

# Understanding an Integrated Tax Administration IT System (ITAS)

Amman, June 30, 2022

# Agenda

## Part 1: Tax Administration IT Basics

- An integrated core process model
- A structured portfolio of IT services

## Part 2: Key ITAS Concepts and Planning

- Overview – Why is an ITAS important?
- Essential ITAS components
- Build vs. buy considerations
- Survey of commercial ITAS products
- Top implementation mistakes
- Requirements development process

## Part 3: Open Discussion on Next Steps

**\* Note to the GCT:** The purpose of this presentation is to ensure that you have an understanding of what an ITAS is and how it can be implemented as part of a well-developed tax administration IT portfolio.

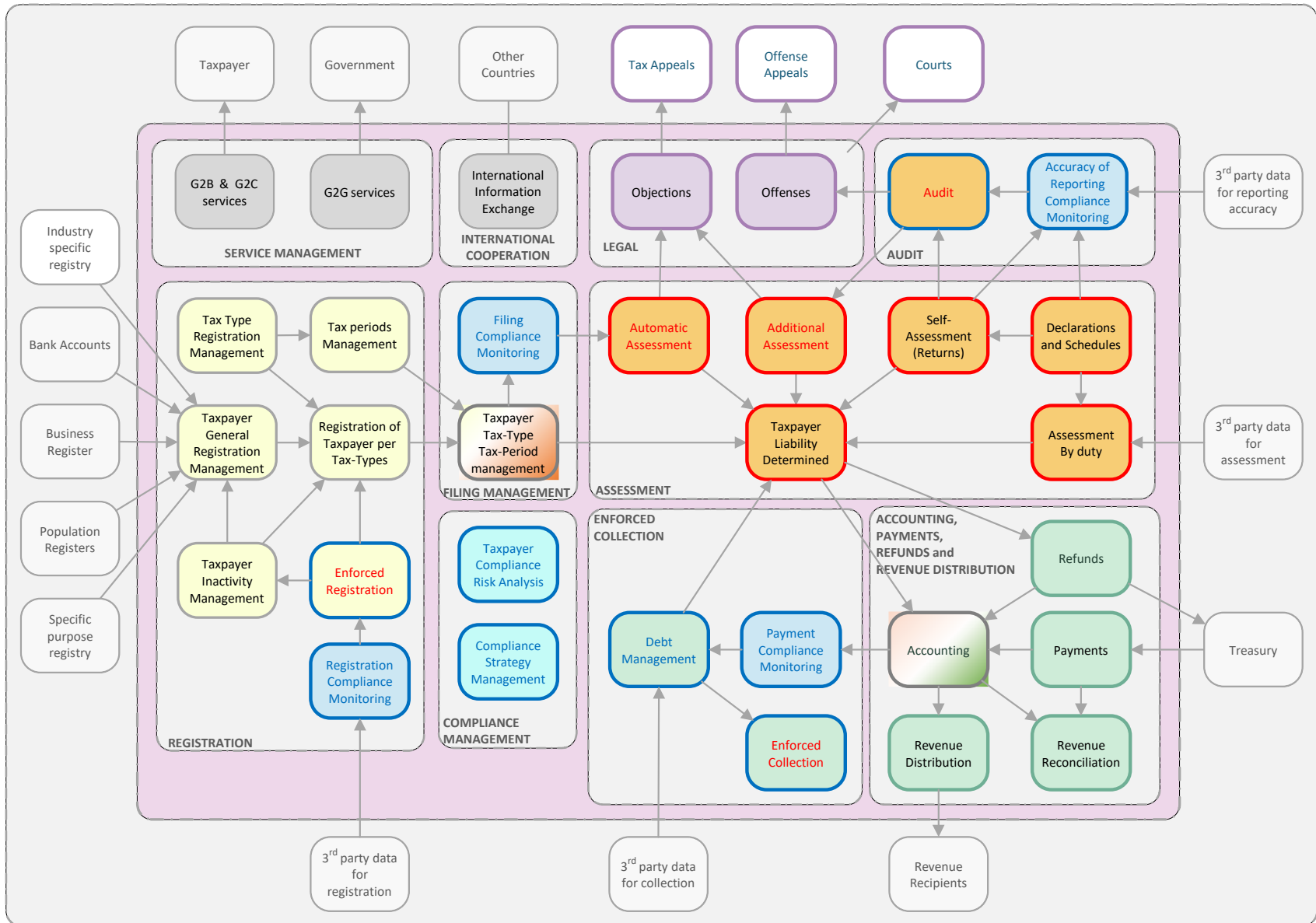
As part of this presentation, we will be discussing the design and operation of business processes.

