IOTA 2011/2012

Intra-European Organisation of Tax Administrations

www.iota-tax.org

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Introduction by IOTA Executive Secretary

The year 2012 will witness the further development of the services rendered by IOTA to its Member tax administrations and their officials. The ambitious work programme will address many topics aimed at various practical aspects of tax administration operations.

Marek Welenczyk
Executive Secretary of IOTA

Dear Readers,

The year 2012 will witness the further development of the services rendered by IOTA to its Member tax administrations and their officials. The ambitious work programme will address many topics aimed at various practical aspects of tax administration operations.

The set of four case study workshops will focus on the use of false or fictitious invoices to avoid the payment of VAT, tackling VAT losses amongst large businesses, methods of identifying taxpayers involved in cross-border activities, as well as auditing individuals and legal entities in the use of e-money.

Our other workshops will allow to facilitate the exchange of experience in the area of collection of information from the web, use of forensic techniques and tools, training, methods for estimation of tax liabilities, modern taxpayer services, VAT fraud schemes, administrative co-operation and mutual assistance, structure and organisation of tax administration, communication with taxpayers, managing business processes, development and maintenance of data warehouses as well as data mining tools and techniques.

In addition, the three IOTA Area Groups on debt management, prevention and detection of VAT fraud as well as strategic management: benchmarking will work on new publications and outputs.

Thanks to the technical and logistical assistance of the IOTA Membership, the IOTA badge will be present during technical and administrative events in the following countries: Armenia, Austria, Azerbaijan, Belgium, Bulgaria, the Czech Republic, Finland, Georgia, Hungary, Italy, Lithuania, Luxembourg, Norway, Poland, Serbia, Sweden and Switzerland.

Therefore I would like to encourage you to participate in our events and activities in 2012, hoping that the services offered by our Organisation will again meet your expectations and wishes.

Marek Welenczyk, Executive Secretary of IOTA

Interview with IOTA President

Since its establishment, IOTA has developed into a mature organisation with focus on the best practice in tax administration. What will be the next steps for further development?

- First of all, let me underline that IOTA's role as a hub for the IOTA Members' experiences and practices provides important contributions to the development work of tax administrations. I am impressed by the way IOTA has developed since its start fifteen years ago. Today's IOTA appears as a well-driven organisation covering many of Member tax administrations' central needs.
  In a world characterised by big changes, tax administrations must necessarily adapt and develop in order to be able to solve the tasks in the best possible way. Hence it is important that the IOTA Work Programme has the flexibility to deal with real time problems and challenges. I hope we can get one step closer to find the solutions to this challenge during my period as President for IOTA.
  I also wish to use my position as IOTA President to further develop the Organisation and especially strengthen the involvement of IOTA Members in IOTA's work. The quality and use of this work is dependent on the resources put in by the Member tax administrations. Sponsorship from IOTA Members is one example of involvement that can increase both the activity in IOTA and the quality of IOTA products.

As the new President of IOTA, what will be your special focus through your period?

- There are some very important issues for me to focus on during my tenure. Firstly, I will, together with the Executive Council and the IOTA Member tax administrations ensure that the draft new strategies of IOTA will be further developed into activities and finally approved at the 16th General Assembly in Oslo 2012. I am sure the new strategies will be largely helpful in developing the organisation to meet the future needs and demands from IOTA Members, e.g., by identifying the most adequate formats of events and new forms of action.
  Secondly, we need to recruit a new Executive Secretary for the Organisation. Marek Welenczyk, who has held this position since 2006, will not apply for a new period. The Executive Secretary is, together with the other staff in the IOTA Secretariat of vital importance for the Organisation's performance.
  I will also look for new ways of co-operating with the OECD, EU and CIAT to strengthen the co-operation and ensure good co-ordination between the organisations to avoid duplication of work. I will strive to improve the information flow between us.
  Finally I feel privileged, as the IOTA President, to continue working for IOTA and the challenges we are facing. Together with good colleagues in the Executive Council, colleagues in the Member tax administrations and, of course, last but not least our colleagues in the Secretariat I will encourage good governance of the Organisation.

New strategies will be largely helpful in developing the organisation to meet the future needs and demands from IOTA Members, e.g., by identifying the most adequate formats of events and new forms of action.

Svein Ragnar Kristensen
IOTA President in 2011/2012
Director General, Tax Norway

The Intra-European Organisation of Tax Administrations (IOTA) is a non-profit intergovernmental Organisation, which provides a forum to assist Members in the European countries to improve tax administration.

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To-date, IOTA has 46 Member tax administrations: 45 full Members and 1 associate Member.

The Secretariat of the Organisation is located in Budapest, the Republic of Hungary.

Mission

The mission of the Organisation is to provide a forum for discussion of practical tax administration issues, to promote co-operation between tax administrations in the European region and to support their development according to their individual needs.

Vision

IOTA aspires to become a leading organisation for the discussion of practical tax administration issues in the European region.

Origin

The establishment of the Organisation was first discussed during a preparatory conference, initiated by the International Monetary Fund, held in Washington in January 1995 and supported by the US Treasury and the Internal Revenue Service.

Following the event, the 2nd Conference for Central and Eastern European and Baltic Tax Administrators (CEEB) was held in Budapest, 20-23 November 1995, where it was decided to formalise matters through the creation of an organisation for tax administrators at an international level.

The formal decision to establish the Organisation was made during the 3rd Conference of Tax Administrations of Central and Eastern Europe and Baltic Countries, which was held in Warsaw, on 28-30 October 1996. The European Commission, tax administrations from nine EU Member States, the IMF, OECD, CIAT and the US IRS supported this decision.

In 1997 the operating conditions were formulated and the Charter of the Organisation was drafted. Simultaneously IOTA signed a Seat Agreement with the Republic of Hungary.

The first day of operation of the Secretariat was 1st March 1997.

