

Experience of the Tax Administration of Uruguay in the provision of digital tax services in the framework of Business Continuity in response to COVID-19

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Slide 1. Introduction

Short introduction about the speaker, DGI and the presentation objective

Slide 2. Agenda

Comments on the points that will be discussed during the presentation

Slide 3. Pre Covid19 Context

On March 1 there was a change of government in Uruguay, which brought about a change of authorities in all ministries including the Ministry of Economy and Finance. One of the main objectives of the new government is to reduce public spending and optimize the use of available resources.

In this context, there was also a change in the main authorities of the tax administration.

In all cases, management positions were filled with career staff from the Agency and in the vast majority, the person in charge of Divisions was kept.

This measure gives a context of stability to the organization that in turn had important strengths to face the approaching crisis.

These include:

- Most compliance procedures can be completed or started online
- Solid IT infrastructure
- Business Continuity Solution approved in 2018
- E-Invoice solution that comprises more than 82% of commercial activity
- Main production processes are robotized
- Experimental Chatbot and AI processes for some services

Slide 4. Covid-19 appearance in Uruguay

March 13th confirmation of first 4 cases: National Government declares a state of sanitary emergency, border closure, mandatory quarantine for those coming from affected destinations, suspension of school classes and public shows, among other provisions.

Slide 5. DGI's Business Continuity Solution

DGI began working in 2017 on the implementation of a business continuity solution whose primary objective was to guarantee the continuity of voluntary collection and other critical processes directly associated with it.

First approach to this solution was the traditional mechanism of evaluating different contingencies or risks and taking mitigation measures. But after a primary evaluation, it was changed to a more modern approach that consist in developing Contingency Plans defining recovery strategies for critical processes, considering the lack of each of the resources identified as necessary for its execution.

In this way, the response is not associated with a particular contingency, but on the organization's situation after registering a contingency, in terms of which resources are available and which are not. The objective of this approach is to ensure that defined response measures are independent of the recorded contingency.

The new scope of the project involved:

- Obtain general knowledge of the processes involved to designate the personnel who will participate in the project
- Define the Business Continuity Policy
- Define the Government Structure
- Prepare the BIAs of the processes involved
- Prepare Recovery Plans for these processes
- Designate and train the members of the defined Response Teams

Slide 6. Business Continuity, 4 axis strategy

Business Continuity planning includes the definition of strategies to manage an eventual crisis caused by a contingency. These strategies consider how organizations want to reduce and / or contain the damage, responding immediately to protect the integrity of people and assets, including their image and information.

Although DGI had a business continuity solution, it was necessary to make adjustments to respond to the current situation.

In this context, a decision was made to act on four axis strategy that would DGI to maintain the fundamental operations for as long as necessary.

This strategy was based on:

- Business Continuity Plan adaption
- Communication & Assistance

- Compliance Flexibility
- Revenue Monitoring

The maturity achieved by the organization by having implemented its business continuity plan allowed basic adjustments to be made in less than 10 days.

Slide 7. Adapted BCP

Why the need for adjustments to the BCP? Mainly because several of the main assumptions failed, including:

- The contingency will not affect all providers and less all customers simultaneously.
- Domino effect. Contingencies will not be “linked”, not at least in important form.
- Contingency staff will be available
- Basic services will not be affected (energy, telecommunications, gas, water, transportation)
- Contingency operation will not last long.

Even though DGI never closed its offices the main pillar for maintaining its operation was based on safeguarding the health of staff and general public by improving its online and non-face-to-face services.

In order to comply with these premises, it was necessary to take the following measures:

- Allow all persons belonging to risk groups not to come to the office and the rest of the staff to work in shifts. Outsourced personnel must work from their office or home.
- Implement remote working for BCP core functions including call-routing in call center and server and systems maintenance
- Security adaptations to handle a distributed workforce including BYOD and information protection
- Staff redeployment and training for carrying out a new tasks
- Laptops redeployment to staff working in BCP functions and use of VPNs in home PCs
- Deploy of a videoconferencing solution to support meetings and training (Cisco Webex)

Slide 8. Communication & Assistance

From the beginning of the pandemic, DGI took special care in communication with taxpayers and staff in order to achieve administration and government objectives. Communication considerations include the following topics:

- Easy navigation to up-to-date information on website
- Clear instructions on how to contact the administration
- Available support options and how to access them with expected support timing
- Alerts of changes in services, service levels or processes
- Tutorials on video to help in filling forms

As part of its service strategy, DGI deepened and expand the number of non-face-to-face procedures with a special focus on the simplicity and cost of implementation and ease of use by taxpayers. Generating for those who were not yet fully digitized and available on the web, mailboxes and back office systems to receive and process requests. Within this service framework, 18 different processes were implemented including taxpayer registration, foreign trade, payment facilities, initiation of administrative files and control procedures, among others.

