C@TS Overview

wedoIT-solutions

Agenda

- Introduction wedoIT-solutions
- Reference projects
- Implementation of a new IT system in Tax Administrations
- Integrated taxation system
- Technology
- Core eTax system – Key functionality
- eFiling / Taxpayer portal – Key functionality
- Risk management / Business intelligence
- Reporting / Management Information System

Introduction – wedoIT-solutions

- wedoIT-solutions is an Austrian company providing exclusive consulting services and IT solutions in the area of taxation for public administrations.

- wedoIT-solutions has a taxation system for eTax (tax officials) and eFiling (portal for taxpayers).

- wedoIT-solution key experts have 20+ years of experience working in the taxation field in international projects.

- wedoIT-solutions works in close co-operation with the IMF, World bank and the EU during the implementation of projects.

Consultancy Services

European Union / European Commission

Feasibility studies

IT strategy

Digitalization

Austria / Ministry of Finance

IT strategy for Tax and Customs

Design and implementation of Taxation and Customs systems

Alignment of national IT systems with EU Customs & Tax policies

Reference projects - Countries running eTax / eFiling

Albania

In production since 01.01.2015

Complete eTax & eFiling solution

Bosnia & Herzegovina

In production since 01.01.2018

Complete eTax & eFiling solution

Macedonia

In production since 01.01.2018

Risk evaluation system

Reference projects - Implementation time

Albania

18 months

Bosnia & Herzegovina

12 months

Macedonia

9 months

Reference projects

Numbers

- Albania's tax revenue increased considerably after the implementation of the eTax & eFiling solutions from wedoIT-solutions.

- In Albania, return on investment was already achieved in the first quarter running the new IT systems for tax officials & taxpayers.

- Based on 14 risk selected audits additional revenue amounting to 36.000.000 Euro was collected in Albania

Reference projects – Improvements in paying taxes

During 2015/16 Albania made substantive improvements to its local regulatory framework in three main areas. It made dealing with construction permits easier by lifting the moratorium on and reintroducing the issuance of building permits, and by streamlining the process of receiving the final inspection and compliance certificate. Getting electricity was made easier by speeding up the process for obtaining a new connection. Finally, Albania made paying taxes easier by introducing an online system for filing and paying taxes.

Going forward, Albania can further streamline electricity connections, fully implement the online platform for construction permits issuance, further improve the process for property transfers and enhance the efficiency of resolving commercial disputes in the courts. Moreover, trading across boarders can be streamlined to reduce the time and cost for border compliance.

Reference projects – Time to comply

Paying Taxes 2017

www.pwc.com/payingtaxes

WORLD BANK GROUP

pwc

Time to comply

Improvements in electronic tax systems and in information technology more generally continue to play a key role in reducing the time needed by taxpayers to file and pay taxes. In economies where electronic filing and payment have already been implemented, efforts continue to improve the systems further, for example by fixing bugs or integrating tax systems with accounting systems to reduce preparation time.

Reference projects – Time to comply

Paying Taxes 2017

WORLD BANK GROUP

pwc

Biggest decreases

Brazil, Vietnam, Senegal, Algeria, and Albania recorded the largest reductions in their time to comply as shown in Figure 17.

Brazil reduced its time by 562 hours to 2,038, the biggest reduction of any economy. This resulted from electronic systems being used more widely for filing, preparing, and paying all of its main taxes; VAT, taxes related to corporate income and social security contributions. Also, certain corporate income tax returns were eliminat well other ancillary obligations. As expla on page 40, this is the first time that the tim comply for Brazil has fallen since the Payin study began, but the country still has the hi time to comply. The reduction in time to co Brazil is the result of electronic systems tha introduced some years ago having now bed down resulting in more efficient tax compli processes with more improvements expecte future.

Vietnam continued to implement measures reduced the time to comply, and in 2015 rec the second greatest reduction of the econon the study. The time dropped by 230 hours t hours. The reduction was seen across all th types of tax as follows:

- Labour tax time fell by 84 hours as procedures for social security were reduced, fewer supporting documents were required, new software was introduced, rules for calculating the tax liability were simplified and taxpayers can now use email to communicate with the tax authorities.

- VAT time fell by 74 hours as the company can now file on a quarterly rather than a monthly basis, procedures to comply with VAT obligations were simplified, and fewer

Other significant reductions in time to comply were seen in Senegal (179 hours), Algeria (120 hours), and Albania (96 hours). In Senegal and Algeria, the reduction was due to improvements made to the accounting systems used for preparing and filing taxes, while Albania decreased its time by upgrading the information technology infrastructure, requiring businesses to file VAT, CIT and labour contributions online, and integrating its tax platform with accounting software.

Implementation of a new IT system in Tax Administrations

The implementation of a new IT system could / <u>should</u> be the trigger for change management in the following areas:

- Legislation

- Implementing regulations

- Business processes

- Administration structure

Implementation of a new IT system in Tax Administrations

Chances & Opportunities

- **Legislation reform**

  - Inventory of current legislation with a view to facilitate digital transformation and increase revenue collection
  - Change legislation as needed to make sure digital transformation is supported and revenue collection is effective

- **Implementing regulations reform**

  - Identify fields that could prevent digital transformation within the administration
  - Identify areas that could limit modern (e.g. paperless) communication with taxpayers

- **Business process reform**

  - Analyse processes to find out if they are not hindering digital transformation
  - Change business processes as needed to be ready for digital transformation

- **Administration reform**

  - Review the need of sections and staffing requirements
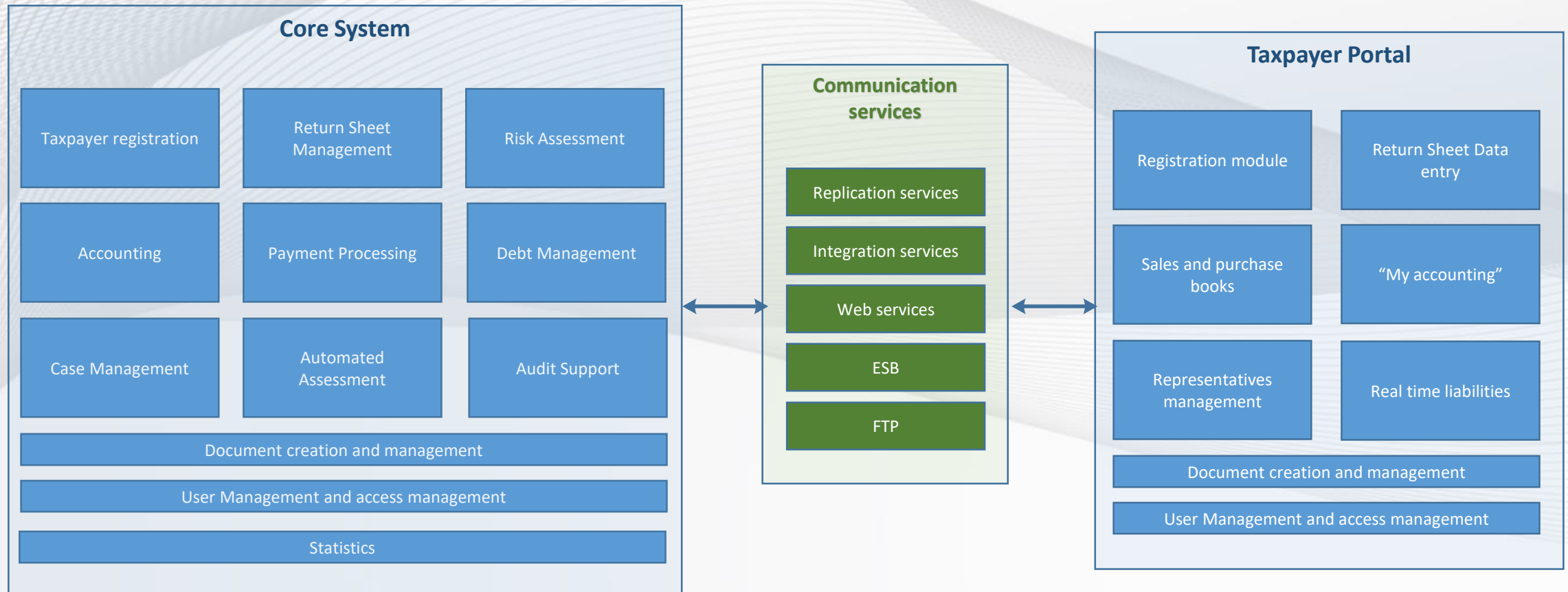 - Initiate re-organisation as needed

Integrated taxation system

Get answers to your key questions from a fully integrated taxation system

- Who are my clients (taxpayers and what taxes they are subject to)?

- How is the compliance of your taxpayers with regard to filing tax returns and paying liabilities?

- Who are the none compliant and risky taxpayers?

- How is the debt situation of a taxpayer across tax types (e.g. don't grant a refund for one tax type while there are open liabilities for other tax types …)

- What are my current figures concerning revenue collection across tax types and budget codes?
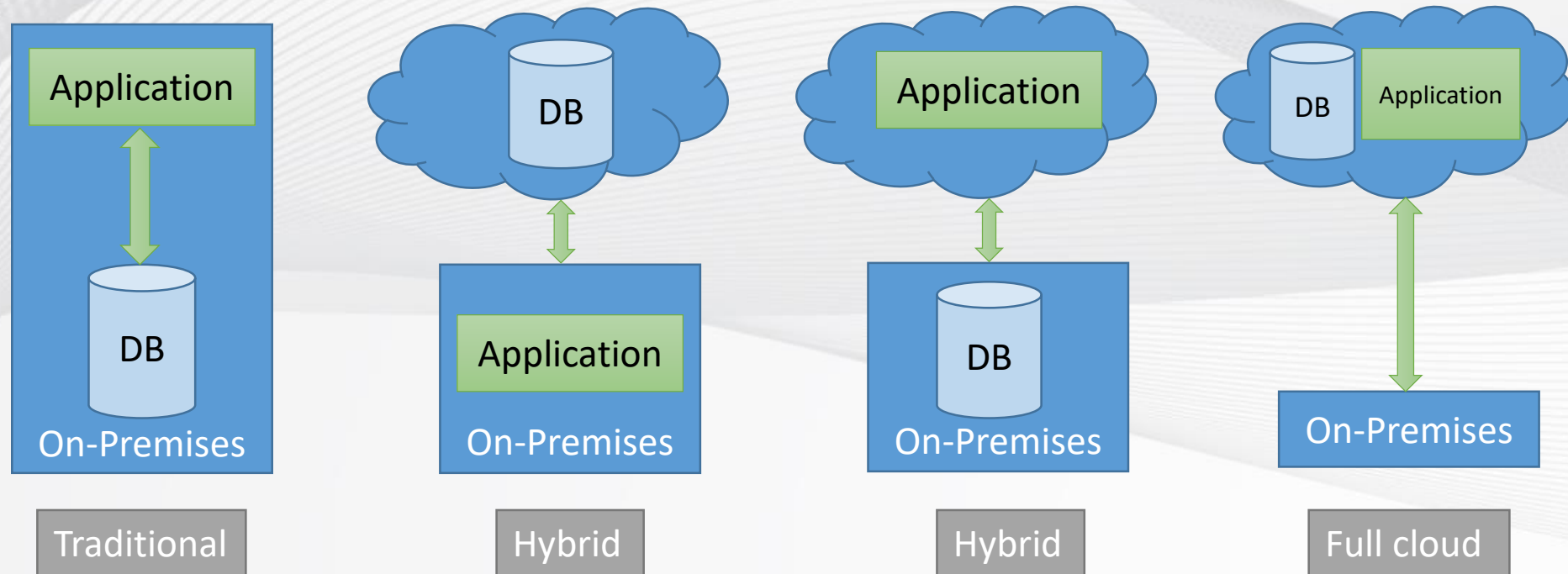
Technology
System architecture