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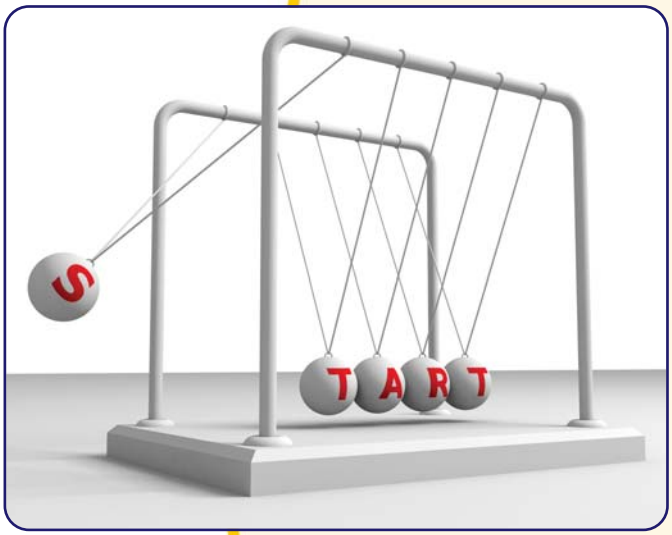


Strategic Objectives of IOTA

- To promote and develop strengthened co-operation between IOTA Members;
- To support IOTA Members with the implementation of their development programmes;
- To identify good practice and encourage its adoption;
- To promote the specific identity of IOTA as a professional regional Organisation of tax administrations in co-operation with other international and regional organisations;
- To be a body of consultation for IOTA Members.

To promote and develop strengthened co-operation between IOTA Members

Many countries within the region are at a similar stage in their tax reform programmes and face similar difficulties in administering their tax systems. Co-operation and the exchange of information among Members are important benefits that can be offered through a permanent forum for tax administrators.

To support IOTA Members with the implementation of their development programmes

A major goal is producing analyses and research of fiscal systems in areas such as structure and organisation, tax audit techniques, management methods and human resource management to help Members improve the operation of their tax systems. Information is distributed through technical conferences, seminars, courses and workshops, together with the publication of the periodical and other tax related documentation.

To identify good practice and encourage its adoption

One of the objectives of the Organisation is to encourage tax compliance and improved enforcement of tax collection through the exchange of experiences and methods and the development of good practice.

To promote the specific identity of IOTA as a professional regional organisation of tax administrations in co-operation with other international and regional organisations

There are several technical assistance and development programmes and projects in the field of taxation provided by international organisations operating in the region. To ensure the relevance and effectiveness of the assistance provided through IOTA, the Organisation aims to foster open communication and co-ordination with other providers.

To be a body of consultation for IOTA Members

The Organisation plans and runs various events to address the common needs of Members. The Annual Work Programme of Technical Activities is based on the principle that such assistance should focus on the 'common' areas highlighted by the Members, and that it should complement other training and assistance being provided in the region.

Areas of Strategic Importance

There are 5 main strategic directions for 2008-2012:

1. Membership Issues
To develop and adopt clear eligibility rules for full and associate Membership of IOTA.
To develop and implement a clear strategy for engagement with potential full and associate Member tax administrations, which takes proper account of the potential costs and benefits to the Organisation and to the potential Members.

2. Work Programme Issues
To support the Membership according to their individual needs.
To put in place arrangements for maintaining the high standards and quality of products of IOTA.

3. Financial Issues
To implement fully the Financial Management Strategy.
To ensure proper financial forecasting, planning and reporting of the Organisation.

4. Communication/Publicity Issues
Familiarising the IOTA Membership with the work of the Organisation.
To continue to monitor and review the use made of the new IOTA website by Member tax administrations and to consider ways to improve its scope and functionality.
To increase awareness of IOTA worldwide.

5. International Co-operation
To maintain good co-operation with other international and regional organisations that deal with tax administration issues.
To undertake discussions with the OECD (Forum on Tax Administration), the European Commission and other organisations, about the extent to which it would be appropriate, and possible, for IOTA to act as a partner in the European region for the familiarisation or use of tax administration guidelines.

There are 5 main strategic directions for 2008-2012:
1. Membership Issues;
2. Work Programme Issues;
3. Financial Issues;
4. Communication/Publicity Issues;
5. International Co-operation.

IOTA consists of the following statutory bodies: the General Assembly, the Executive Council and the Secretariat. It also includes the President of IOTA, the Executive Secretary, Heads of Tax Administrations, Principal Contact Persons and Internal Auditors.

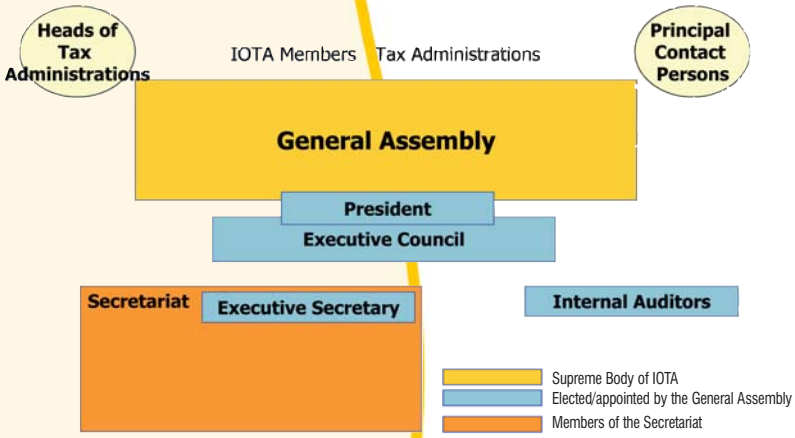
IOTA consists of the following statutory bodies:

- **The General Assembly;**
- **The Executive Council;**
- **The Secretariat.**

The **General Assembly** is the supreme body of the Organisation where IOTA Members decide about the most important and strategic issues.

The **Executive Council** is responsible for the implementation of the decisions adopted by the General Assembly. The Council consists of the President and representatives from eight other Members.

The **Secretariat** comprises the Executive Secretary and other staff members. The Secretariat is responsible for ensuring support and execution of the technical and administrative functions of the Organisation. The **Executive Secretary** is the Head of the Secretariat appointed by the General Assembly.



Current IOTA Structure

The General Assembly elects the **President** of the Organisation, who is the President of the General Assembly as well as the President of the Executive Council.