Please feel free stop me at any time to ask questions.

# Part 1: Tax Administration IT Basics

# An Integrated Core Process Model

( describing core operations and information flows)



# A Structured Portfolio of IT Services

( describing well-developed tax administration IT capabilities )

*The eight core segments of the portfolio ...*

**Taxpayer E-Services (1.0)**

**Registration (2.0)**

**Enterprise IT Services (8.0)**

**Taxpayer Accounting (3.0)**

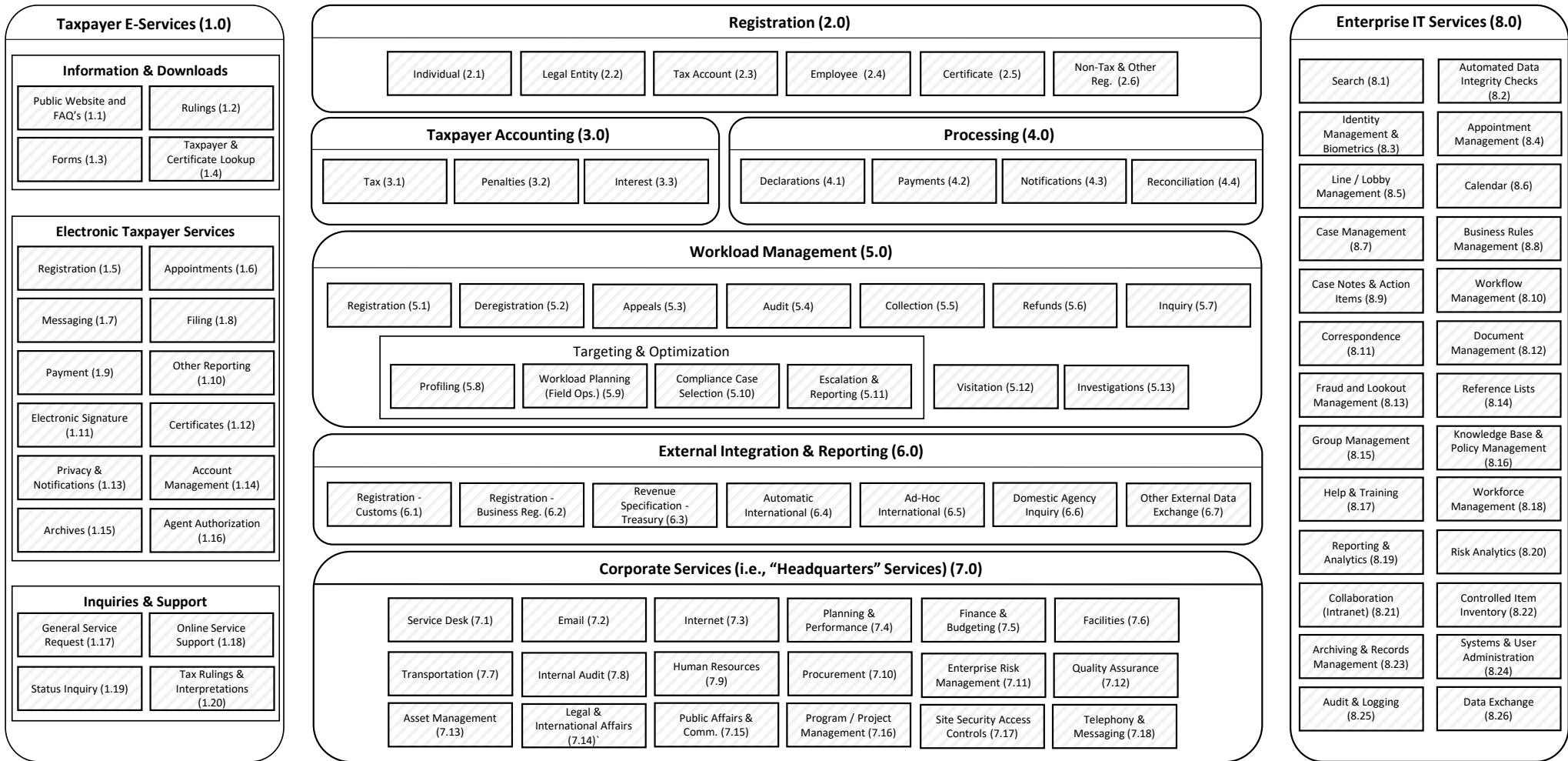
**Processing (4.0)**

**Workload Management (5.0)**

**External Integration & Reporting (6.0)**

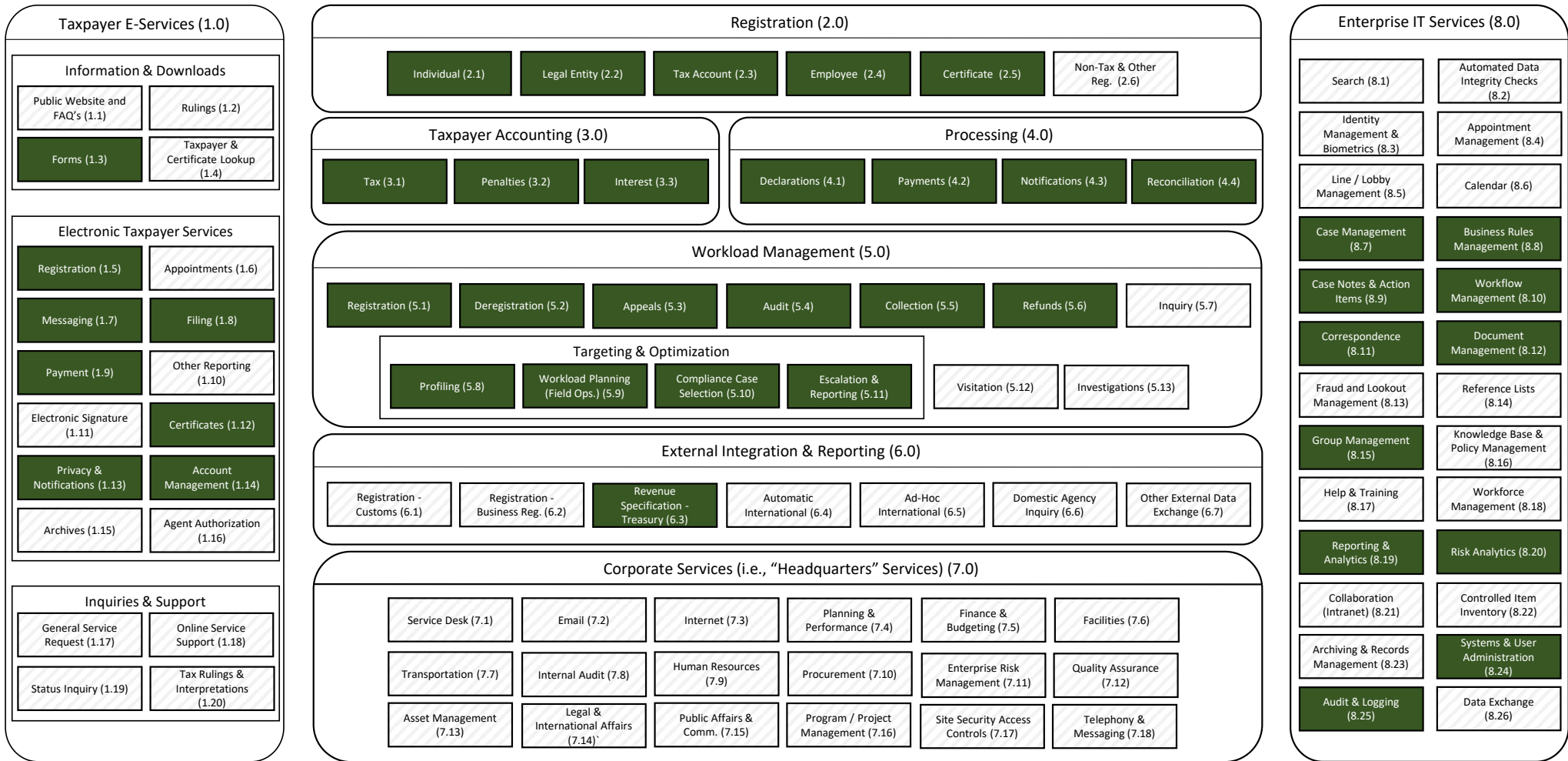
**Corporate Services (i.e., "Headquarters" Services) (7.0)**

