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BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

# HOW TAX DIGITALIZATION BENEFITS TAXPAYERS

- **Typical benefits to tax administration and taxpayers**
  - Reduced compliance costs for taxpayers, with clarity and simplicity when done right
  - Enhanced compliance risk management by tax administration helps compliant taxpayers score better and reduces risk of disputes and challenges
  - Improved collection and refunds systems – especially for VAT – helps cashflow management
  - For multinational enterprises, improved controls on tax payments and compliance
  - Assurance that all taxpayers are operating on a level playing field and treated equally
- **Country examples**
  - Kenya's introduction of mobile payments and use of tax certificates delivered digitally has reduced interaction of taxpayers and tax administrations
  - The UAE's high investment in tax administration digitalization paid very high dividends during the ongoing pandemic – taxpayers were able to comply and undertake transactions with the FTA remotely and without any physical interactions



# HOW TAX DIGITALIZATION BENEFITS TAXPAYERS

- **Broader business benefits from tax administration digitization**
  - Implementation of systems like VAT e-invoicing, Customs national single window drives improved supply chain management through efficient tax and trade compliance applications that share data
  - More efficient payroll administration with electronic filing of PIT withheld, social security, etc.
  - Supports better data and cashflow management through electronic administration, and improved MIS
  - Improved financial reporting with less uncertainty from tax provisions
- **Proposals for BRITACOM cooperation from a private sector perspective**
  - More peer experience sharing on tenets of good tax administration should take place across BRI nations
  - BRITACOM could document good practices and success stories – e.g. e-invoicing implementation, simplified electronic tax payments, digital tax stamps – for other BRI nations to consider
- **Specific tax digitization initiatives to consider**
  - Improving tax administration approaches for digitally delivered services amongst BRI nations
  - Coordination of classification of services amongst BRI nations and their dissemination through a common portal
  - Initiatives to simplify withholding rules consistent with DTA obligations and other agreements that can be implemented across BRI nations.



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