The statutory member of the General Assembly and the Executive Council is the **Head of the Tax Administration** of the relevant IOTA Member.

Each Member appoints an official as the **Principal Contact Person** to IOTA.

Two **Internal Auditors** of the Organisation may be appointed or re-appointed at each General Assembly.

General Assembly

The supreme body of the Organisation is the General Assembly comprising all the IOTA Members, who meet annually. As the IOTA Presidency works on a rotational principle, the Assembly is hosted by the presiding tax administration as a rule. This period witnesses the 16th Presidency in the life of the Organisation, held by the Norwegian tax administration.

The supreme body of the Organisation is the General Assembly comprising all the IOTA Members, who meet annually.

The General Assembly has powers and responsibilities over all major areas regulating the activities of the Organisation:

- It approves the location of the annual General Assembly and acknowledges Presidency for one or more years in advance;
- It elects the Executive Council (the body governing the activities of the Organisation - headed by the President - between two General Assemblies) and reviews the decisions of the Executive Council;
- It appoints the Executive Secretary (who is responsible for the day-to-day management of the operations of the Secretariat), and decides on the prolongation and termination of his/her employment;
- It approves the agenda of the Assembly proposed by the Executive Council;
- It approves the admission requests for Membership of the Organisation submitted by the Executive Council and takes note of the termination of Membership;
- It approves and amends the Charter and the Financial Regulations;
- It reviews and approves the Activities and Financial Report of the year to be closed;
- It appoints the Internal Auditors, approves the Strategy of IOTA and adopts the Work Programme for the forthcoming period;
- It fixes the criteria and approves the Membership Contribution System, adopts and amends the budget.

Current President of IOTA is Mr. Svein Ragnar Kristensen (Director General of Tax Norway).

Nine members of the 2011 – 2012 Executive Council come from from Norway (Presidency), Austria, Germany, Hungary, Italy, Lithuania, Slovenia, Spain and Switzerland.

The President of the Organisation is also the President of the General Assembly and of the Executive Council, who holds office from the conclusion of the General Assembly when he/she is appointed until the conclusion of the next General Assembly.

The responsibilities of the President include:

- To preside over the General Assembly;
- To call and preside over the meetings of the Executive Council;
- To carry out the activities assigned to him/her by the General Assembly and the Executive Council;
- To represent the Organisation.

Executive Council

The Executive Council is responsible for implementing the decisions adopted by the General Assemblies. It consists of the President and eight other Members.

The President is the head of the tax administration or its representative of the country that will host the next annual General Assembly whereas the other members of the Executive Council are the heads or their representatives of those IOTA Members elected or re-elected by each annual General Assembly.

The power and responsibilities of the Executive Council include:

- To co-ordinate and support the organisation of the annual General Assembly;
- To review and submit the statutory documents to the General Assembly, including the Strategic Plan, the Work Programme and budget for the following year;
- To determine the Membership contributions on the basis of principles stipulated by the Assembly;
- To appoint the Executive Secretary and to supervise the activities carried out by the Secretariat.

Internal Auditors

The Internal Auditors of the Organisation hold office from the conclusion of the General Assembly when they are appointed until the conclusion of the next General Assembly.

The powers and responsibilities of the Internal Auditors include:

- To review and assess the internal procedures of the Organisation, as well as the conformity of those with the legislation and the Charter;
- To examine and evaluate the overall economic viability and efficiency of the Organisation, as well as the financial management and the internal control systems;
- To keep track of the efficient use of the resources available, monitor how property items are conserved and augmented and check the reliability and credibility of the accounting system and financial reports in cooperation with the external (independent) auditor.

The selected and appointed Internal Auditors of the Organisation for the period between 15th and 16th General Assemblies of IOTA are Ms. Catherine Campinchi (France) and Ms. Maria Mitu (Romania).

Principal Contact Persons

The reference list of Principal Contact Persons of IOTA is available on the IOTA website: www.iota-tax.org

Each Member and associate Member appoints an official as their Principal Contact Person to IOTA.

The contact persons play a very significant role in the life of IOTA especially in the preparation and implementation process of the Work Programme of the Organisation. They are responsible for ensuring a permanent link between the tax administrations and the Organisation and for facilitating the exchange of information, as well as assisting in the identification of the common needs of Members.

By promoting IOTA within their tax administrations they also ensure better participation in the development of the Organisation, and active involvement in events and working groups.

Secretariat

The Secretariat comprises of the Executive Secretary and other staff members.

The Secretariat performs the technical and administrative functions of the Organisation, as well as those entrusted to it by the General Assembly, the Executive Council and the President.

It also prepares the sessions of the General Assembly, the Executive Council and other bodies of the Organisation and administers their resolutions.

The Executive Secretary is appointed by the General Assembly for a period of three years. The setting criteria and selection of the candidate(s) for the position is the competence of the Executive Council.

The Executive Secretary exercises the rights of employer over the employees of the Secretariat and is responsible for the day-to-day management of the operations of the Secretariat and for reporting on those operations, both to the President on a regular basis and to the Executive Council at its sessions.

The IOTA Executive Secretary is Mr. Marek Welenczyk (Poland).

The technical taxation experts come from Lithuania, Slovakia and the United Kingdom.

Mr. Marek Welenczyk
Executive Secretary

Mr. Jerry Taylor
Technical Taxation Expert

Mr. Michal Mažáry
Technical Taxation Expert

Mr. Eugenijus Soldatkovas
Technical Taxation Expert

Ms. Krisztina Fábián
Specialist of Finance and Administration

Ms. Ágnes Lukács
Secretary - Interpreter

Ms. Borbála Farkas
Specialist of Technical Activities Programme

Ms. Judit Vas
Manager of Finance and Administration

Ms. Kristine Sergejeva
Specialist of Information and Publications

IOTA co-operates with various international and regional organisations that provide technical assistance to tax administrations worldwide and in particular in the European region such as the European Commission, OECD, CIAT and IFA.

The purpose of the Organisation is to provide a forum for discussion of practical tax administration issues, to strengthen co-operation between tax administrations in the European region, to support their development according to their individual needs and to encourage the adoption of good practice.

