Chaperoning: Taxtech controls and the implications for tax compliance.

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"Tax Agencies can collect all data seamlessly, capture life-payer tax events, offer pro-actively new services accordingly, leverage advanced analytics to target socio-economic issues, cooperate with other governments or private sector for better efficiency, better react to change, handling operations in a more optimized way, also enabling a better experience for their employees. They are also shifting the balance between control and self-compliance, making compliance much easier to achieve by a better taxpayer”

Report from "Tax Compliance: Exploiting the Potential of AI, Robotics and Data Analytics" (9-10 October, 2019, p. 7)
What implications does Taxtech audits have on tax compliance?

A new concept to think about tax compliance

Case: Swedish Tax Administration – one of the most trusted Swedish governmental bureaucracies.

Work in progress…
Material & Data

Participant observation following risk assessment project 2010-2013 throughout STA

Interviews 2017

Informal discussions

Public policy documents and work in progress
Tax compliance strategies 1

Coerce

Magnus 1555
Tax compliance strategies 2

Control
Tax compliance strategies 3

Communicate

Tärnström 2011, private archive
Tax compliance strategies 4

Collaborate
Simplify

Tax compliance strategies 5
Since 1970’s working with tax compliance strategies resulted in good standing in Swedish society.
Swedish Tax Audit

3 legal purposes (Taxeringslagen)
1. Verify that information provided is complete, according to rules and regulations
2. Ensure same information can be provided next-coming years
3. Acquire, if necessary, information from 3rd parties

Desk control vs Audit control.

Time consuming – Inefficient – Single issues – Impact on tax compliance?
Swedish Tax Administration: proposed changed ways of working

Issues oriented way of working

Informations oriented way of working

Skatteverket 2020, author translation
Auditing digitized information chains in certified business systems
- Control of systems instead of taxpayers or their transactions
- Responsibilities outsourced
Swedish Tax Administration: proposed changed ways of working

Issues oriented way of working

Informations oriented way of working

Skatteverket 2020, author translation
Quality assessment of information (taxdata)

- **How** taxdata is made. According to which rules, e.g. how is a commercial transaction recorded?

- **Who** provides taxdata? **What** is taxdata about? **Who** is subject for taxdata?

- Risk assessment of **source** providing taxdata. (Source being other gov’t bureaucracies, tax advisers, int’l organization, payment providers – social media?)

- **New skills and capabilities** needed.
New tax compliance strategy – **chaperone**

1. Timing of control audits change. Creating structures that preempts errors

2. STA choses NOT to oversee all transactions in real-time (like some countries) for legitimacy reasons. *What* will now be subject for control?

3. *Who* conducts audits?

4. Outsourcing responsibilities from tax administrations to software developers – others?

5. Is a systemic inspection, IRL, a worse intrusion into taxpayer’s life?

Will our willingness to pay tax – compliance – be affected?