Core System

Taxpayer registration	Return Sheet Management	Risk Assessment
Accounting	Payment Processing	Debt Management
Case Management	Automated Assessment	Audit Support

Document creation and management

User Management and access management

Statistics

Communication services

Replication services

Integration services

Web services

ESB

FTP

Taxpayer Portal

Registration module	Return Sheet Data entry
Sales and purchase books	"My accounting"
Representatives management	Real time liabilities

Document creation and management

User Management and access management

Technology

Run-time environment:

- Microsoft Azure
- Hybrid
- On-premise
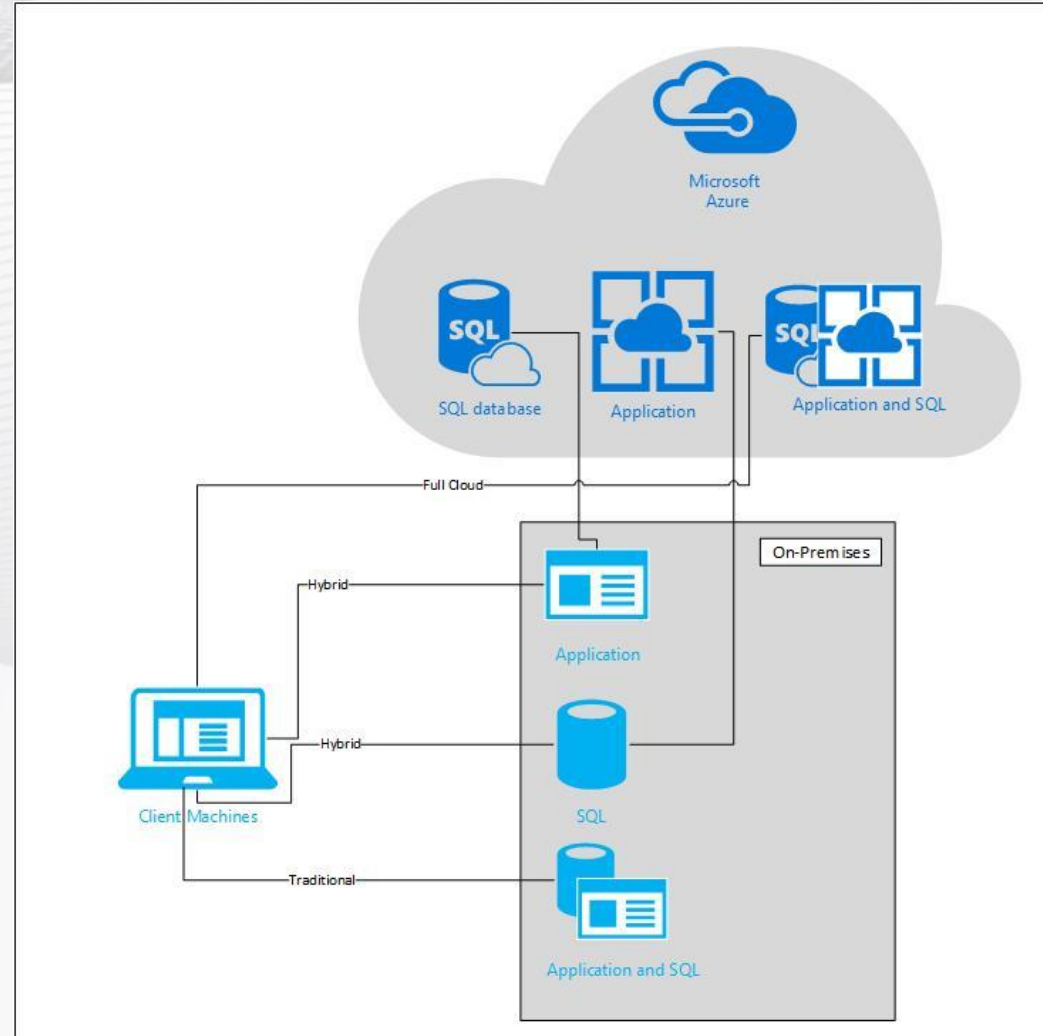
Technology

C@TS is 100% compatible to run in a Software-as-a-Service (SaaS) environment

Technology

Multi-language

- Multi-language architecture for
  - User Interface
  - Reference data
  - Reports
  - Documents generated by the system
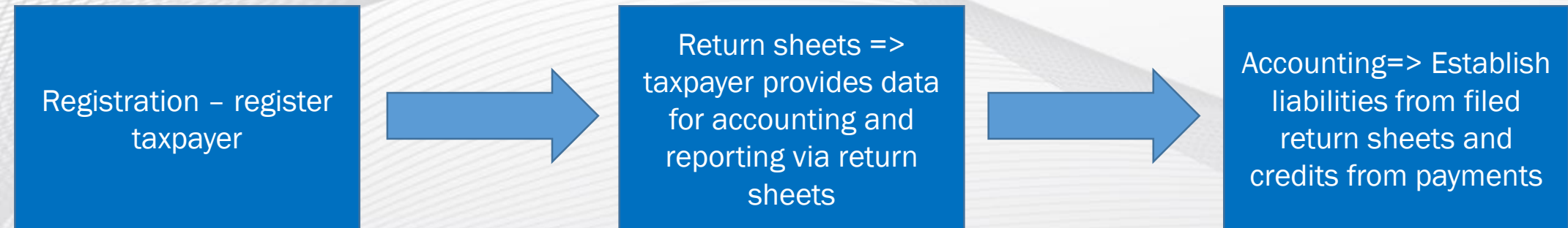
- Easy translation mechanism

The system in Bosnia & Hercegovina is operational in 4 languages using 3 different scripts.

Core eTax system – Key functionality

- Registration

- Return sheets & Assessment

- Sales & purchase books, e-Invoicing

- Accounting & Enforcement

- Case management & Audit

- Document management

- Risk management

- Reporting

- Reference data

- Server processes

- Historization & Data logging

Core eTax system – Modules and dependencies

Collection of data from registration to accounting ...

Registration – register taxpayer	→	Return sheets => taxpayer provides data for accounting and reporting via return sheets	→	Accounting=> Establish liabilities from filed return sheets and credits from payments

... needed for the operation of modules such as ...

Cases & Audit	Document management	Risk management	Reports

Core eTax system – Registration

It is essential for a tax administration to have detailed and up-to-date information about the taxpayers including:

- Name

- Legal form

- Address and contact details

- Bank details (for electronically executed refunds)

- Trade classification / Economic codes

- Tax type specific information (liability for tax types with dates valid from / valid to)

- Status of taxpayer (operational, closed)

Core eTax system – Return sheets (tax declarations)

Return sheet management is the basis for establishing liabilities and collection of data for reporting and revenue forecasting. Return sheet management in our solution includes, but is not limited to the following functions:

- Data entry in dedicated tax form for all relevant tax types

- Tax forms used for data entry can have automatically calculated fields

- Data entered on tax forms must be validated to avoid bad data that could jeopardize proper accounting and reporting (statistics)

- An assessment module can be used to automatically assess the liability of none-filers to enhance filing compliance of taxpayers

- Versioning of tax return forms to support legal changes and facilitate reporting

- Historization of tax returns (to identify all changes resulting from corrections, amendments and audits)

Core eTax system – Sales & purchase books, e-Invoicing

Sales & purchase books, e-Invoicing

- The filing of sales & purchase books by the taxpayer, typically at the same time as the VAT return sheet, enables the tax authority to cross check date in these books.

- An invoice listed in the sales book of one taxpayer must appear in the purchase book of another taxpayer.

- An invoice listed in the purchase book of one taxpayer must appear in the sales book of another taxpayer.

- Differences found in such cross checks can be subject of an audit case.

Core eTax system – Sales & purchase books, e-Invoicing

E-Invoicing

- Depending on the respective requirements of a country, e-Invoicing functionality can be provided on the eFiling / Taxpayer portal to enable taxpayers to receive an invoice number for business-to-business (B2B) invoicing with VAT by entering key data of the invoice (e.g. identification/VAT number of buyer and seller, net amount and amount incl. VAT etc.).

- Using such a system, the tax authority already has a lot of data concerning VAT sales prior to the data received by means of tax returns for VAT.

- E-Invoicing in combination with data from VAT tax returns enables the tax administration to perform cross checks and would also enable pre-filling of VAT return sheets to some extent.

- Business-to-government (B2G) invoicing could also be envisaged to support execution of contracts in the public environment.

Core eTax system – Accounting & Enforcement

- Payments processing

- Automatic reconciliation of credits and debits

- Reconciliation on T (Taxpayer), TT Taxpayer and Tax type) or TTT (Taxpayer and tax type and Tax period) principals as well as bottom line accounting across tax types and revenue codes

- Automatic enforcement of unpaid liabilities

- Automatic calculation of penalties for late payment

- Automatic calculation of interest

Core eTax system – Accounting – Enforcement

- These are automatic server processes scheduled to run at certain dates with specific parameters

- Enforcement actions can be in phases (e.g. warning letter, small penalty, full penalty etc.)