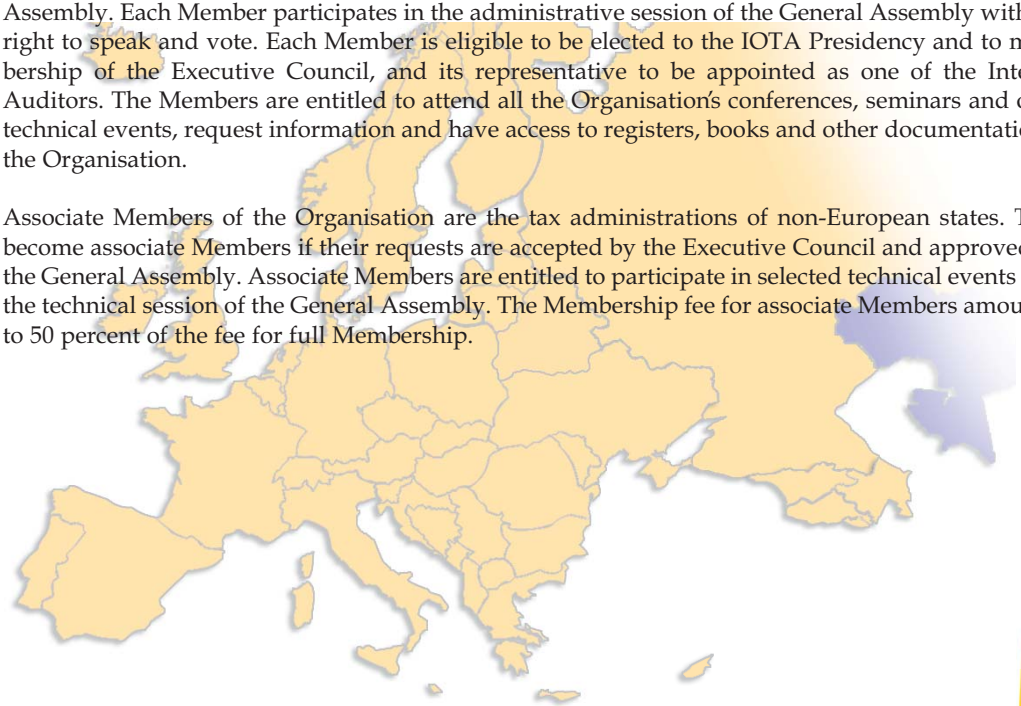
Members of the Organisation are the tax administrations of European states and tax administrations of non-European states as associate Members.

IOTA has signed Memoranda of Understanding for International Co-operation with the European Commission, Organisation for Economic Co-operation and Development (OECD), Inter-American Center of Tax Administrations (CIAT) and International Fiscal Association (IFA).

Membership

The full Members of the Organisation are the tax administrations of European states. They become Members if their requests are accepted by the Executive Council and approved by the General Assembly. Each Member participates in the administrative session of the General Assembly with the right to speak and vote. Each Member is eligible to be elected to the IOTA Presidency and to membership of the Executive Council, and its representative to be appointed as one of the Internal Auditors. The Members are entitled to attend all the Organisation's conferences, seminars and other technical events, request information and have access to registers, books and other documentation of the Organisation.

Associate Members of the Organisation are the tax administrations of non-European states. They become associate Members if their requests are accepted by the Executive Council and approved by the General Assembly. Associate Members are entitled to participate in selected technical events and the technical session of the General Assembly. The Membership fee for associate Members amounts to 50 percent of the fee for full Membership.



On 1 January 2012, the Organisation consists of 45 full Members from the following states or entities: Albania, Armenia, Austria, Azerbaijan, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Moldova, Montenegro, the Netherlands, Norway, Poland, Portugal, Republic of Srpska (B&H), Romania, the Russian Federation, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, the former Yugoslav Republic of Macedonia, Ukraine, the United Kingdom.

On 1 January 2012, the Organisation has one associate Member from Kazakhstan.

Three major elements of IOTA activities:
- **Technical Activities Programme;**
- **Publications and Website;**
- **Administrative Programme.**

The activities of the Intra-European Organisation of Tax Administrations are planned and implemented in accordance with the mission and strategic objectives of the Organisation and relevant needs of the IOTA Membership, aiming to promote co-operation between the tax administrations in the European region and support their development.

All IOTA activities can be grouped into three major elements:

- Technical Activities Programme, including preparation and delivery of the technical events (Area Group and Task Team activities, case study workshops, workshops, and Training Forum) and the provision of the technical enquiry service;
- Publications and Website, including technical publications and post-event reports;
- Administrative Programme, including events dealing with the strategic, administrative and financial issues of the Organisation.

Area Groups

Area Groups differ fundamentally from the other technical activities offered by IOTA in that there is a focus on facilitating regular contact between the same individuals from a wide group of the Member tax administrations. This regular contact takes three main forms:

- Possibility for regular meetings;
- Ongoing liaison and communication via telephone, email and using the IOTA website;
- Important work and outputs of the various associated Task Teams.

Area Groups meet twice yearly and the meetings are usually hosted by Member tax administrations. There are currently three Area Groups whose meetings are included in our Work Programme for 2012, they are:

- **Area Group Strategic Management: Benchmarking (SMB);**
- **Area Group Prevention and Detection of VAT Fraud (PDVF);**
- **Area Group Debt Management (DM).**

A vital part of the Area Groups' activities is the formation of Task Teams comprising of members of the group and national experts, their "task" being the study of a specific topic with the objective of producing a report or good practice guide either as a published product, an e-document or more recently, as a maintainable knowledge database on the IOTA website.

Meetings of three AGs take place in 2012:

- **Strategic Management: Benchmarking (SMB);**
- **Prevention and Detection of VAT Fraud (PDVF);**
- **Debt Management (DM).**

Area Group Strategic Management: Benchmarking currently includes two Task Teams working towards the evaluation and operational use of their good practice guide to benchmarking and database of country profiles designed to make the selection of benchmarking partners easier.