Other measures were

- Keep all offices open with reduced face-to-face attention hours
- Extension attention hours in the Call Center

For the personal income tax campaign that started in mid-June, it was necessary to take special communication measures emphasizing the convenience of using the web channel. Face-to-face attention was maintained with scheduling thru the call center. TV spots and video tutorials were developed to highlight the importance of maintaining social distance and the need to stay home.

New authentication mechanisms were developed to allow the implementation of non-face-to-face solutions.

Slide 9. Compliance Flexibility

Since the start of the pandemic, DGI focused its actions on the protection and assistance towards the smallest taxpayers with less economic capacity and those who wanted to fulfill their obligations but had problems in doing so.

During the months of March, April and May deadlines for payment of taxes and submission of the affidavits were extended. A system of deferrals and installments for payments was implemented depending on taxpayers financial capacity.

March and April payments of small taxpayers under minimum VAT, regime were postponed to May and may be done in six equal, consecutive, interest-free installments.

Priority was given to the control processes associated with tax refunds in order to speed them up.

New financing options were given to taxpayers that want to pay their debts.

Regarding control programs, the start of any new audit was suspended.

Compliance controls of large taxpayers were maintained. As a general rule, the application of sanctions was suspended, except for fraud cases.

Other control actions were focused on improving the quality of information and updating and correcting the taxpayer registry.

A new control plan for 2020 is currently being prepared, taking into account the impact of the health emergency. For the selection of cases, special care will be taken in the risk for collection but taking into account the particular conditions of the taxpayers before initiating actions.

Slide 10. Revenue Monitoring

Different instruments were developed to monitor compliance and payment risks. In particular, an e-Invoice monitor built on electronic invoice data, which allows DGI to follow the behavior of global economic activity. The information is presented day by day, by sector and can be drilled down to the taxpayer level if necessary, making comparative analyzes with previous moving months or years.

This monitor was originally developed to be used exclusively in DGI but was adopted by the Ministry of Economy and Finance and the Office of Planning and Budget of the Presidency. At the request of these Organizations, additional information was incorporated.

An indicator was created to follow the behavior of unemployment insurance, especially considering insurance specifically created to withstand the loss of work caused by the pandemic.

The frequency and number of tools used to monitor the economic activity and payments of the most relevant taxpayers were also increased to ensure the largest collection.

The collection projections were adjusted, preparing a new preventive that incorporates biweekly data from the e-Invoice monitor and the unemployment monitor.

Slide 11. Summary

This slide presents some considerations and results on the 4-axis strategies adopted by DGI

1. BCP

Working in business continuity is mandatory, not optional. Although the defined strategies can hardly be adapted to all situations, they will always improve the possibility of recovery for the organization.

Become resilient organizations. It is important to keep in mind that the recovery of the critical operations of the organization not always guarantees future sustainability of business. The organization should be resilient as an additional step in planning business continuity in order to ensure prosperity.

Return to normality: It is necessary to standardize and systematize the new solutions adopted during the emergency period so that they could be introduced into the normal processes of the organization.

2. Communication & Assistance

The table included in this slide shows some of the results achieved during the first 4 months of contingency operation. These results show the acceptance by the taxpayers as the adaptability of the tax administration

3. Compliance

Focus on flexibility and protection on small & medium business
Fewer benefits for large corporations or public enterprises

4. Revenue Monitoring

This table shows the inter-annual evolution for the years 2019 and 2020 of the net collection of the DGI. The great impact in April is due in part to the benefit of postponement of payments granted

Slide 12. Public opinion survey on DGI's Service

DGI has been making public opinion measurements since 2010 through specialized consulting companies. This slide shows the bi-monthly results from 2016 where the positive effect of the measures taken during the crisis caused by the COVID-19 virus is highlighted.