Enforcement

Enforcement run target date: *

17.01.2018

Select a taxpayer: *

Enforce Debits

Late Payment Calculation

Late Payment Calculation run target date: *

17.01.2018

Select a taxpayer: *

Late Payment Calculation

Core eTax system – Case management & Audit

- Taxpayer Registration
- Registration Amendment
- De-registration
- Audit Case
- Other Audit Procedures (Refunds)
- Decision on Repeated Procedure
- Recognizing excise advance payment for excise stamps for tobacco
- Objections and Appeals - first level
- Objections and Appeals - second level
- Appeal on Audit
- Court Case
- Extraordinary Legal Remedies
- Enforcement
- Mark dues to be or to not be enforced

- Add TP to Special Debtor Scheme
- Remove TP from Special Debtor Scheme
- Instalment Plan
- Installment Plan cancellation
- Information for the prosecutor's office
- Bankruptcy and Liquidation
- Obligatory Opinion
- Creation of Notifications
- Issuance of Excise and Control Stamps
- Certificate Case
- Lump sum for Farmers
- Registration of warehouses for refund on heating oil
- Refund on Excise paid for Ethyl Alcohol
- International Refunds
- … as needed

Core eTax system – Cases & Audits – Workflow generator

Workflow configuration from Visio graphical workflow design
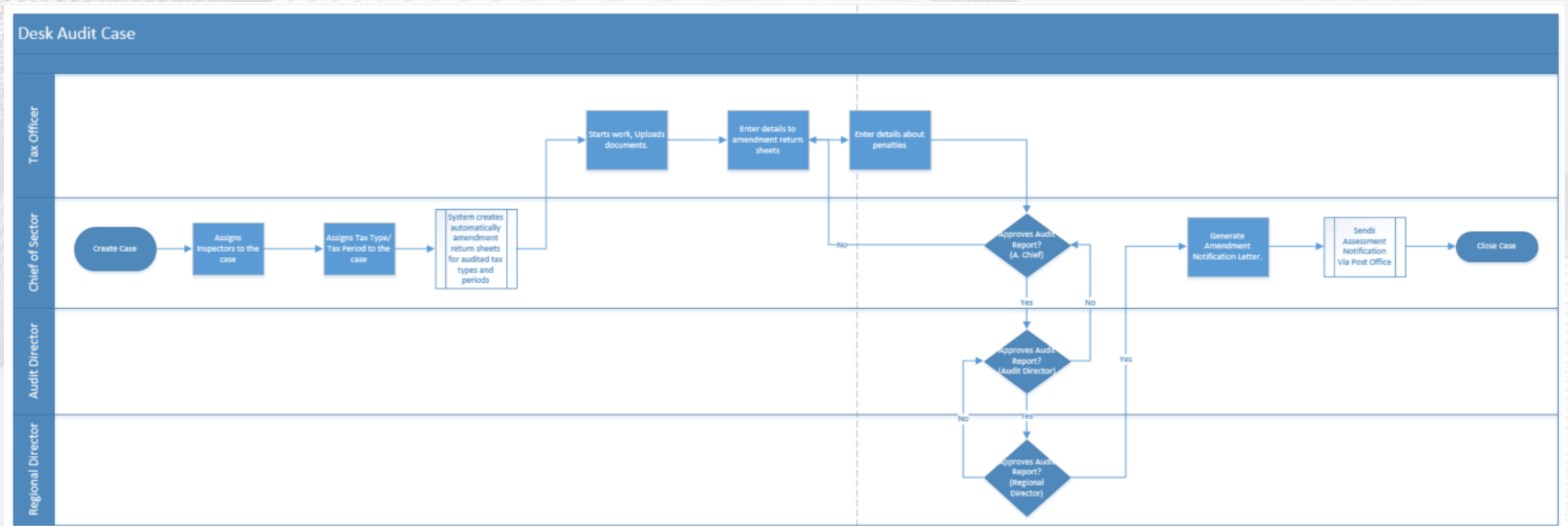
Core eTax system – Cases & Audits – Current workflow status
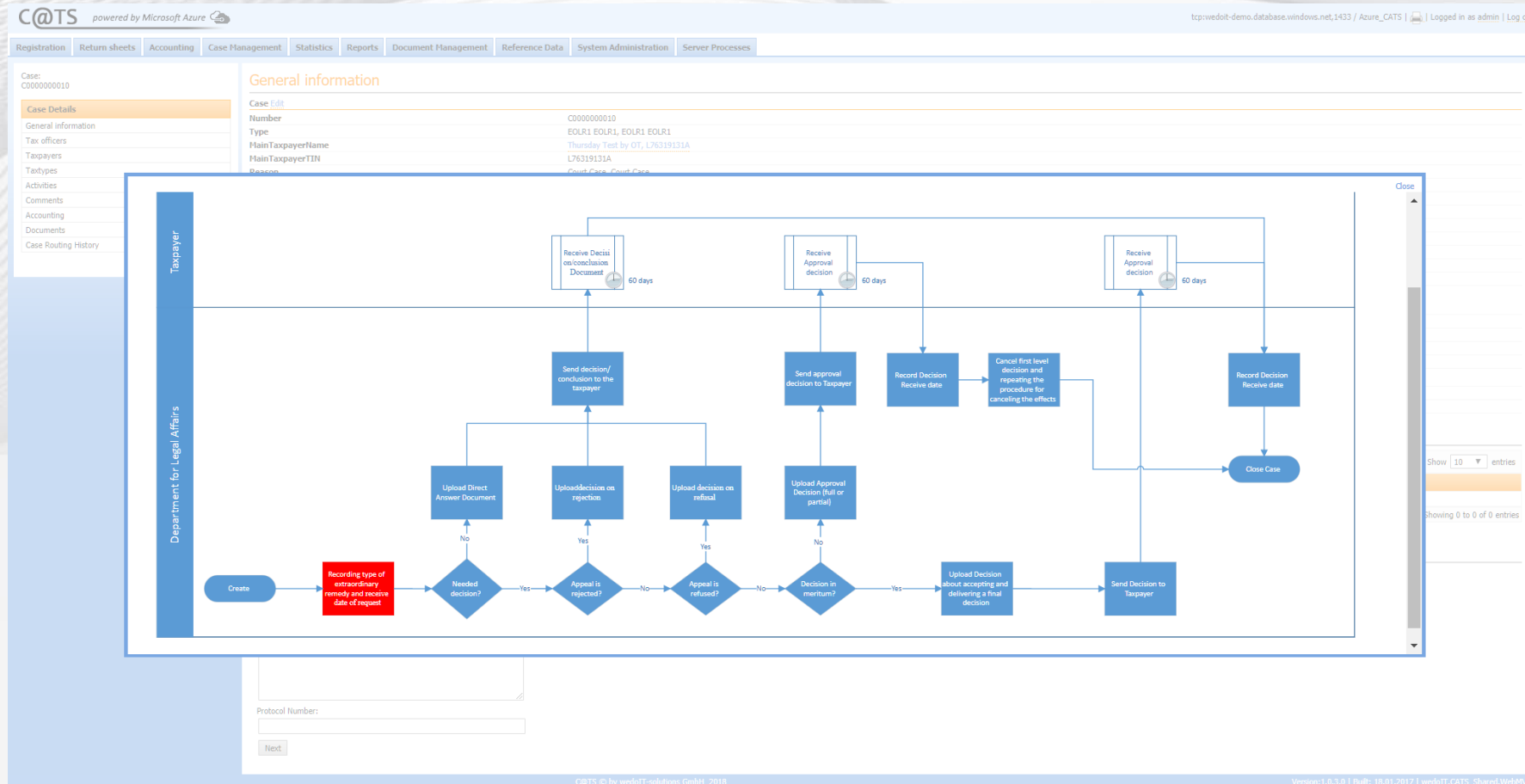
Core eTax system – Document management

- Automatic generation of documents (letters) to taxpayers during

  - Late filing processes

  - Enforcement processes

  - Assessment processes

- Upload of documents to cases

- Document search functionality

- Digital signature of tax authority on generated documents

Core eTax system – Configuration / Reference data

- As much data as possible is coded in reference tables, e.g.
    - Trade classification / economic operator codes
    - Countries, Currencies
    - Tax types, return sheet types, registration types etc.
- User interface is part of the system to support efficient and easy maintenance of reference data
- Whenever possible reference data is based on international standards (IMF, World bank, WTO etc.)
- Reference data records are multi-language and as many languages and scripts as needed are supported
- In case of multi-language set-up, users will se coded data in their selected language

Core eTax system – Server processes

- Automatically executed at scheduled times with specific parameters

- Server processes include, but are not limited to:

  - Processing of filed return sheets

  - Assessment of missing return sheets (tax declarations)

  - Reconciliation of liabilities and payments / tax credits including interest and late payment surcharge calculation

  - Document (letter) generation (assessment, enforcement notice etc.)

- Processes can be used / not used depending on the requirements of the tax administration and the legal situation

Core eTax system – Historization & Data logging

Historization

- Each record in the data base is historized in dedicated tables.

- This means that if a record has been changed, a new version of the record is created and the previous version of the record including all data elements before the change is saved in historization tables.

- Data cannot be physically deleted from the data base, data can only be invalidated of subject to a validity period (valid from / valid to).

Data logging

- Each record in a table contains audit fields.

- These fields hold information by whom (user), when and from which IP address (if available) a record was created or updated.

- The information in these audit fields can be used during internal audits and for generating reports.

eFiling / Taxpayer portal – Key functionality

- Return sheets (electronic submission of return sheets)

- Accounting & Payment (taxpayer balance sheet)

- Cases (cases to be initiated by a taxpayer, e.g. appeal case)

- Sales & purchase books

- Representatives

eFiling / Taxpayer portal – Return sheets

- Taxpayers will see their due return sheets for the various tax types

- Taxpayers can fill in return sheets and submit them to the tax authority

- Taxpayers can see all their previously filed return sheets

- Taxpayers can file amendments to already filed return sheets if the legislation supports this

eFiling / Taxpayer portal – Sales & Purchase books

Sales & Purchase books

- Upload of data from accounting system or other system the taxpayer uses in a format defined by the tax administration (e.g. XML, Excel)

- For smaller companies direct data entry on eFiling is possible

eFiling / Taxpayer portal – Accounting & Payment

Accounting & Payment

- Taxpayers can see the general ledger (balance sheets) with all debits and credits (payments) including calculated interest and penalties

- Taxpayers can print payment orders

- Depending on the available infrastructure in a country, taxpayers can pay liabilities on-line

- Taxpayers can request a refund

eFiling / Taxpayer portal – Cases

Cases

Depending on the policy of the tax administration, taxpayers can be allowed to file and initiate specific cases (e.g. appeals) on the taxpayer portal

eFiling / Taxpayer portal – My Profile

- Taxpayers can change some of their registration data on eFiling (taxpayer portal) e.g.
  - Contact details
  - Address details
  - etc.
- The tax administration can specify the data that can be changed by the taxpayer

eFiling / Taxpayer portal – Representatives / Access Management

Representatives / Access management

- Access management for users of the respective taxpayer (e.g. one for VAT, somebody else for Profit tax etc.)