IOTA Area Group Strategic Management: Benchmarking Meetings

25 - 27 April 2012, Switzerland *and*
17 - 19 October 2012, Sweden

Strategic management is the art, science and craft of formulating, implementing and evaluating cross-functional decisions that will enable an organisation to achieve its long-term objectives. It is the process of specifying the organisation's mission, vision and objectives, developing policies and plans, often in terms of projects and programmes, which are designed to achieve these objectives and then allocating resources to implement the policies and plans, projects and programs. Benchmarking is one of the most effective means to identify improvements which can make a significant difference to an organisation and is the process of identifying "best practice" in the processes created and used by tax administrations. The objective of benchmarking is to understand and evaluate the current position of a business or organisation in relation to "best practice" and to identify areas and means of performance improvement.

In order to assist Member administrations in identifying and implementing strategic objectives the Area Group was formed to collect, review, discuss and report on strategic decision-making and to facilitate business process improvements through, amongst other things, benchmarking. To this end the Area Group has so far produced a Benchmarking Code of Conduct, a Best Practice Guide and a Country Profile Database to assist Members in finding suitable benchmarking partners and is currently evaluating these products through pilot benchmarking exercises with Member administrations.

The present participation in the Area Group extends to 24 tax administrations and the Area Group meets twice a year to address the issues of strategic management.

IOTA Area Group Prevention and Detection of VAT Fraud Meetings

25 - 27 January 2012, Finland *and*
12 - 14 September 2012, Lithuania

A substantial issue in many countries is VAT fraud, which has become an established and innovative industry, leading tax administrations to adapt their strategies to better fight against this threat. The focus of the Area Group is to develop the means within tax administrations to remove or restrict the opportunity for VAT fraud, to detect at the earliest stage possible fraudulent behaviour and to take appropriate action in co-ordination with their investigation bodies.

The scope of activity of the group covers a variety of key issues related to VAT fraud. Particular focus in 2011 was placed on new trends in VAT fraud in the car trade; identification of new types of frauds in traditional environments, continued discussions on carbon credit and the gas and electricity market frauds which have netted criminals millions of Euros. Other topics that have been explored by the Area Group include:

- Risk management related to VAT frauds;
- Enhancing international co-operation within Europe;
- VAT fraud and e-commerce;
- Fraud in the telecommunications industry;
- VAT refund claims.

Currently 36 tax administrations participate in the group and two meetings will be held in 2012. The topics for these meetings will be selected by Area Group members several months before the group assembles.

Area Group Prevention and Detection of VAT Fraud includes three Task Teams:

- **E-Commerce;**
- **Third-Party Information;**
- **Pre & Post VAT Registration Controls.**

Area Group Debt Management is a new IOTA Area Group and starts its work in March 2012.

IOTA Area Group Debt Management

7 - 9 March 2012, Azerbaijan *and*
3 - 5 October 2012, Belgium

Taxpayer compliance is an issue that has been tackled by tax administrations for a considerable time. What influences one trader to be compliant and another to flaunt the regulations has been an area studied by virtually all countries who have then adopted policies which have met their needs. However, with the effects of the financial crisis still hitting even the most compliant of taxpayers the rules have changed. Those individuals or companies who have previously tried to satisfy all their creditors now find themselves unable to meet all their obligations. As a consequence, one of the first organisations to suffer is the tax administration with either delayed, postponed or non-payment of debts. This problem amplifies the effects of the crisis by bringing in lower revenues and distorting the true picture.

To counter these effects countries are again turning to their risk models and debt management systems to try and lessen the effect by identifying those taxpayers likely to default on payment earlier. This new Area Group is being established to address those issues and to share good practice in managing these problems.

Two meetings of this new Area Group will be held in 2012.

These workshops are practical in nature, combining presentations of selected case studies with the opportunity for all participants to share their own views and opinions on the approach to resolving the issues raised by each case study.

Case Study Workshop "The Use of False or Fictitious Invoices to Avoid the Payment of VAT"
15 – 17 February 2012, Switzerland

Case Study Workshop "The Use of False or Fictitious Invoices to Avoid the Payment of VAT"

15 – 17 February 2012, Switzerland

The right to deduct input VAT is one of the basic principles in the VAT system, but also one of the major areas of risk. One of the consequences of the financial crises has been an increase of VAT fraud arising from false or fictitious invoices on which input tax deduction has been claimed.
Simple checking of VAT refund-claims or details of the input tax claimed by taxpayers can uncover this type of fraud. However, due to the limited human resources and the time-factors involved there is a risk that such frauds will go undetected, either due to the incorrect VAT returns not being selected for examination or because the fraudsters are more professional at producing false or fictitious invoices to avoid suspicion.
Risk analyses, data systems, routines for selection and checks are vital, but the personal experience and competence of the auditor is crucial. IOTA has published a report in 2011 on the validation of VAT refund claims which gives a number of practical suggestions as to how to deal with this specific problem. However, the experiences of the auditors "in the field" are essential to maintain awareness of latest developments.
Delegates will have the opportunity to discuss issues affecting their administrations by the use of selected cases that highlight:

- Current or developing trends in this VAT fraud area;
- Methods of detecting and combating invoice related frauds;
- Methods of deterring VAT non-compliance.

Case Study Workshop "Methods of Identifying Taxpayers Involved in Cross-Border Activities"
16 – 18 May 2012, Hungary

Case Study Workshop "Methods of Identifying Taxpayers Involved in Cross-Border Activities"

16 – 18 May 2012, Hungary

Following on from a successful event on cross-border business restructuring in 2010, the topic continues to attract significant interest from IOTA Membership. This year IOTA intends to concentrate on the taxpayer. With an ever increasing number of taxpayers travelling across borders for employment it is becoming more and more important to ensure that the correct person or business is registered as a taxpayer in the appropriate country. Exchanges of experiences and comparison of different methods is essential as there is a need to share views of the practical problems and possible solutions to these problems as well as need for possible tax or other legislative changes.

This case study workshop will aim to address the risks related to cross-border activities by providing the delegates with an opportunity to present and discuss specific cases. It will cover the practical aspects of the identification of risks that are linked to such activities and will also embrace ways and means of tackling tax evasion schemes.

