



BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

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BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

Streamlining Tax Compliance

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Jurisdiction/Organization: Cambodia – General Department of Taxation



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Part 01

The Progress of the Task Force



BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

Streamlining Tax Compliance



01

Members: Cambodia, Algeria, Democratic Republic of the Congo, Djibouti, Gambia, Georgia, P.R.China, Samoa, Serbia, Slovakia, Somalia.

02

Observers: Armenia, Iran (Islamic Republic of), Qatar.

03

Advisors: Philip Mills, Pascal.Saint-amans.



Part 02

Discussion on the Final Report



Report Structure



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BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

Key Factors

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Simplifying Tax Processes

3

E-Tax and Online Services

2

Improving the Quality of
Services

4

Guidance and Publicity



1. Simplifying Tax Processes



- Simplifying tax processing is the most traditional and common approach in streamlining tax compliance, which has been implemented in most countries.
- Tax administrations have been improving tax compliance by optimizing the design of tax processes, simplifying submission information and reducing processing time.
- A well-designed tax filing system and processes would ensure that tax return forms are simple, logical, and easy to comply with. On the other hand, reducing submission information would improve tax compliance.



1. Simplifying Tax Processes (Cont)



According to the survey:

- Over 72% of the jurisdictions indicate that tax returns filling in their countries takes less than an hour.
- About 40% of the jurisdictions considered that simplified tax return form with clear filing instructions is the most effective measure.



1. Simplifying Tax Processes (Cont.)



Experiences from Cambodia

- The General Department of Taxation of Cambodia (GDT) has amended the system of self-assessment, simplified and estimated regimes into the only self-assessment regime for the purposes of monitoring and collecting tax effectively and efficiently.
- The GDT delivers a number of streamlining tax compliance service to the taxpayers such as simplify the tax return, E-filing and tax compliance classification.



1. Simplifying Tax Processes (Cont.)



Experiences from China

- In the past three years, STA has substantially restructured, optimized, and simplified the requirements for tax collection and administration, documents and submission information to reduce the burden on taxpayers and improve tax compliance.
- Large amount of tax information is no longer required to be submitted and can be retained for future reference instead, which greatly reduced the amount of paper submission from the source. Reporting information are collected by means of digitalization, electronic license, e-documents with e-signatures, etc.



1. Simplifying Tax Processes (Cont.)



Experiences from Argentina and India

- **Argentina:** introduced new procedures to accelerate the establishment of limited liability companies, book legalization, tax and social security registration.
- **India:** integrated multiple application forms into one general company registration form, reducing filing information and paper forms to facilitate enterprises' establishment.



2. Improving the Quality of Services



- Tax administrations should employ a push tax difficulties and risks that taxpayers are concerned to them through “enterprise-administration interaction” method. This would improve tax services as well as the quality and efficiency of tax collection and administration to relieve the burden on both parties. For example, implementation of the “one window handling” or “one-stop service”.
- Go hand in hand is the requirement for enhancing comprehensive capabilities of tax officers to deliver the services. This would ensure that all basic services can be provided at one window and taxpayers' tax compliance are improved effectively.



2. Improving the Quality of Services



According to the survey:

- 91% of the participating jurisdictions allow for professional consulting services for taxpayers assist in filing tax returns.
- Over 63% of the participants considered that the professional tax service agency plays a vital role in their jurisdictions.



2. Improving the Quality of Services (Cont.)



Experiences from Cambodia

- GDT applies safe and timely online of service-oriented to the taxpayer such as GDT call center, GDT Facebook Page, GDT Live Chat, E-mail. Even during the Covid-19 pandemic, GDT commits to provide taxpayer online interaction via weekly Facebook Live events which cover important topics, online workshop, E-learning, etc.
- GDT officials are trained and update their skill regularly through internal training at its National Tax School.



2. Improving the Quality of Services (Cont.)



Experiences from China

- Local tax administrations in China have continuously worked on improving the integrated tax service mechanism, providing centralized services to handle tax matters for taxpayers, and realizing a unified standardized tax services.
- Tax matters can be handled at any branch of tax office within the same city. Tax agencies, methods of tax handling, tax resources and tax platforms are integrated to reflect the simplified mode of “via one network, go to one tax office, through one window, and with one call”.



2. Improving the Quality of Services (Cont.)

Experiences from Sweden and Rwanda

- **Sweden:** A more service-oriented approach, rather than an enforcement approach, has helped the Swedish tax administration to increase citizens' trust in government, tax morale and thus compliance.
- **Rwanda:** Staff from the tax administration cooperates with the staff of the Tanzanian tax administration at the one-stop service border station. One-stop services are provided to reduce the timing required for completing border compliance and implement a single customs zone.