- Nomination of tax representatives (e.g. tax advisors, laywers)

eFiling / Taxpayer portal – Representatives / Access management
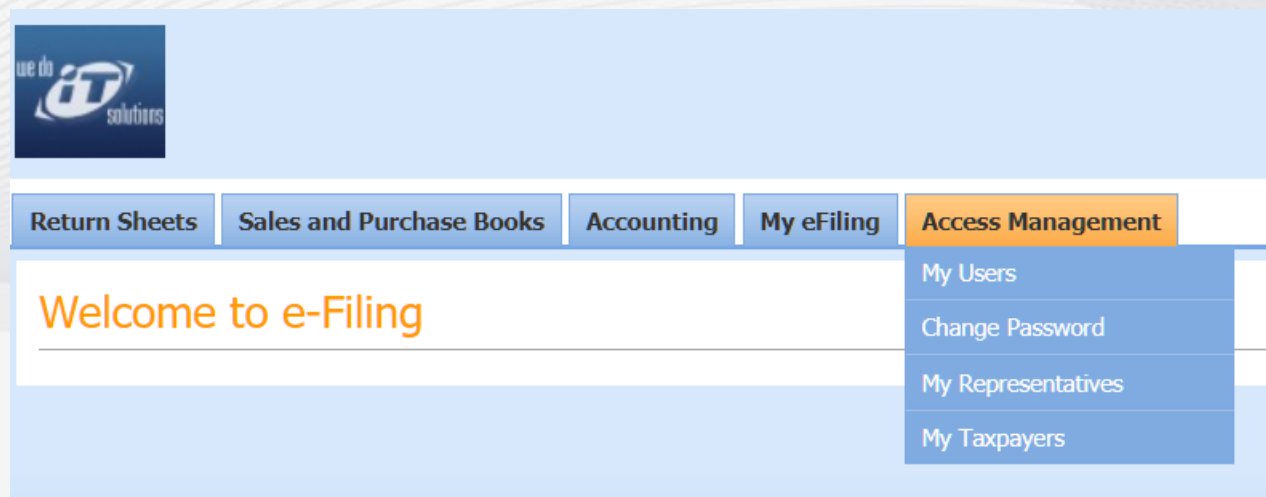
Risk management / Business intelligence

Risk management

- Risk runs based on risk rules & patterns to identify risky taxpayers

- Risk parameters, sets and rules based on best practice recommendations from International Monetary Fund (IMF) and national requirements

- Risky taxpayers identified during risk runs should be subject of an audit

- Automatic selection of taxpayers for audits based on risk runs reduces corruption

- Automatic selection of tax auditors for risks to avoid that same tax auditors always audit same set of companies

- 3rd party data, such as customs data, can be used to e.g. cross check figures in VAT declaration (Import VAT=) to customs declarations

Business intelligence

- Third party application can be used

- Usage of a data warehouse is recommended

Risk management – Menu

Risk Management   Case Ma

- Risk Parameter Type Definition
- Risk Parameter Set Definition
- Risk Analysis
- Risky Taxpyer Rejected
- Risk Rejected
- Risk To Audit
- Audit Accepted
- Audit Rejected
- Audit Closed

Reporting / Management Information System (MIS)

The visualization of data in the taxation system (provided by taxpayers on tax returns, collected by tax officers during registration, cases and audits and data generated during automatic processes) is a key element for management to set the tax strategy for a country ensuring effective and satisfactory revenue collection and to perform accurate revenue forecasts.

Reports in the system are available in the following categories:

- Taxpayers

- Accounting

- Cases

- Management

Type of reports

- Geo based reports

- Drill down reports

There can be as many reports as needed by the tax administration.

Reports can also be displayed in dashboards on monitors (e.g. reception in the tax authority etc.)

Reporting – Revenue / Accounting
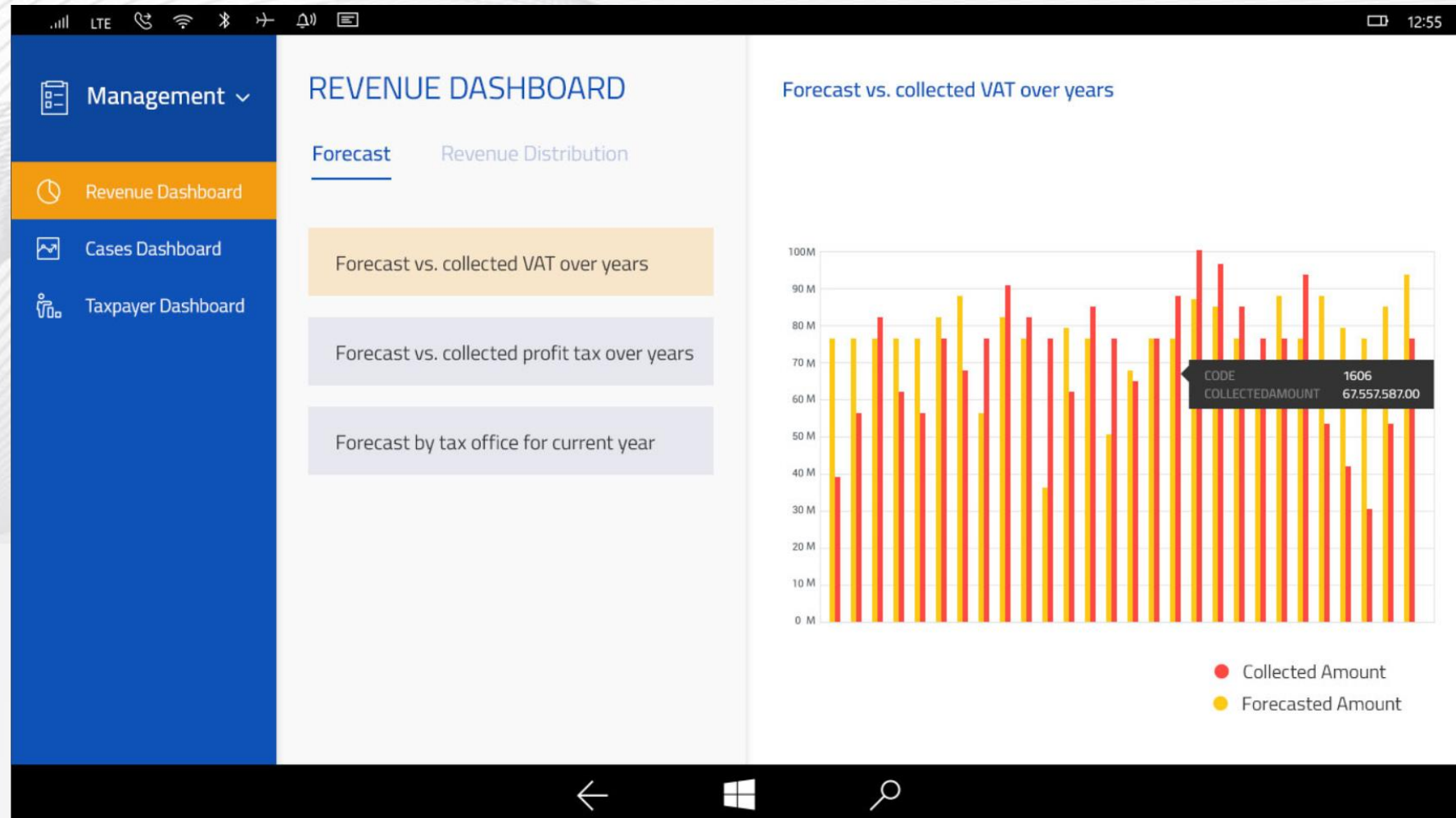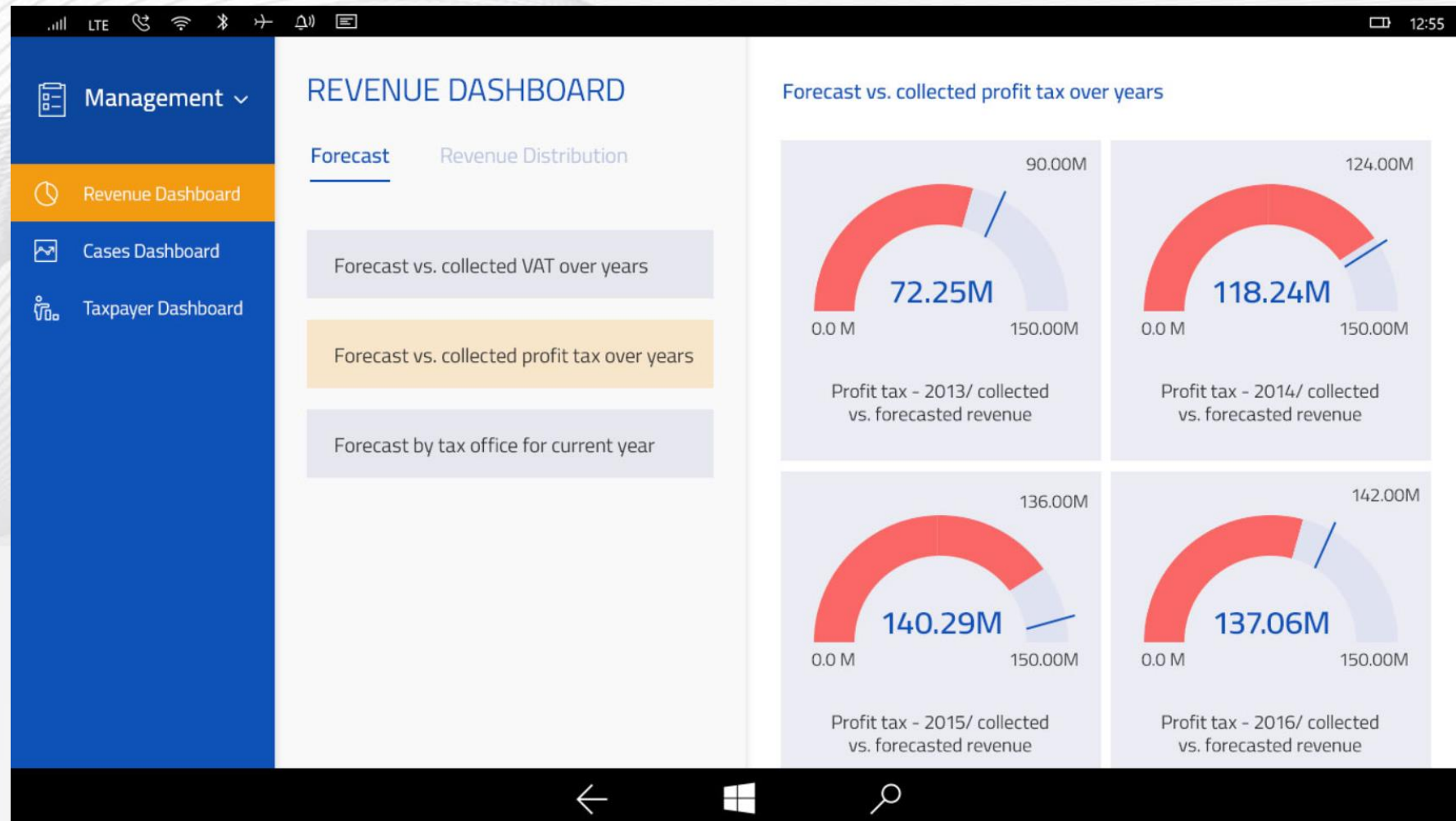
Reporting – Revenue / Accounting