Case Study Workshop "Auditing Individuals and Legal Entities in the Use of e-Money"

19 – 21 September 2012, Georgia

E-commerce has advanced dramatically over the past few years to the point where virtually all businesses have a website promoting their activities or offering their goods. For tax administrations, the control over sales conducted via the web pose new and complex problems in identifying and quantifying the transactions carried out by individual businesses. One way to approach this issue is for tax administrations to "follow the money" rather than try to follow often complex transaction paths. This event will combine lectures and practical case studies to highlight and demonstrate ways in which tax officials can approach the specific issues and problems associated with auditing activities involving the Internet.

Case Study Workshop "Auditing Individuals and Legal Entities in the Use of e-Money"
19 – 21 September 2012, Georgia

Case Study Workshop "Tackling VAT Losses amongst Large Businesses"
12 - 14 December 2012, Hungary

Case Study Workshop "Tackling VAT Losses amongst Large Businesses"

12 - 14 December 2012, Hungary

With the end of the Area Group "Large Taxpayers Treatment and Audit" in 2011, this case study workshop is intended to provide tax administrations responsible for large businesses the opportunity to examine, through a series of case studies, the various methods of identifying the causes and instances of VAT losses amongst large businesses (whether arising from error, avoidance or fraud), the techniques used to quantify losses from different causes and ways of identifying those which can be most effectively tackled or prevented.

An advanced workshop aimed at all countries who operate a Value Added Tax regime or similar.

Special Interest Workshops

It is recognised that providing a programme of events for the IOTA Membership, which now extends to 46 tax administrations, is a valued and worthwhile initiative that allows for the exchange of experiences and assists in the improving of co-operation between the tax administrations in the European region.

Equally, it is true that our Member tax administrations are at different stages of development in various key areas of tax administration and consequently their needs vary.

The *Special Interest* initiative seeks to identify a specific need within a smaller group of current Member tax administrations and to provide an event to meet this need.

- **Special Interest Workshop "Structure and Organisation of Tax Administrations in the Light of Integration Processes" 27 – 29 June 2012, Serbia**

Special Interest Workshop "Structure and Organisation of Tax Administrations in the Light of Integration Processes"

27 – 29 June 2012, Serbia

The aim of this special interest workshop is to provide a forum for officials from interested IOTA Member tax administrations to hear and discuss the issues arising from the merger/integration processes within tax administrations as well as with other government agencies. It will bring together participants from tax administrations that may be considering such a merger and those that are in the process of merging to hear from and discuss with colleagues who have completed the task, their experiences and legislative issues faced, thus enabling the sharing of good practice.

- **Workshop "New Technologies - Collecting Information from the Web"**
  11 - 13 January 2012, Hungary

In addition to the established IOTA Area Group meetings and case study workshops the Organisation also provides an annual programme of workshops on a variety of practical tax administration topics.

The focus of workshops is to create a forum for the exchange of knowledge and experiences on a practical level. Topics are selected annually based on the consultation process between Member tax administrations and the IOTA Secretariat.

Workshop "New Technologies - Collecting Information from the Web"

11 - 13 January 2012, Hungary

Most businesses now use the World Wide Web for advertising, selling, buying or accounting. It is impossible for tax administrations to ignore the importance of this medium for transactions of both goods and services that will allow business to be conducted without the need for paper accounting.

As will be explored during another IOTA event this year, there are many tools available to administrations to assist them in identifying business activities that are taking place over the Internet, but the question then is "what can the tax administration do with the information they gain about businesses using the Internet in order to ensure that they are correctly accounting for tax?"

The workshop will look at how the huge volumes of information available on the Internet are distilled by administrations into useable, effective knowledge about their taxpayers and how this knowledge is then applied in the risk analysis and audit processes.

Workshop "The Use of Forensic Tools and Techniques to Combat Fraud"

1 - 3 February 2012, Norway

- **Workshop "The Use of Forensic Tools and Techniques to Combat Fraud" 1 - 3 February 2012, Norway**

Since the advent of the paperless office, many individuals and organisations take advantage of the tax officers' general lack of understanding of computer systems to avoid or evade paying the correct amount of tax. The techniques vary from the sophisticated use of "zappers" to reduce sales figures, to a simple "off record" spreadsheet showing the opening hours and takings of the business.

To be able to extract information from a computer system whilst at the same time avoiding any allegations that information has either been "planted" or tampered with requires specialist knowledge of sophisticated software and careful recording of procedures. These skills generally fall under the heading of forensic computing.

Computer forensics is an area that the majority of tax administrations now work with. Some administrations do it as an integrated part of their business activities, whilst others have special units that handle computer forensics. However, the challenges they face are the same.

This workshop is intended to provide a platform where technical staff involved in the day-to-day operation of forensic software and analysis of data can:

- Share good practice in the use of computer forensic tools and techniques in tax fraud and avoidance cases;
- Examine and demonstrate the latest available forensic tools with the participation of forensic software providers.

- **Training Forum**
  21 - 23 March 2012, Italy
- **Workshop "Indirect Methods & Sources for Estimating Tax Liabilities"**
  18 - 20 April 2012, Poland

Training Forum

21 - 23 March 2012, Italy

With its pivotal role in staff development, training is one of the pillars of a robust and modern organisation, ensuring quality and effectiveness in the performance of activities. Tax administrations are frequently adapting their strategies towards training and implementing new approaches towards upskilling staff in their fiscal activity requirements. The IOTA Training Forum is meant to provide a platform for training issues, focusing on professional themes that can be presented and discussed between participants, thus fulfilling the need to liaise and exchange knowledge and experiences.
The 2012 Training Forum will seek to:

- Review new trends and developments in training;
- Identify common approaches/strategies towards training;
- Embrace methods and techniques implemented by tax administrations;
- Assess good practice seeking for more efficiency in training.

Workshop "Indirect Methods & Sources for Estimating Tax Liabilities"

18 - 20 April 2012, Poland

With the removal of country borders and the lack of controls over the movement of people and goods throughout Europe it has become considerably easier for businesses to be established far from a person's or company's tax authority. Acquisition of property, boats, cars and businesses are simple ways for additional income to be hidden from the tax administration.

