Digitalization of Tax Crime and Its Countermeasure
～How NTA-CI Combats Tax crime in this digitalized world～
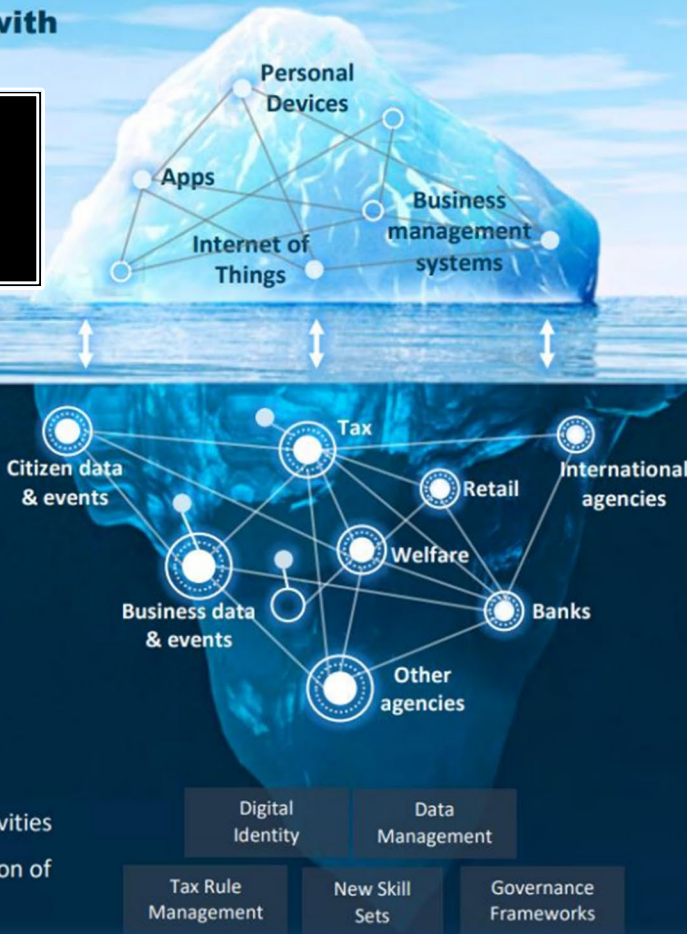
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In the World of TA 3.0

What the citizen sees and interacts with

Personal Devices
Apps
Internet of Things
Business management systems

Taxpayer Touchpoints
How the community engages with tax administration and government
Business management systems are the primary touchpoints for businesses

What happens below the line to achieve an integrated, frictionless experience

Tax
Citizen data & events
Retail
International agencies
Welfare
Business data & events
Banks
Other agencies

Natural systems
Operate in sync within whole of system governance frameworks

- Taxpayer obligations and requirements for eligibility of benefits are fulfilled as part of the normal course of activities
- Interoperable ecosystems enable validation & automation of data and data flows

Digital Identity
Data Management
Tax Rule Management
New Skill Sets
Governance Frameworks

Building Blocks
Required to enable Tax Administration 3.0

The another side of TA 3.0

- The Digital platforms and ecosystems in the world of TA 3.0 will lower transaction costs, fostering direct relationships, and help create multi-sided marketplaces.

- However, this can create challenges for tax administration due to the complexity of data availability, third-party relationships, and lead to the potential for tax evasion.