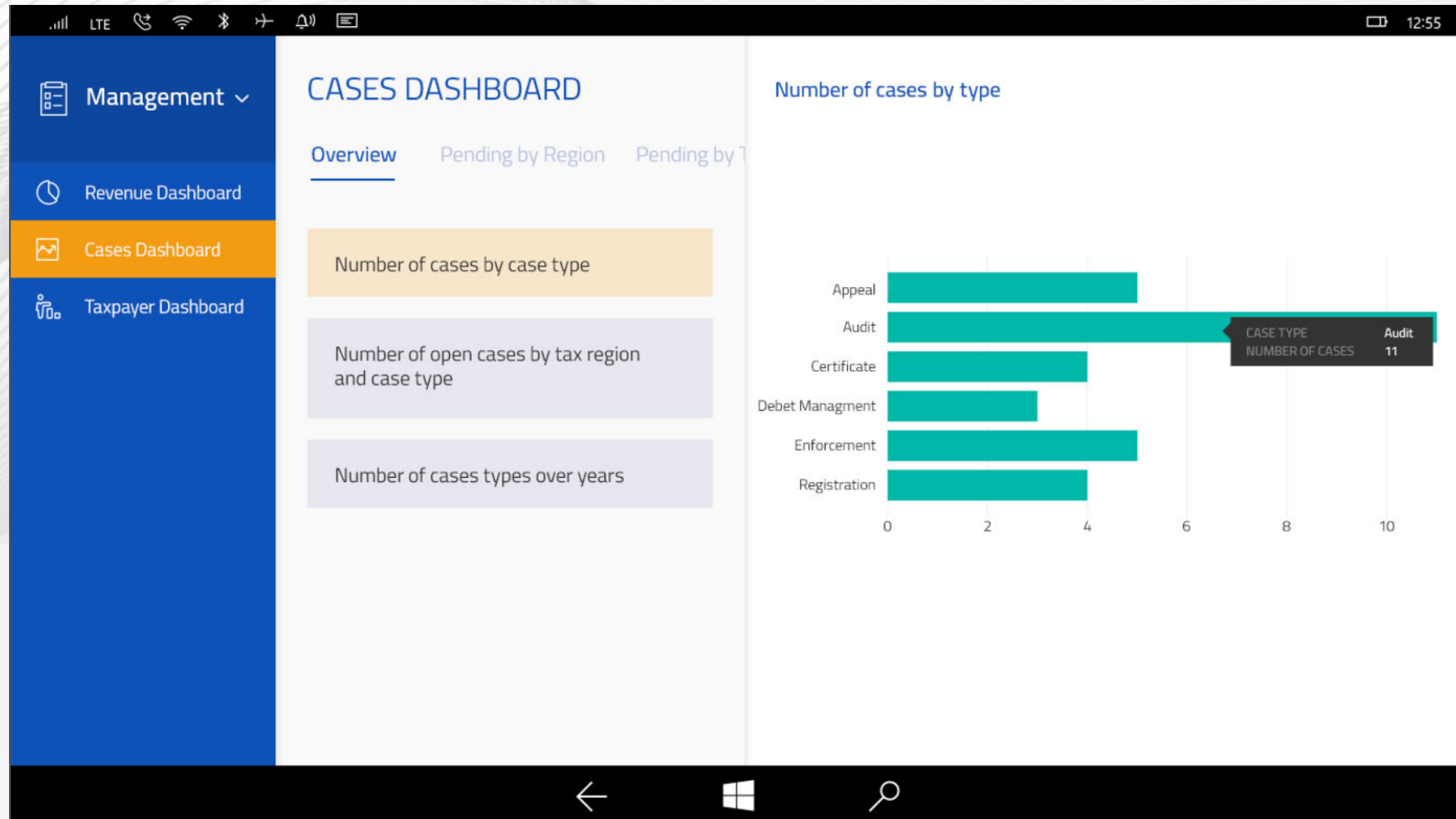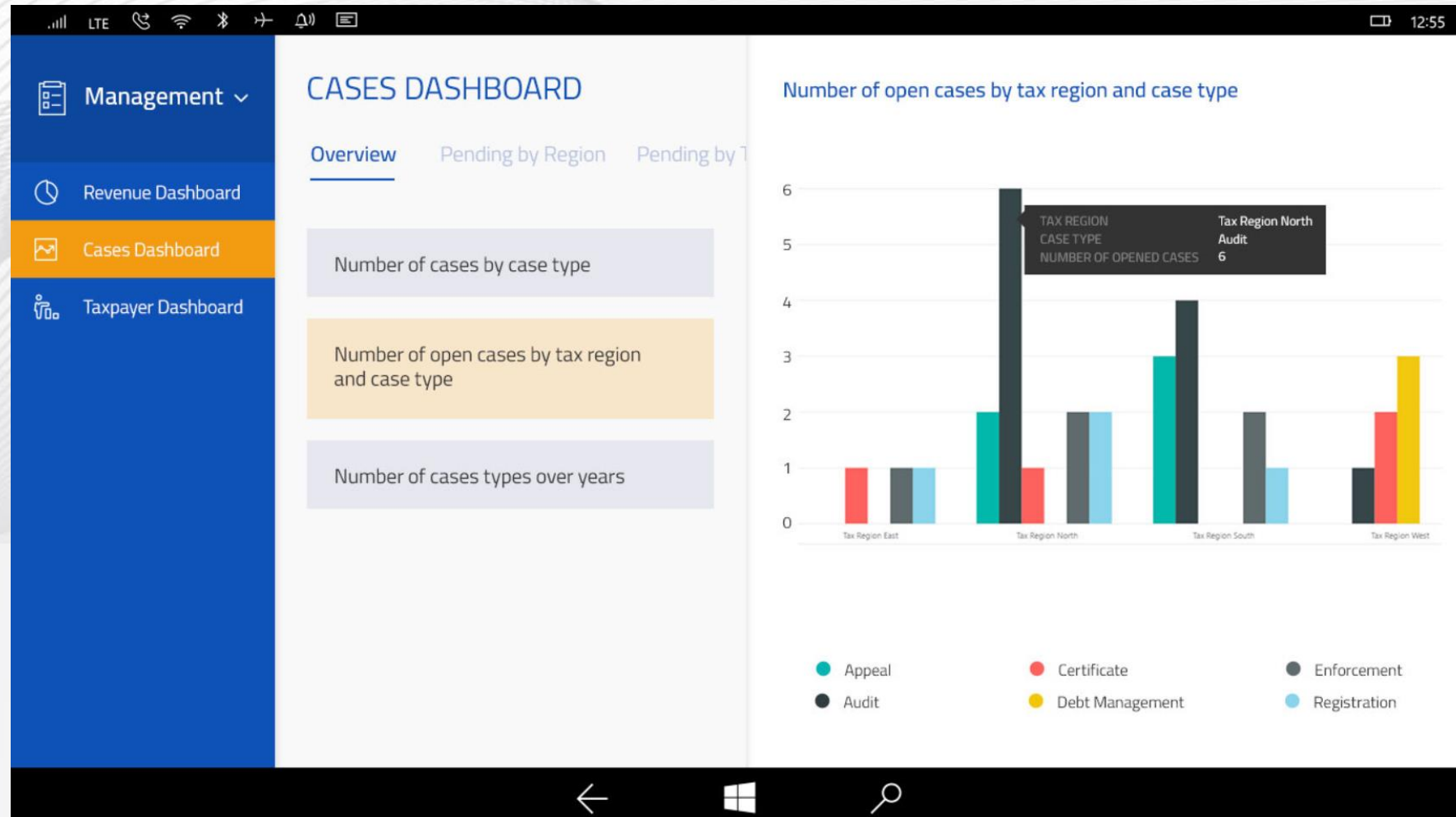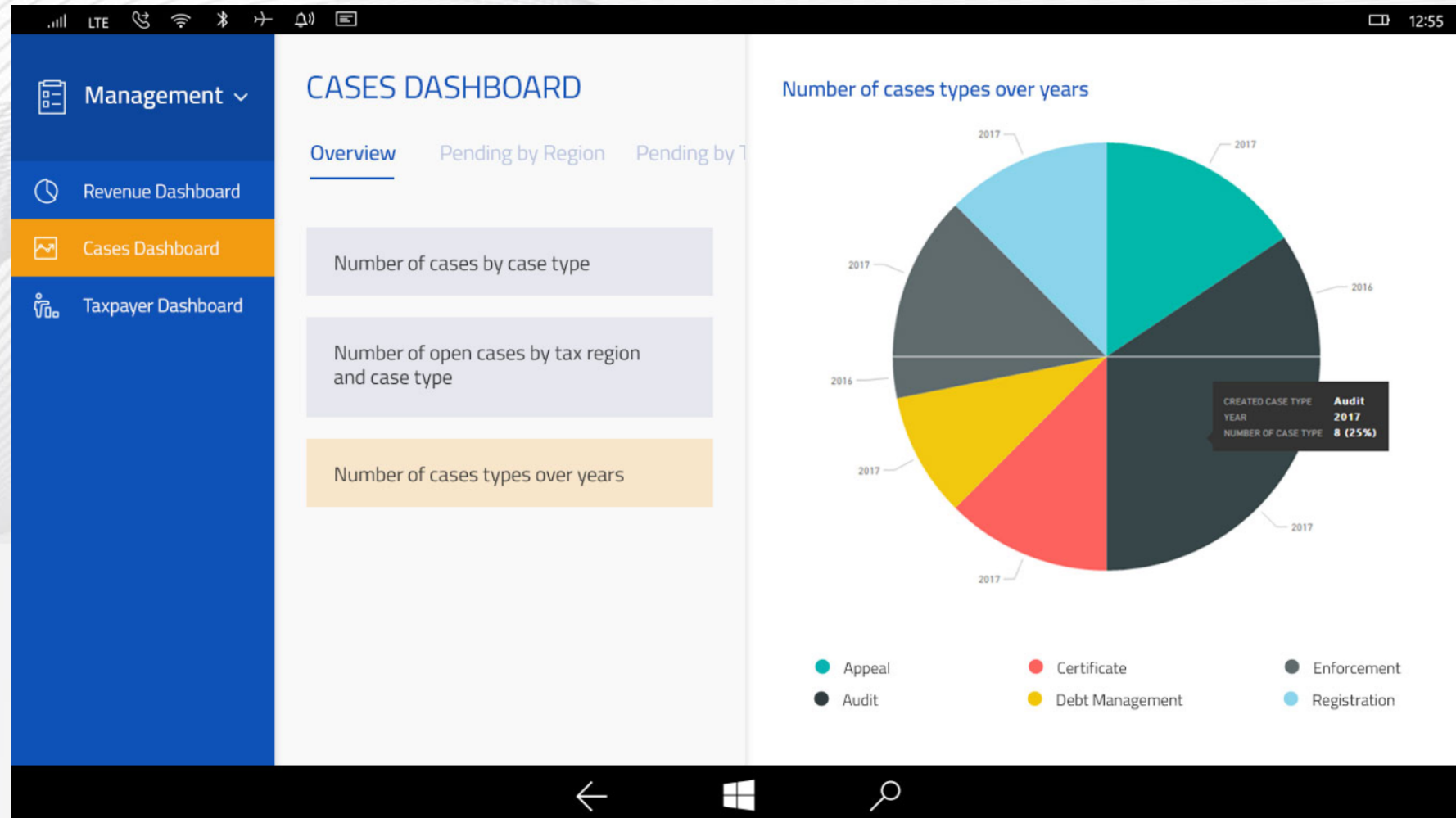# Reporting – Revenue / Accounting
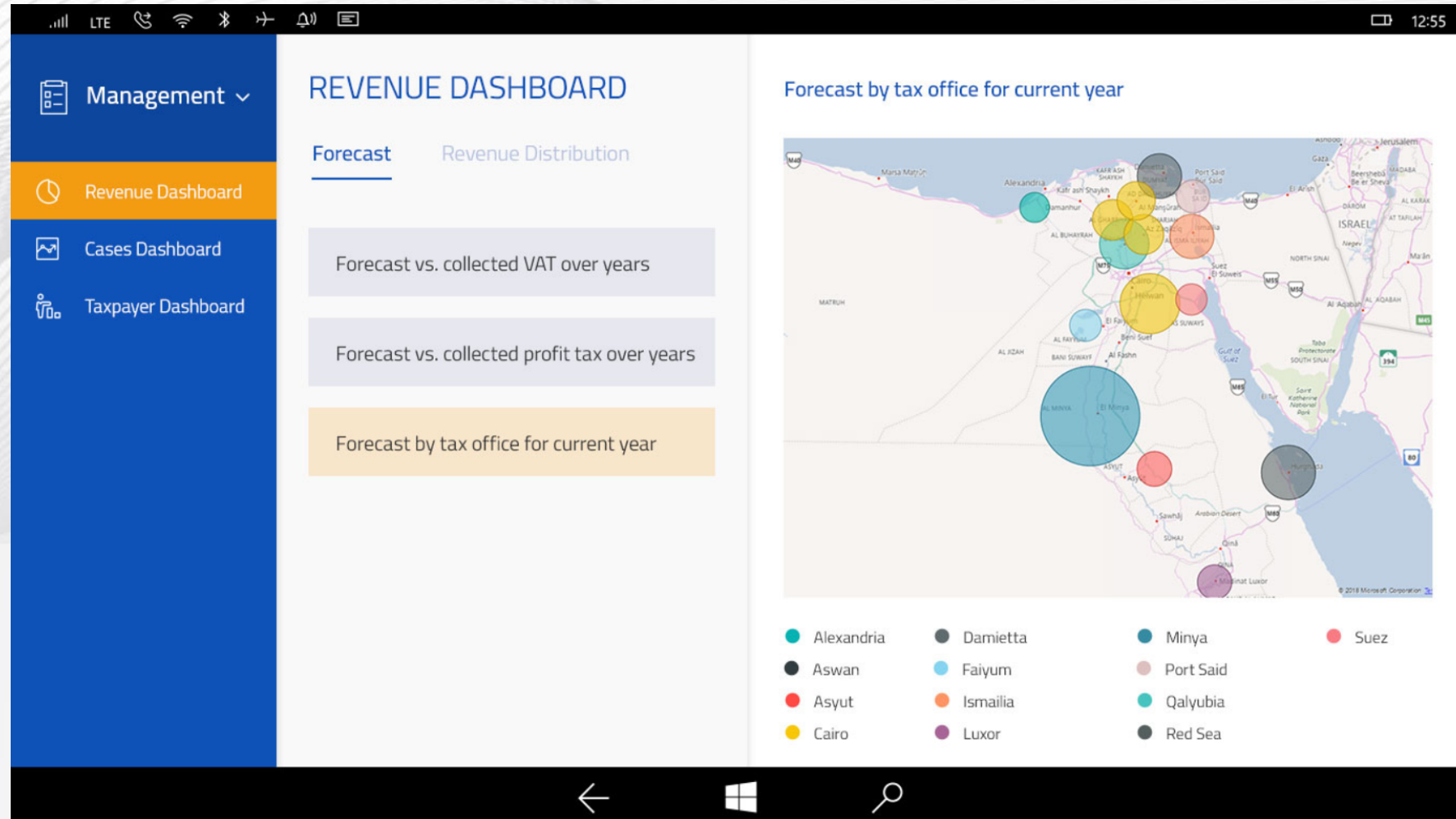
Reporting – Revenue / Accounting