The workshop will examine ways that tax authorities can acquire information about an individual's income or expenditure from alternative sources and how this information can then be used to give an effective profile of that individual.

- Workshop "Taxpayer Services in the Modern World"
  23 - 25 May 2012, Armenia
- Workshop "VAT Fraud Schemes Involving Non-EU Countries"
  6 - 8 June 2012, Luxembourg

Workshop "Taxpayer Services in the Modern World"

23 - 25 May 2012, Armenia

The environment within which tax administrations work is forever changing, with new challenges and expectations coming from taxpayers almost on a daily basis. The aim of this event is to discuss ways to improve customer services and to look for more cost-effective ways to improve voluntary compliance.

Topics for consideration include:

- Services available to taxpayers and the form in which they are delivered;
- Ways to reduce taxpayers' problems rather than dealing with them afterwards; examining proactive communication with taxpayers such as pre-notification so as to reduce compliance issues relating to non-submission of returns, etc.

Workshop "VAT Fraud Schemes Involving Non-EU Countries"

6 - 8 June 2012, Luxembourg

This event will be jointly organised by IOTA and the European Commission and will focus on new trends and tactics in the abuse of VAT liabilities in cross-border transactions applied by fraudsters and the concerted counter-measures tax and customs administrations are taking to anticipate and counter-developments in this field.

The workshop will aim to share best practice and experience in:

- Anti-fraud strategies and operational measures at both EU level (including Eurofisc) and Intra-European level to identify and combat VAT fraud schemes;
- Tackling cross-border VAT fraud schemes between non EU-countries and between non EU-countries and EU Member States;
- The role of the customs administration in fighting VAT fraud;
- Increasing and improving the exchange of information and mutual assistance between administrations.

- Workshop "Administrative Co-operation & Mutual Assistance in the European Region"
  13 - 15 June 2012, Hungary
- Workshop "Using Communication to Influence Taxpayer Culture"
  24 - 26 October 2012, the Czech Republic

Workshop "Administrative Co-operation & Mutual Assistance in the European Region"

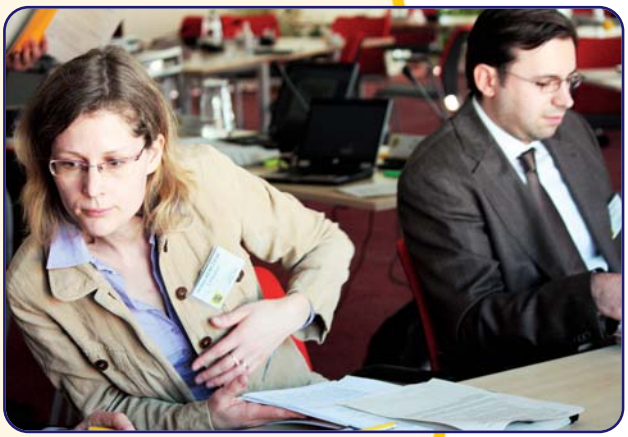
13 - 15 June 2012, Hungary

In today's global environment, it is imperative that administrations are able to quickly and easily exchange information between themselves that will ensure that taxpayers pay the correct tax at the correct time and in the correct country.

Mutual co-operation between administrations is a very important and effective instrument to combat tax evasion and avoidance from an international perspective. This workshop will examine the work already undertaken in this area by the OECD and EU and exchange experiences of IOTA Members who investigate what information is available to tax authorities, explore the willingness and legal opportunities for such exchanges and to evaluate the impact on tax administrations in both the direct and indirect tax environment.

Workshop "Using Communication to Influence Taxpayer Culture"

24 – 26 October 2012, the Czech Republic



To be able to improve compliance it is necessary for tax administrations to examine the cultural and social background of its taxpayers in order to build a better relationship based on mutual trust, co-operation and transparency. Communication activities are one of the most powerful tools to realise this aim. This workshop will:

- Share experiences and information between Member tax administrations in order to compare communication strategies and tools adopted by the various tax administrations;
- Look at new strategies in communicating with the taxpayer population;
- Attempt to strengthen international co-operation in this field in order to maximise results.

Workshop "Innovative Approaches to Managing Business Processes Within Tax Administrations"

14 – 16 November 2012, Austria

The processes of an organisation can be categorised as administrative, primary and supporting. The focus of this event will be to explore the different approaches towards managing the primary processes within a tax administration that have been adopted by IOTA Members in order to achieve their mission, strategic objectives and tasks.

Examples of this can include strategic networks in which a nationwide network of experts co-operates within and across the functions/organisational units of a tax administration and segmentation as a driver of performance.

This workshop will examine ideas, alternative solutions and best practices on how to manage business processes as effectively as possible.

Workshop on "Hot Topic" - to be decided

21 – 23 November 2012, Bulgaria

The IOTA technical taxation experts would like all IOTA work programmes to include events that reflect current issues that affect tax administration. One way is for us to make ourselves aware of the major issues and challenges facing individual tax administrations, the so-called "Hot Topics".

Therefore we are keeping this workshop reserved for a "Hot Topic" - to be chosen by the Principal Contact Persons for IOTA much closer to the proposed time of delivery.

- **Workshop "Innovative Approaches to Managing Business Processes Within Tax Administrations" 14 – 16 November 2012, Austria**
- **Workshop on "Hot Topic" - to be decided 21 - 23 November 2012, Bulgaria**

- **Workshop "Development and Maintenance of Data Warehouses within Tax Administrations" 3 – 5 December 2012, Hungary**

Workshop "Development and Maintenance of Data Warehouses within Tax Administrations"

3 – 5 December 2012, Hungary

Data has become one of the tax administrations' main tools in combating tax avoidance and fraud. However, data is of limited value unless it can be converted into information which can then be applied within the risk analysis, compliance and audit programme of the tax administration.

This workshop will provide participants with an opportunity to share experiences in choosing a data warehouse design and in the use of data warehousing by demonstrating how a data warehouse can provide additional knowledge of the taxpayer base through the systematic integration and processing of data and examine how the improved management of data for the organisation can offer new and improved ways of working.