... may have ~100 or more discrete services...

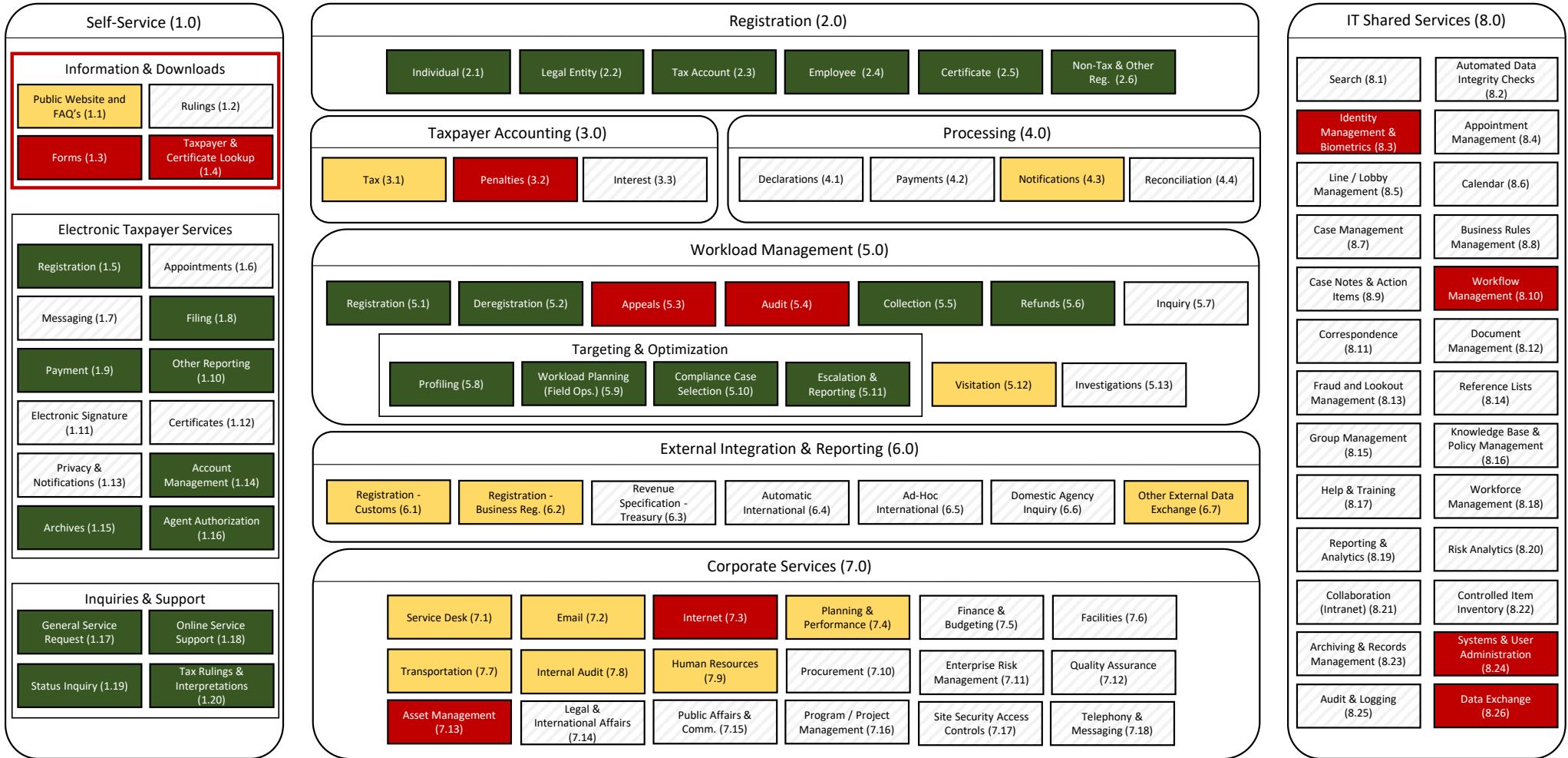




...a commercial ITAS product may provide ~40 or more of the services.



We will use this concept during the 2<sup>nd</sup> diagnostic (example below) ...



... and tools will be made available that map back to the diagram

IT Services

Business Processes

Function / Process Group	Description	Responsible Department?	People	Processes	Technology
<b>Taxpayer E-Services (1.0)</b>	<b>Services available to taxpayers electronically</b>				
<b>1.1 Public Website and FAQs</b>	<b>A public website and Frequently Asked Questions (FAQs) are available</b>				
1.1.1 - Manage Website Content	Tax officers determine, publish and monitor website content				
1.1.2 - Manage FAQ Content	Tax officers determine, publish and monitor FAQ content				
1.1.3 - Curate Knowledge Base Content	Tax officers maintain a knowledge base (database) to source FAQ content				
1.1.4 - Archive Taxpayer Inquiries	Taxpayer inquiries (i.e., questions) are archived in a database				
<b>1.2 Rulings</b>	<b>Taxpayers access a database of tax rulings</b>				
1.2.1 - Manage Online Content	Tax officers maintain the tax ruling content that is accessible electronically				
<b>1.3 Forms</b>	<b>Taxpayers download forms from the tax office web site</b>				
1.3.1 - Manage Online Content	Tax officers determine, publish and monitor forms available on the web site				
1.3.2 - Maintain Fillable Forms	Tax officers develop and maintain fillable forms (e.g., pdf)				
1.3.3 - Manage Identifiers (e.g. Barcodes)	A system and database are in place to uniquely identify downloaded forms				
<b>1.4 Taxpayer &amp; Certificate Lookup</b>	<b>The public confirms key registration details of taxpayers</b>				
1.4.1 - Manage Online Content	Tax officers determine, publish and monitor content				
1.4.2 - Manage Fraud Alerts	Taxpayers submit alerts of suspected fraudulent registrations and certificates				
<b>Electronic Taxpayer Services</b>	<b>Electronic services that facilitate core operations</b>				
<b>1.5 Registration</b>	<b>Taxpayers create and maintain their registration details</b>				
1.5.1 - Manage Requests, Physical Persons	Taxpayers and tax officers jointly manage registrations for physical persons				