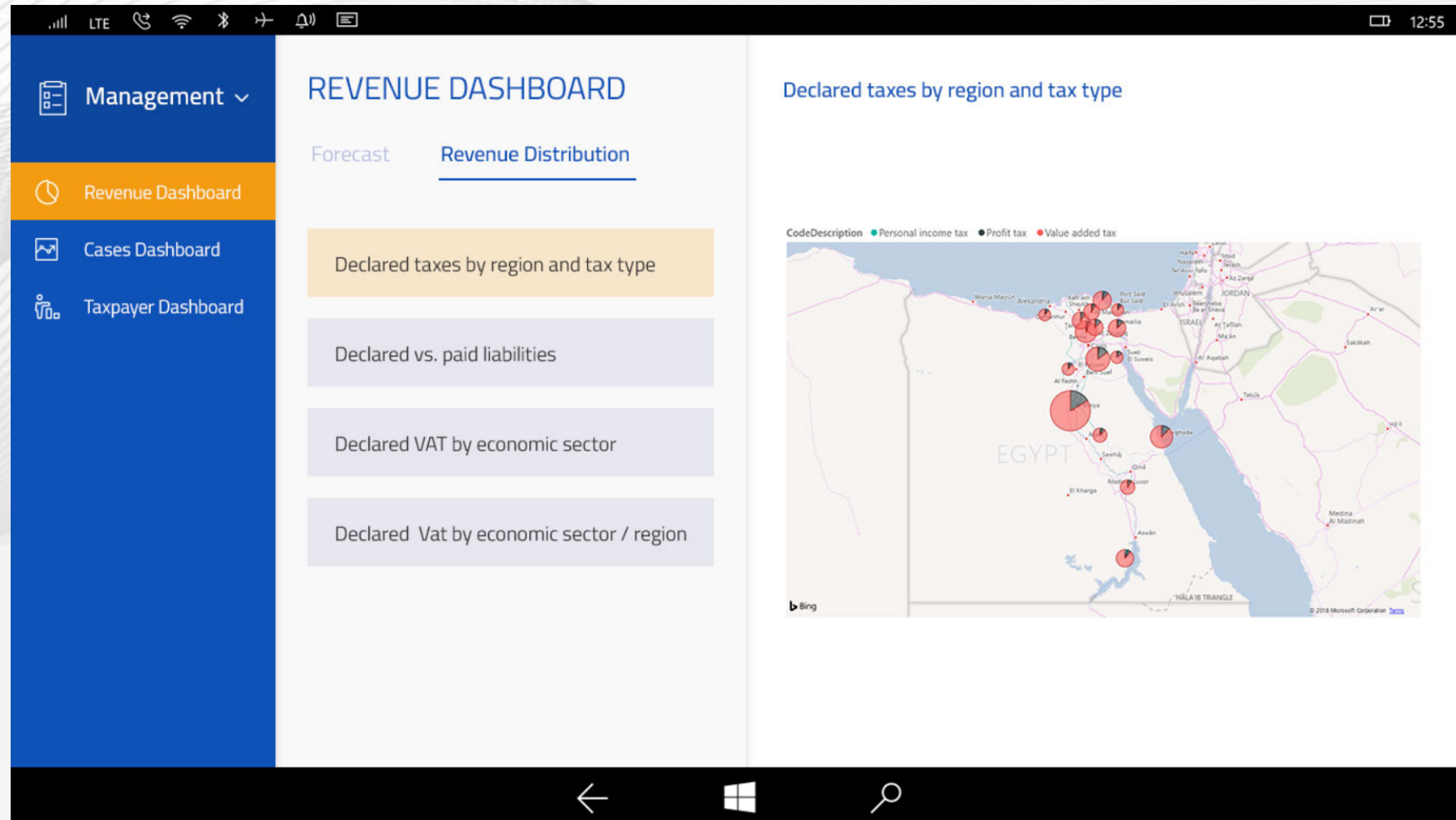
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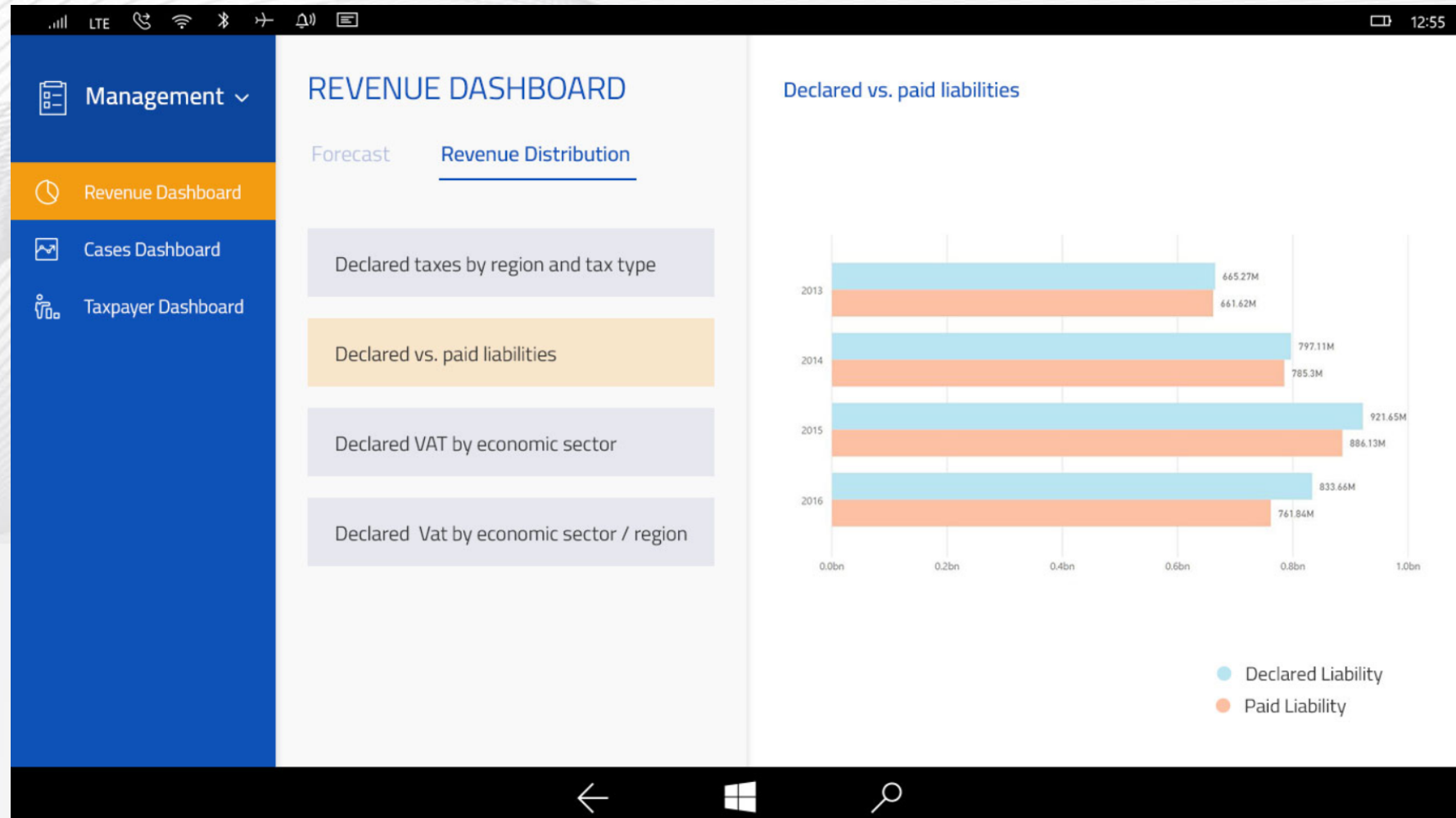
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