



IBFD

Legal and process management challenges

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Different internal stakeholders speak different languages

An example:

	Rules	Data	Processes
Tax lawyers	√	√	
IT engineers		√	√

The lawyer

- ❑ **Will draft tax laws with an eye on**
 - Legality
 - Fairness
 - Equality
 - Completeness
 - Safeguards against avoidance and evasion
 - Simplicity
 - Exceptions

Example: OECD working process on GMT (Pillar 2)

$$(H + Ce + Sr) \times St + (Si + E) \times Co = \text{Complexity}$$

H = Harmonisation

Ce = Certainty

Sr = Simplification requirements

St = Standardisation

Si = Sovereignty issues

E = Exceptions

Co = Compromising

Example: UK Corporate Income Tax Act 2010

Terminology	# ICTA	## Expl ICTA
Taxpayer(s)		107
Company	9.447	1.957
(Non-) resident		229
Ownership		207
Subsidiary		106
Body		42
UK representative		4
Corporate		18
Entity		2

List of bodies

- Health Service Body
- Corporate Body
- Other types of body
- Scottish recognised body
- Cross-border body
- Eligible body
- Club's governing body
- Categories of body

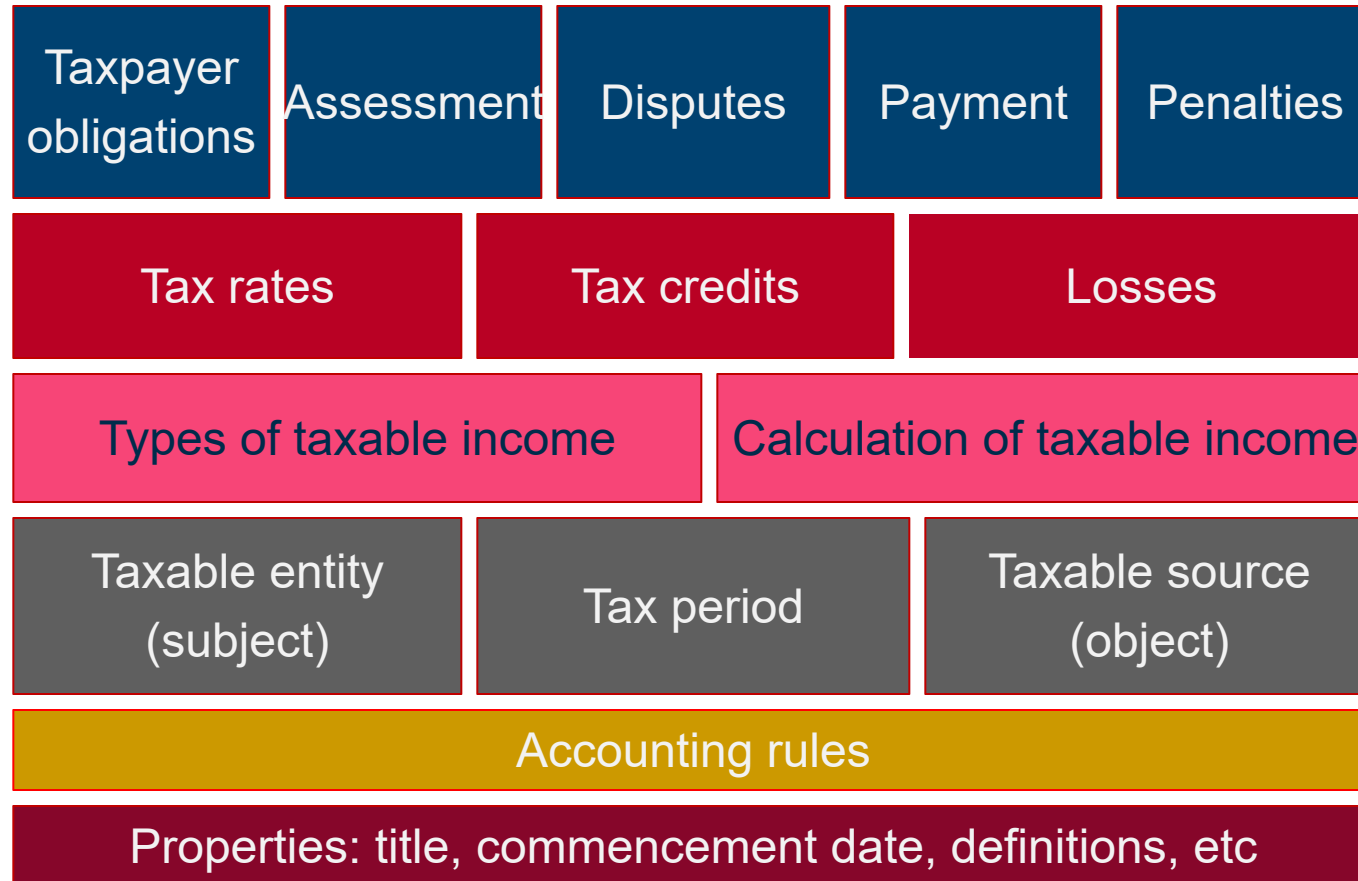
Terms, definitions, examples we find in:

- ∪ **Draft law, parliamentary discussions, explanatory memorandum**
- ∪ **Primary legislation and explanatory notes (reconciliation act)**
- ∪ **Secondary legislation (soft law)**
- ∪ **Case law**
- ∪ **Government communication channels**

Purpose:

- a. Clear and unified definitions
- b. Avoiding overlap, avoiding inconsistencies
- c. Creating hierarchy
- d. Not only from law → system, but also system → law

A model : The Legal decomposition



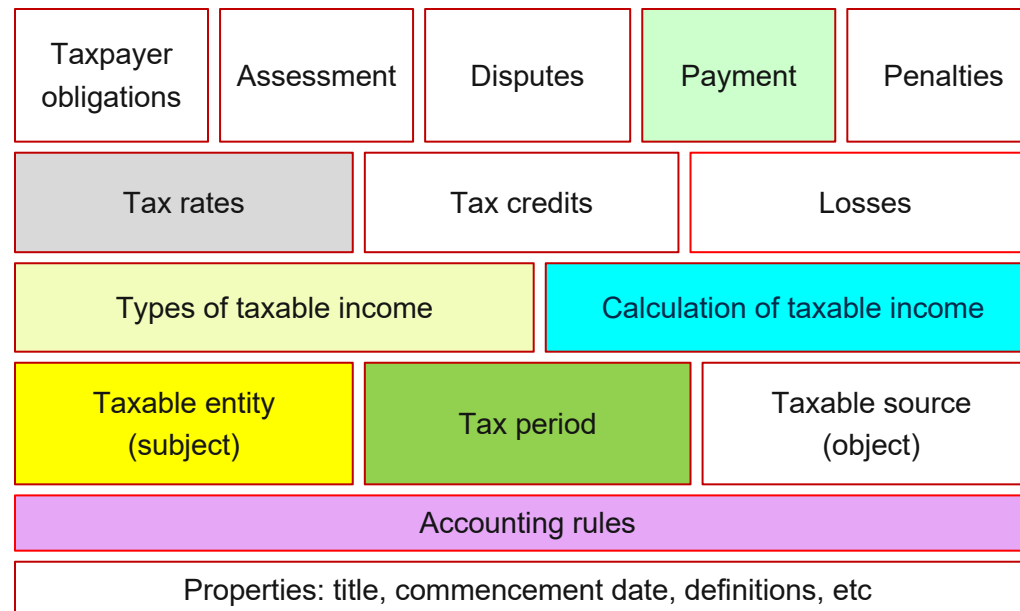


Section 4.1.

In the calculation under paragraph 8(1) of Schedule 18 to FA 1998 of the amount of corporation tax payable for an accounting period of a company, the first step is to apply the rate or rates of corporation tax applicable to the profits of the company of the period on which tax is chargeable.

Section 4.1.