1.5.2 - Manage Requests, Legal Entities	Taxpayers and tax officers jointly manage registrations for legal entities				
1.5.3 - Manage Requests, Certificates	Taxpayers and tax officers jointly manage certificates				
1.5.4 - Manage Requests, Tax Accounts	Taxpayers and tax officers jointly manage tax accounts				
1.5.5 - Manage Requests, Employees	Taxpayers and tax officers jointly manage employee registers				
1.5.6 - Manage Requests, Other (Property)	Taxpayers and tax officers jointly manage other registration types				
1.5.7 - Manage Documentation Submission	Taxpayers and tax officers jointly manage documentation requirements				
<b>1.6 Appointments</b>	<b>Taxpayers and tax officers collaborate appointments for service</b>				
1.6.1 - Manage Taxpayer Requests	Tax officers receive taxpayer requests and schedule appointments				
1.6.2 - Initiate a Request with Taxpayer	Tax officers initiate creation of a new appointment with taxpayers				
1.6.3 - Reschedule Appointment	Appointments are rescheduled by either tax officers or taxpayers				
1.6.4 - Manage Reminders (e.g., email, SMS)	Taxpayers configure the type and frequency of reminders for appointments				
1.6.5 - Manage Appointment Capacity	Tax officers determine and set capacity for receiving taxpayers				
<b>1.7 Messaging</b>	<b>Taxpayers and tax officers exchange electronic messages</b>				
1.7.1 - Initiate Message	Tax officers or taxpayers compose and transmit a message				
1.7.2 - Manage Delivery Options	Taxpayers and tax officers determine the parameters for delivery				
1.7.3 - Manage Messaging Inbox	Taxpayers and tax officers manage received messages				
<b>1.8 Filing</b>	<b>Taxpayers submit tax declarations electronically</b>				
1.8.1 - Manage Forms	Tax officers manage and maintain the forms available for submission				
1.8.2 - Submit Declaration	Taxpayers enter and submit error-checked data for review				
1.8.3 - Validate Declaration	Automated systems or tax officers validate a declaration before approval				
1.8.4 - Modify Declaration	Taxpayers modify the contents of declarations after they are submitted				
1.8.5 - Monitor Assessment Balances	Taxpayers view the real-time status and balances of assessments				