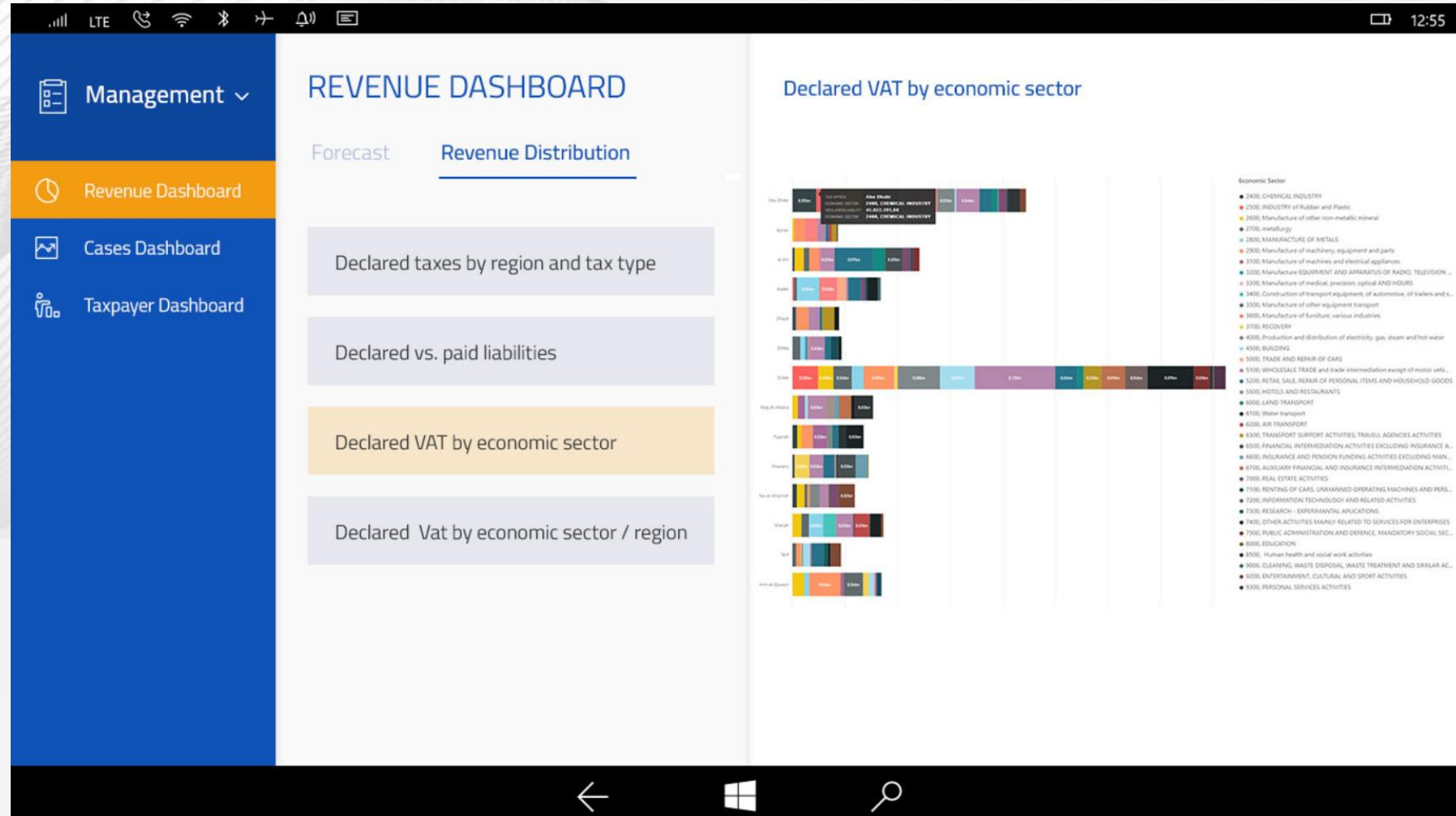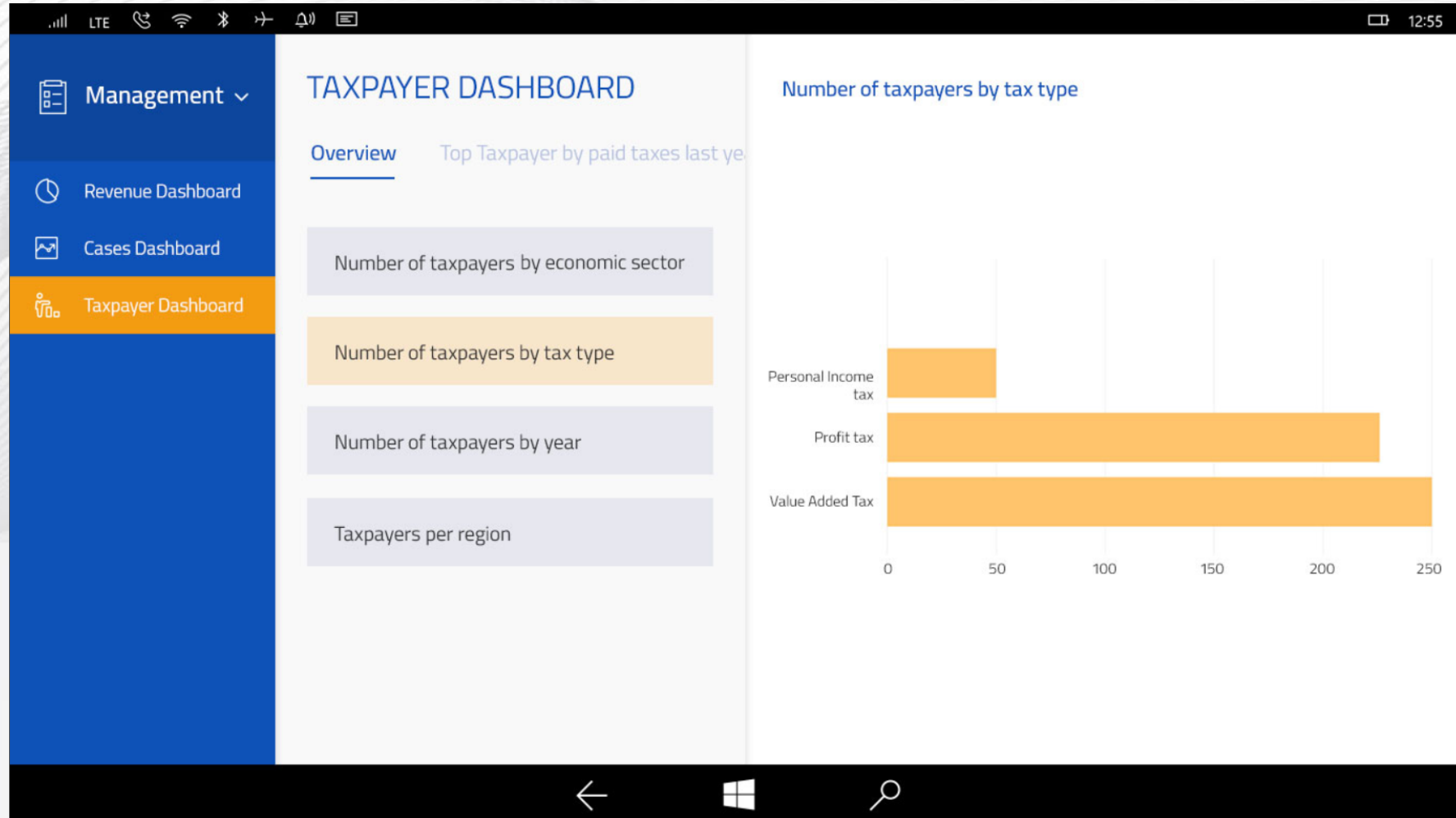
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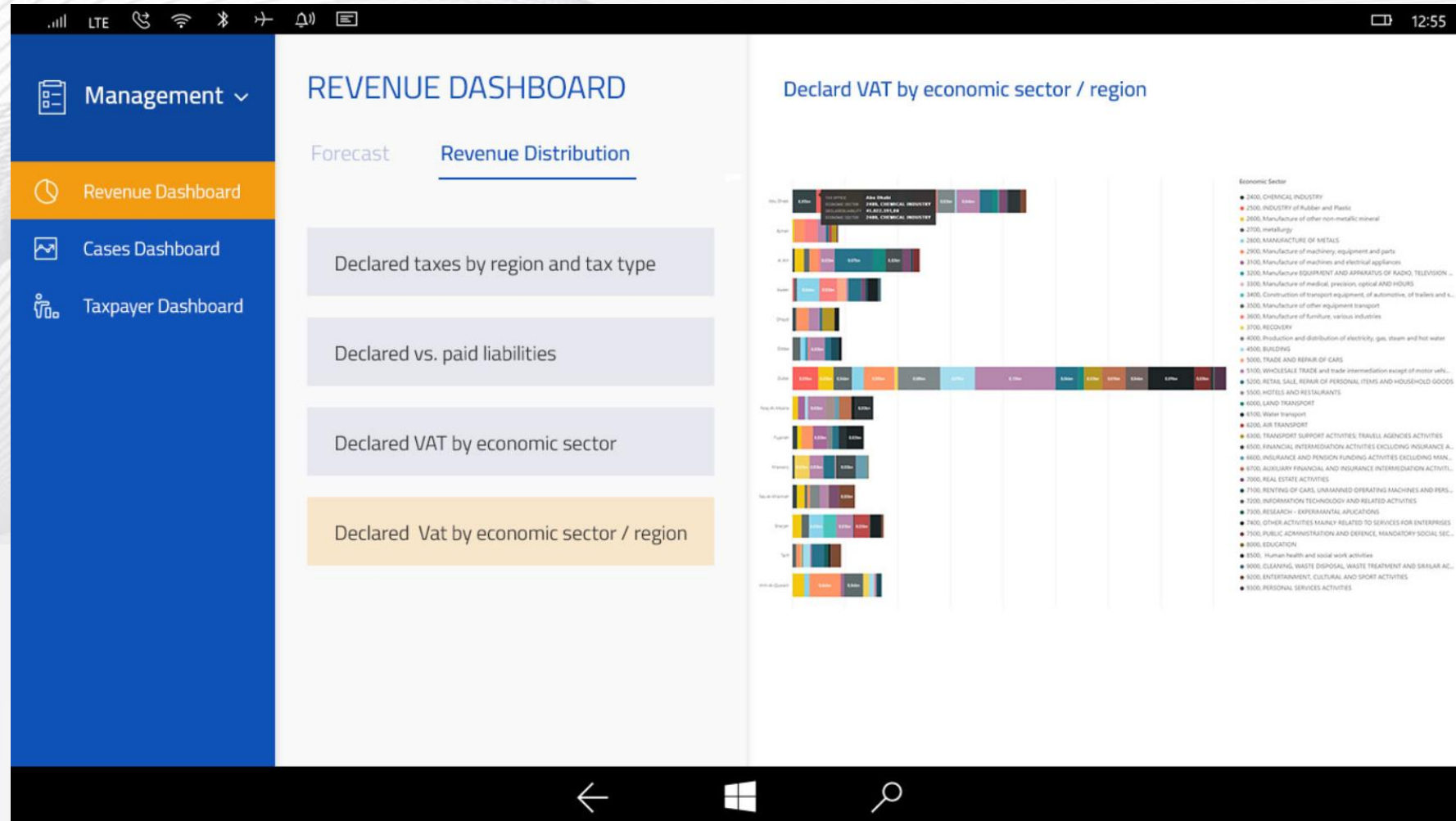
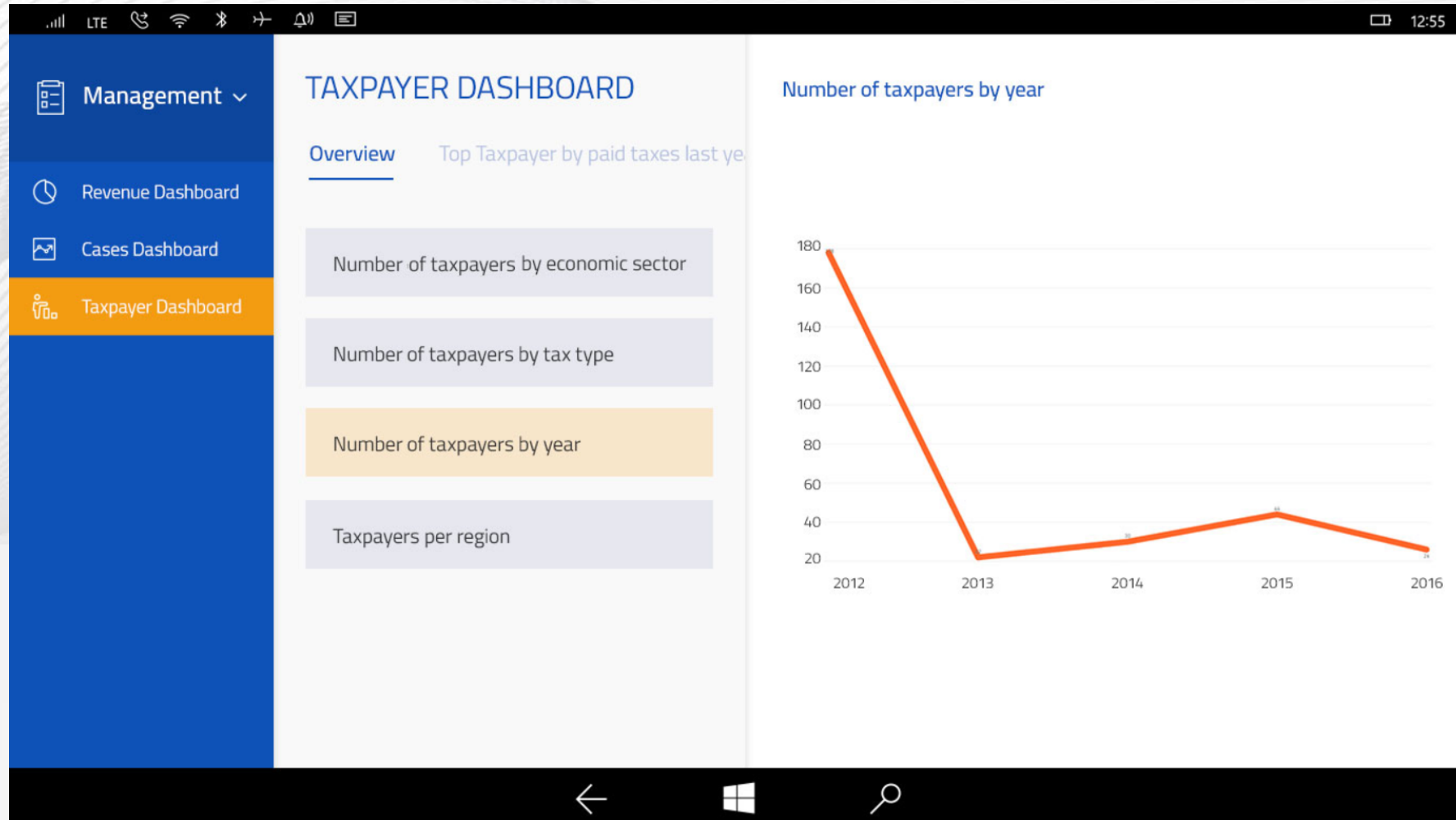# Reporting – Cases