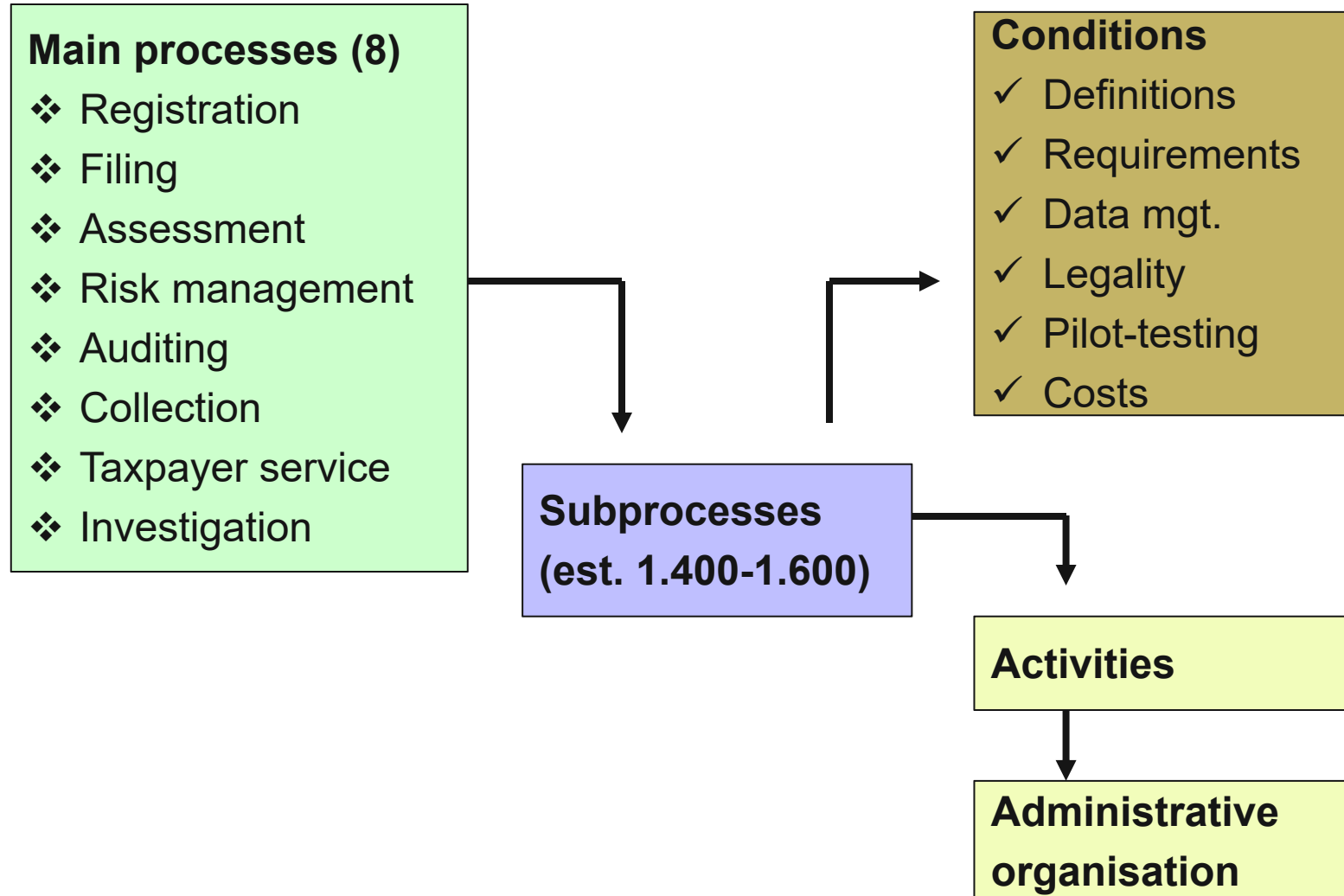
In the **calculation** under paragraph 8(1) of Schedule 18 to FA 1998 of the amount of corporation tax **payable** for an **accounting period** of a **company**, the first step is to apply the **rate or rates** of corporation tax applicable to the **profits** of the company of the **period** on which tax is **chargeable**.