# Part 2: Key ITAS Concepts and Planning

# Overview – Why is an ITAS Important?

## Integration of core business processes

- Promotes end-to-end institutional planning by process owners
- Usually leads to better experiences for both taxpayers and tax officers
- Discourages development of standalone IT systems, which reduces costs
- Provides a more reliable foundation for advanced IT services (e.g., e-invoicing)
- Facilitates improved oversight and monitoring of operations

## Consolidation of essential taxpayer information on a single platform

- Provides the ability to more easily compile “360° views” of taxpayers
- Often leads to development of well-rationalized and defined data models
- Speeds up the development of a data warehouse and risk management tools

**All of these can lead to higher levels of taxpayer compliance and improved revenues**

# Essential ITAS Components

## Electronic Taxpayer Services

- Registration
- Filing
- Payment
- Online Support

## Tax Administration Modules

- Registration
- Assessment Management
- Document Management
- Taxpayer Accounting
- Revenue Accounting
- Returns Processing
- Payment Processing
- Reconciliation
- Refunds Management
- Verification and Audit
- Appeals (Objections)
- Enforced Collection
- Correspondence

## Architecture and IT Services

- **Tax Period Accounting**
- **Real-Time Transactions**
- Operational Reports
- Management Reports
- Data Exchange
- Internal Integration
- External Integration
- Events Calendar
- Case Management
- User Management

# Build vs. Buy Considerations

## In-House Development (**Build**)

### Pros

- Lesser need for accuracy and details in the requirements development process
- Full control over systems development and relatively easier maintenance
- Ownership of source code and fewer IPR (Intellectual Property Rights) issues
- Creation of an attractive working environment for national capacity development
- No or relatively minimal software licensing costs (exceptions for databases etc)
- No warranty or post-warranty restrictions

### Cons

- Very difficult to recruit the technical staff needed (noncompetitive compensation)
- Increasingly difficult to retain essential staff for long periods of time after recruitment
- Development timelines may be protracted (i.e., no or minimal contractual pressures to deliver)
- Lack of domain expertise (i.e., “business knowledge”) in the development process
- Relatively poor quality of functionality that is often inconsistent with good international practices
- Very difficult to keep pace with and incorporate technological advancements

# Build vs. Buy Considerations (Contd.)

## Outsourced Development (**Buy**)

### Pros

- Lesser need for internal IT capacity (but increased need for business analysts and project managers)
- Warranties and outsourced maintenance allow for a focus on core business (compliance, revenues)
- Upgrades of IT platforms and supporting technology normally included as part of license fees
- No institutional reliance on a small number of difficult to retain “IT superstars”
- Incorporation of best practices built over, in some cases, decades of prior system operation
- Shorter implementation timelines for “whole of tax administration” automation