3. E-Tax and Online Services



- Methods of introducing e-tax are most popular and align with to the development of the current digital time. The advantages of this method are high efficiency, accuracy and significant effects, while the disadvantages are the high requirements on technology and professional talents.
- With the spread of modern technology, information technology has constantly developed in many countries, whether the countries are in developed or developing stages, all are actively exploring and introducing information technology and electronic function in tax services.



3. E-Tax and Online Services (Cont.)



According to the survey:

- Online tax filing system has been widely used with some jurisdictions has conducted digital platforms and intelligent taxing system.
- Online or telephone tax consulting service is used over 63.6% of the jurisdictions. And about 30% of the jurisdictions see the digitalization of tax administration and services as the main facts that affect tax compliance



3. E-Tax and Online Services (Cont.)



Experience from Cambodia

- GDT issued E-Service, E-VAT Refund, E-Payment and E-Filing respectively in 2018, 2019, 2020 to handle taxpayers' burden efficiently. The purpose of these e-tax are:
 - To facilitate the processing of taxpayer to paying tax
 - To save time and cost to taxpayer
 - To promote business activities and business environment etc.



3. E-Tax and Online Services (Cont.)



Experience from China

- In 2018, unified e-tax bureaus were established nationwide to support tax matters handling, inquiry, and consultations of various taxpayers and the public. The e-tax bureau can also provide timely reminders and process tracking. In 2019, the number of users of e-tax bureaus increased from 46.16 million in January to 56.62 million at the end of November across the country.
- STA made full use of tax big data and are exploring the dynamic supervision of “Credit+Risk” for tax administration and services and promote taxpayers' tax compliance.



3. E-Tax and Online Services (Cont.)

Experience from Iran and Hong Kong, China

- **Iran:** the tax automation and revenue administration and intelligent taxing system has the necessary infrastructure to facilitate the submission of tax returns, electronic payment of taxes, registration of objections electronically, electronic serving of process and so on.
- **Hong Kong, China:** provides accessible and easy-to-understand tax information in the Internet. Develop electronic means for filing tax returns as well as paying tax to improve the effectiveness of tax compliance management.



4. Guidance and Publicity



- In respect of guidance and publicity, many countries are exploring their own measures including various tax incentives, publicity and training based on their own national conditions, social and economic environment, the characteristics of the tax system, taxpayers' needs, etc.
- These measures help to improve taxpayer's knowledge of tax policies continuously, enhance taxpayer's trust in tax administrations, and thus further improve tax compliance.



4. Guidance and Publicity (Cont.)



According to the survey:

- Over 72% of the jurisdictions provide regular tax policy training or guidance for their taxpayers.
- 20% of the jurisdictions think that the educational level of taxpayers may affect tax compliance and some of them has been educating and promoting tax compliance starting from school.



4. Guidance and Publicity (Cont.)



Experience from Cambodia

- Laws and regulations on taxes are clear and drafted through consideration of social and economic conditions as well as go through public consultation;
- Develop clear and transparent standard of practice for the GDT in all levels of the GDT to ensure confident and trust from taxpayers;
- Establish information system for taxpayer to check and follow up on their tax issues submitted to the GDT;
- Establish working group to directly consult with taxpayers and business associations on their tax issues.



5. Guidance and Publicity (Cont.)

Experience from Tajikistan and Serbia

Tajikistan: Tax officials organize many seminars in cities and regions of the Republic of Tajikistan - meetings and conferences for taxpayers and tax authorities on the correct application of tax legislation.

Moreover, they provide the necessary information taxpayers through television and radio programs, as well as publications in newspapers and magazines of the country.

Serbia: realizes visits to newly registered taxpayers, holds information gatherings, conducts campaigns, and publishes tax informants.



Conclusion and Recommendation



- **Simplifying Tax Process:** Tax Administration should design and make the tax the return form simple for taxpayer to understand and easily comply with. The tax return form should be able to complete within an hour time.
- **Improving Quality of Services:** Tax Administration should incorporate professional tax service providers i.e. tax agent in the service line for provide services to taxpayer. The professional tax service providers can play a vital role in assisting taxpayer in preparing tax return.



Conclusion and Recommendation (Cont.)



- E tax and Online Services: Tax Administration should incorporate information communication technology as part of its operation. Nowadays, online tax filing system has been widely used, some Tax Administrations have conducted digital platforms and intelligent taxing system. In addition, online services are also employed.
- Guidance and Publicity: Tax Administration should provide regular tax policy training or guidance for their taxpayers. In addition, education should on taxes should have been provided to promote tax compliance starting from school. The level of knowledge on tax obligation of the taxpayer may affect tax compliance.



Part 03

NEXT STEP



Next Steps of the Working Group



- Establish an effective and efficient cooperation mechanism among the BRI jurisdictions
- Share experience in the field of streamlining tax compliance, learn from the advanced practices, further exchange views, reach consensus, deepen cooperation
- Promote the normalization of experience exchange among BRITACOM jurisdictions and continue to carry out training on streamlining tax compliance



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THANKS