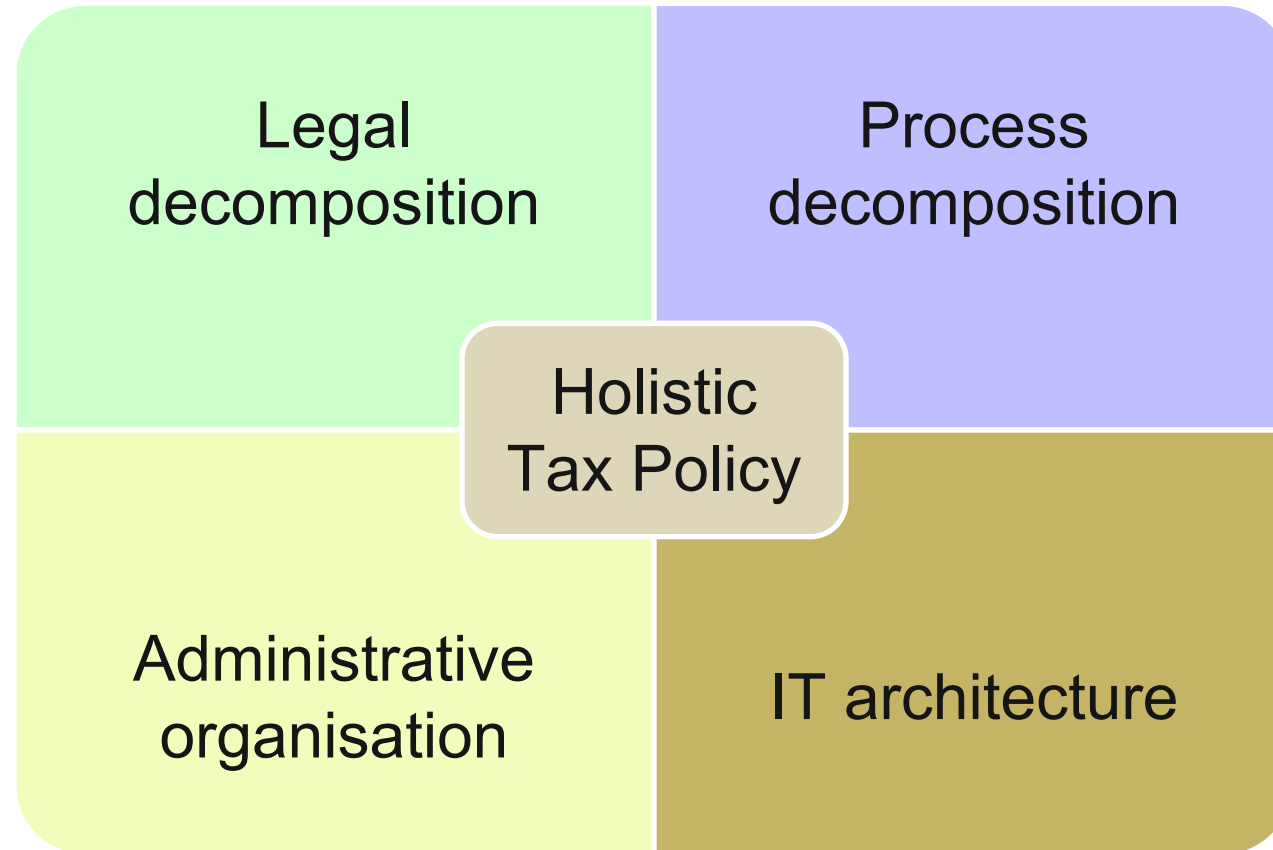
Struggle with definitions (same UK CIT)-explanatory notes

- 132. In section 13 of ICTA the word “profits” is used in a special sense to mean the total of what are usually referred to as profits and some franked investment income. This may lead to confusion. So this section uses “taxable total profits” (see section 4(2)) to mean the amount on which corporation tax is charged and introduces a new term “augmented profits” which is used only in this Part. 133. Subsection (1) is the basic definition of “augmented profits”.