### Cons

- The completeness and accuracy of functional and system requirements is critically important
- Few, if any practical options exist for IPR ownership and use of the underlying source code
- Potential supplier “lock-in” (i.e., long-term external dependency for basic operations and maintenance)
- Inhibited development of internal technological awareness and savviness among staff
- Limited ability to implement complex or unusual legislative requirements and procedures
- High initial investment costs that may span multiple budget and political cycles



# Survey of Commercial ITAS Products

- Fast Enterprises            GenTax
- DataTorque                RMS                    (Revenue Management System)
- Sogema Technologies    SIGTAS                (Standard Integrated Tax Administration System)
- Techno Brain              TRIPS                  (Total Revenue Integrated Processing System)
- Oracle                      PSRM                    (Public Sector Revenue Management)
- SAP                         TRM                     (Tax and Revenue Management)
- wedoIT-solutions        C@TS                    (Customs and Taxation System)
- ArabSoft                  JIBAYA                 (Taxpayer Files, Taxes, Declarations Management)
- Tata Consultancy        iTAX                    (Integrated Tax Management System)

\* **Note:** As a matter of policy, The World Bank ***does not*** endorse specific products or suppliers. The products included here have been recently implemented in at least one member country.

# Top Implementation Mistakes

## 1. Planning for an ITAS in isolation

- Not having a mid-term reform and modernization roadmap
- Not having the institutional structures in place for reform
- Treating an ITAS implementation primarily as an IT project
- Not accounting for the larger portfolio of IT services required

## 2. Forcing the ITAS to adopt bad practices in requirements

- Insisting on full compliance with outdated legislation or procedures
- Not accepting the basic logic built into a commercial ITAS's core processes
- Not amending legislation or issuing the ministerial orders required

# Top Implementation Mistakes (Contd.)

## 3. Focusing on the past and setting impossible expectations

- Delaying the transition away from existing IT systems due to “edge cases”
- Missing key ITAS milestones while waiting for stakeholder approvals and input
- Not making use of new policy measures to expedite implementation
- Trying to bundle acquisition of an entire IT portfolio as part of ITAS procurement

# Requirements Development Process

After conclusion of this workshop –

	<b>2</b>	<b>Tax Administration Diagnostics</b>	
31-Aug-22	2.1	TADAT Performance Assessment	
30-Sept-22	2.2	Institutional and IT Diagnostic	
31-Oct-22	2.3	Tax Administration Reform and Modernization Roadmap	
31-Oct-22	2.4	Implementation of the Reform and Modernization Roadmap	
to 2022 – 2027			<b>Requirements development will occur here</b>
	<b>3</b>	<b>Support for IT Acquisitions</b>	
31-Oct-22	3.1	Tax Administration IT Acquisitions Roadmap	
<b>30-Nov-22</b>	<b>3.2</b>	<b>Procurement Specifications</b>	←
As Required	3.3	Independent Quality Reviews and Evaluations	

# Requirements Development Process

## As part of **3.2 Procurement Specifications ...**

- Identification of a Counterpart Team
- **Draft of ITAS Specifications (including an RFP)**
- **Draft of Other Specifications**
- Presentation of Specifications to GCT and Partners
- Review of Specifications by GCT and Partners
- Specifications Finalization

## **... we will work with you by ...**

- Identifying IT needs for the Reform and Modernization Roadmap
- Providing ITAS and other requirements templates that may be needed
- Examining legislation and procedures to identify and deal with key “features” that may be problematic
- Writing and presenting functional and technical requirements for your review

# Part 3: Open Discussion on Next Steps

# Possible Questions

- Which ITAS product is the best?
- Is there really a big difference between ITAS products?
- How much will an ITAS implementation cost?
- Are the big ITAS companies better than the small?
- Is it smart to depend on foreign companies for an ITAS?
- Would it be better to develop an ITAS with local companies?
- Do we need international help with ITAS implementation?
- When should we start analyzing business processes?

Thank You!