- These platforms has a positive potential of becoming "agents of tax administration" but also has the risk of facilitating tax avoidance and tax crimes.
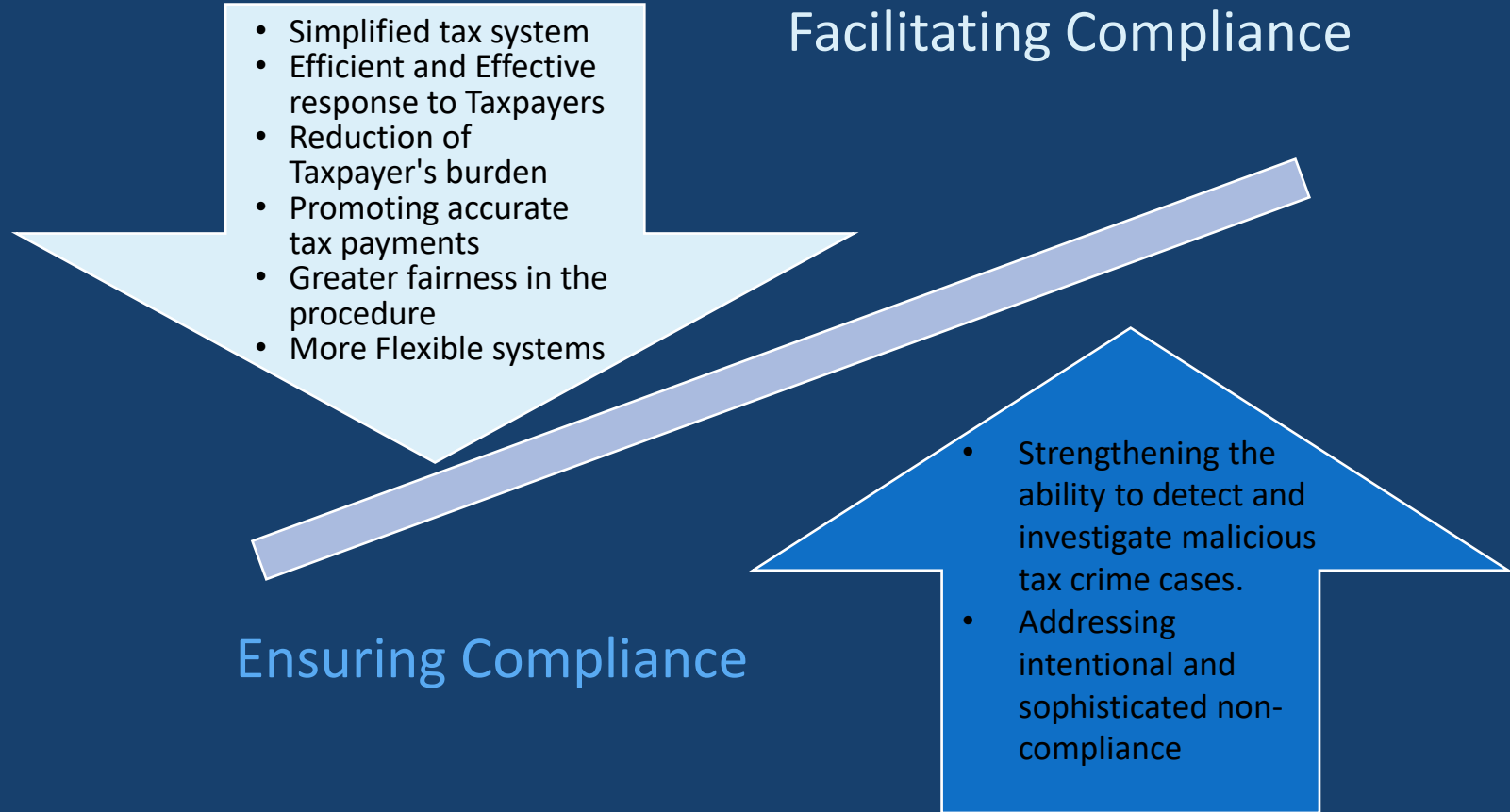
NTA's approach under TA 3.0

➢ TA 3.0 will allow tax administration to reduce the time and burden on identifying from the multiple targets.

➢ This will allow tax administrations to operate effectively and efficiently in collecting taxes.

Taxpayers Service

Administrative support and guidance

Tax Investigation (Civil)

Tax Investigation (Criminal)

Low

Compliance Risk

High

NTA's approach under TA 3.0

Facilitating Compliance

- Simplified tax system
- Efficient and Effective response to Taxpayers
- Reduction of Taxpayer's burden
- Promoting accurate tax payments
- Greater fairness in the procedure
- More Flexible systems

Ensuring Compliance

- Strengthening the ability to detect and investigate malicious tax crime cases.
- Addressing intentional and sophisticated non-compliance

Facilitating Compliance within TA 3.0

NTA has been promoting digital transformation (DX) as a key strategy
to improve tax certainty.

Improving Taxpayer Services through digitalization	Introducing e-Tax electronic filing systems to **simplify the process and enable convenient payments**. Improving the chat-bot service to **help resolve inquiries**.
Promoting DX for Corporates	Encouraging businesses to adopt digital accounting and tax systems **to help reduce tax risks and enhance tax certainty/tax compliance**. Supporting businesses integrate digital process within their economic transaction and back-office operations **to improve both accuracy and productivity**.
Promoting companies to take proactive measure for Tax CG	NTA has been actively promoting Corporate Tax Governance (TAX CG) since 2011 to help companies **foster self-regulation and accountability** to **effectively ensure tax compliance**. Strengthening Tax CG to **improve the efficiency of tax administration** and contribute to overall economic stability.

Ensuring Compliance within TA 3.0

With the current rapid movement of the digitalization and globalization of the economy and transactions, **international cooperation is essential** to combat these crimes.

Information Exchanges

- Prompt information exchange under tax treaties to uncover and address cross-border tax crimes effectively.
- Building international networks to better understand each jurisdiction's legal/tax systems, recent trends of tax crimes and emerging threats.
  - Ex. DC Takeda of NTA-CI appointed as the Chair of OECD Task Force on Tax crimes and Other Financial crimes to lead discussions with other international members.

Capacity Building

- Enhancing investigative capacities and strengthening enforcement to improve Domestic Resource Mobilization.
- Knowledge sharing to build investigative skills, capability and develop best practices.
  - Japan supports this through the OECD Asia-Pacific Academy

Thank you