Translation to a process decomposition

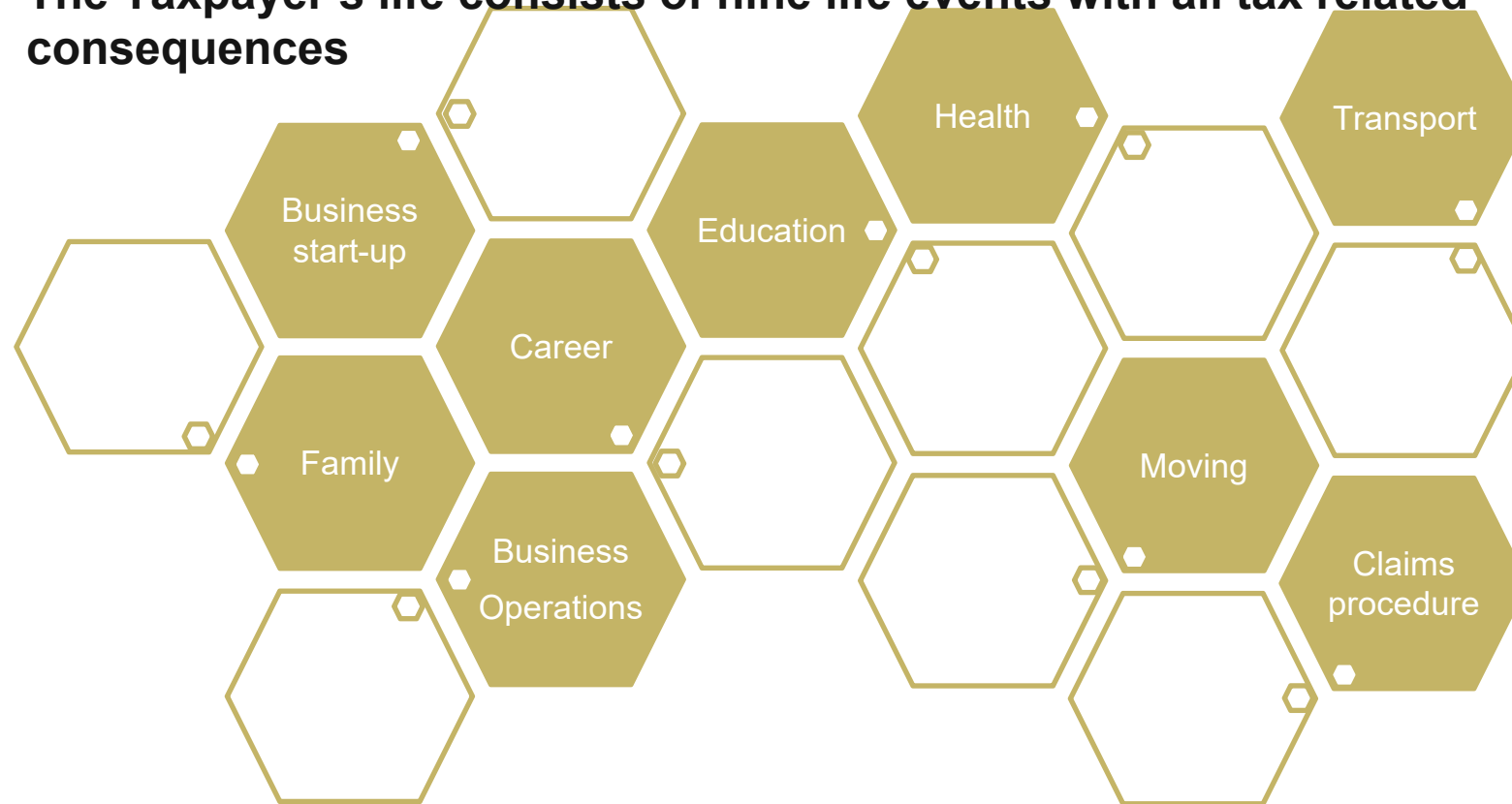


An integrated model between law and processes



Next phase: event driven tax administration

The Taxpayer's life consists of nine life events with all tax related consequences



Different stages among BRI members

Per category, segment and sub-segment, the model allows for assessment and benchmarking of 5 maturity levels for each of the areas crucial to the performance of Tax Administrations