Reporting – Cases
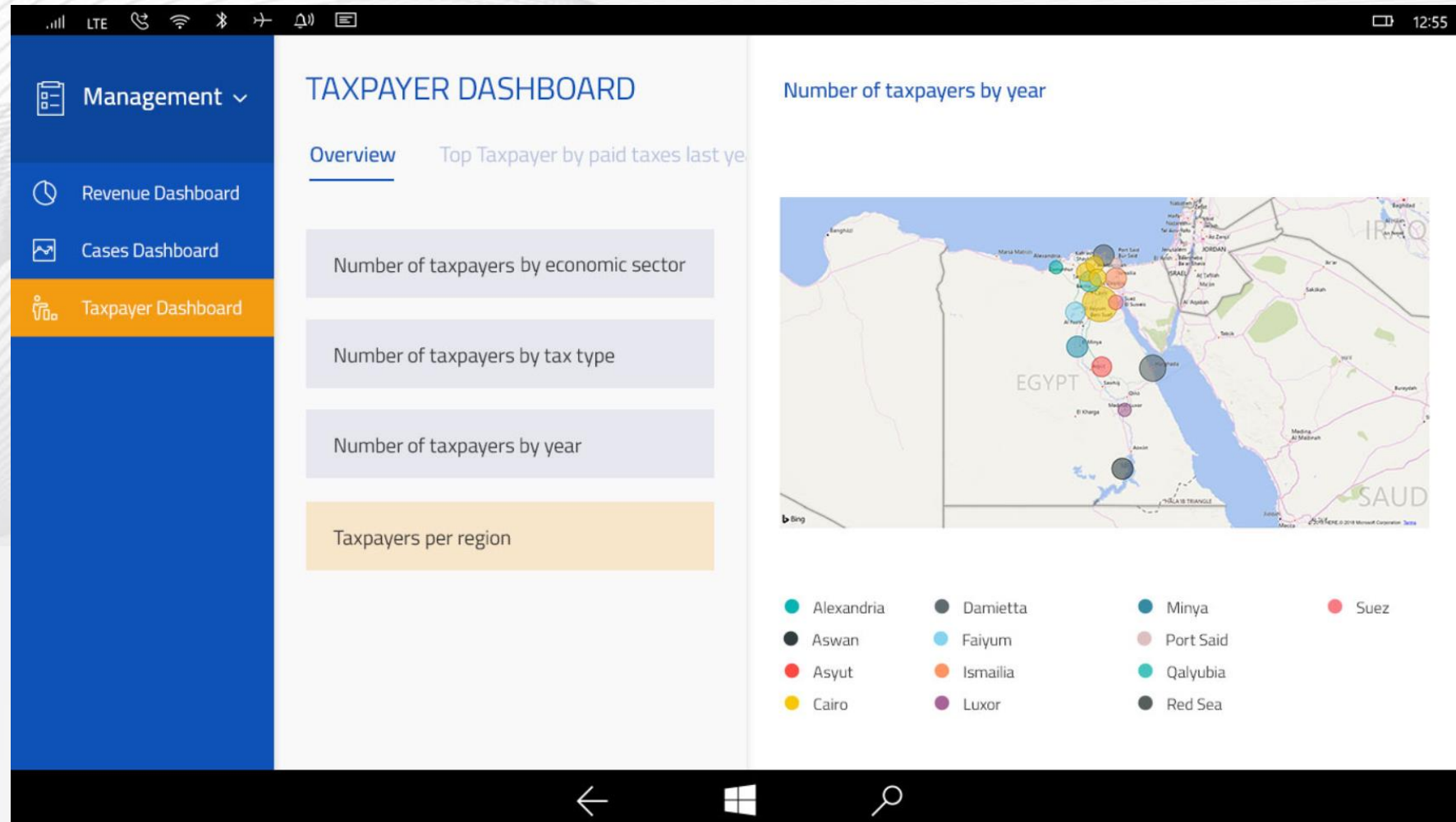
Reporting – Cases

Reporting – Taxpayer

Reporting – Taxpayer

Reporting – Taxpayer

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