here BRITACOM can play a key role. I wish you a successful conference and I am sure that our Algerian hosts will ensure you have time to learn more about this fascinating country.