The event is intended to provide an advanced level forum for tax officials working with or developing data warehousing.

Workshop "Data Mining Tools and Techniques in Tax Administrations"

5 - 7 December 2012, Hungary

Data mining, whether it is "on the net" or part of an administration's own system, looking for comparative matches and patterns that could lead to associations between disparate pieces of data which then become information; has become one of the tax administrations' main weapons in detecting those whose aim is to avoid payment of revenues.

This workshop follows on from the event "Development and Maintenance of Data Warehouses within Tax Administrations" and will examine how data mining can provide an extended knowledge of the taxpayer base through systematic interrogation and processing of data and how this can provide improved management information for the organisation allowing for new and improved ways of working (Business Intelligence).

By sharing ideas, experiences and best practice among tax and customs authorities regarding the use of data mining methodologies for improved customer service and compliance, this event will provide an advanced level forum for tax officials working on projects within their administration.

• **Workshop "Data Mining Tools and Techniques in Tax Administrations" 5 - 7 December 2012, Hungary**

Technical Enquiry Service

In 2010/2011 (between the General Assemblies) the IOTA technical taxation experts handled 60 requests from IOTA Member tax administrations, seeking information and assistance from other IOTA Members.

IOTA co-ordinates the provision of responses to technical enquiries received from Member tax administrations who are seeking information and assistance from other IOTA Members.

The IOTA Technical Advisory Committee receives enquiries from Member administrations and circulates them to all IOTA Members.

Following consultation with the Membership, IOTA will now provide an online database / archive of completed enquiries for access by all Members on the IOTA website.

Publications

To complement its Technical Work Programme and the other services it provides for its Members, IOTA prepares and issues several types of publications both paper based and using e-methods.

Only a limited number of our publications are published in hard copy. Instead we have committed to electronic publications, supported by the strong multifunctional website and our e-newsletter system in order to improve the quality and speed of communication with our Membership.

IOTA focuses on three types of publication: post-event reports, annual magazine "Tax Tribune" and Task Team publications such as IOTA Reports for Tax Administrations, Good Practice Guides, etc.

Post-Event Reports

The main target groups for the post-event reports are participants at the IOTA technical events and IOTA Principal Contact Persons. The content of the post-event report includes the final agenda, an updated list of participants, final versions of presentations, workshop summaries and a report of the event.

The latest issue no. 27 of the Tax Tribune "In Focus… IOTA Technical Activities Programme 2010" compiled 42 technical articles from 25 IOTA Member tax administrations.

Tax Tribune

Tax Tribune is the magazine of IOTA, dealing with contemporary practical issues in tax administrations.

2500 copies of each edition are distributed, with the intention to inform and interest the tax administrators of IOTA Members as well as the general public. The magazine is published once a year using material both from the previous years' General Assembly and Technical Work Programme, compiling more than 40 technical articles in each of the last two years' issues.

Using a magazine format, rather than that of an academic journal, Tax Tribune spotlights trends, provides new insights and ideas, and analyses the implications of practical tax administration issues.

In the previous year's issue it included articles on cross-border business restructuring risks, VAT fraud cases, different tax systems to reduce tax liabilities, tax gap and its reduction, effective debt management and voluntary compliance, IT solutions, tax havens, risk management, training in tax administrations, fiscal education, large taxpayer treatment and audit, prevention and detection of VAT fraud, HR and strategic management, etc.

Task Team Publications

IOTA continues to produce a series of publications arising out of the work of the Task Teams, which are linked to Area Groups. The publications from Task Teams can take a number of forms such as good practice guides, reports or comparative studies.

In the 2011/2012 period, the following reports will be published on the IOTA website:

Human Resource Management:
- Performance Management

Large Taxpayer Treatment and Audit:
- Risk Analysis of Large Taxpayers
- Aggressive Tax Planning

Prevention and Detection of VAT Fraud:
- Validation of VAT Refund Claims
- Deep Web Investigation
- Cloud Computing
- Third-Party Information
- Pre and Post VAT Registration Controls

Strategic Management: Benchmarking:
- General Good Practice Guide to Benchmarking Methodologies
- Benchmarking Code of Conduct

Taxpayer Education and Services:
- Treatment of Minorities
- Good Practice Guide: Contact Centres

In 2011/2012 IOTA is planning to work on 12 Task Team publications in the areas of human resource management, large taxpayer treatment and audit, prevention and detection of VAT fraud, strategic management: benchmarking, and taxpayer education and services.

Online Knowledge Databases and Data Warehouse

In 2011/2012 3 IOTA knowledge databases will be running:

- **Mutual Assistance and Exchange of Information in the IOTA Region**
- **Structure and Organisation of Large Taxpayer Units**
- **Voluntary Compliance – Horizontal Monitoring**

In 2012 the IOTA Data Warehouse will be developed to support benchmarking activities of IOTA Members.

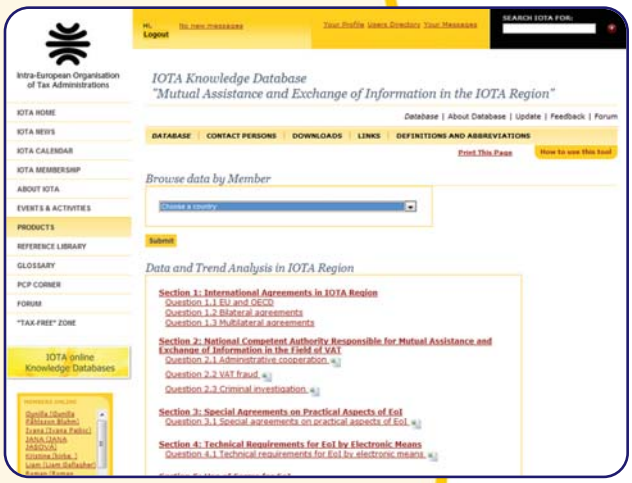
The IOTA Knowledge Databases are continuously updated web-based knowledge depositories developed by IOTA for its Membership on specific topics of tax administration area. They are created as an integral part of the IOTA website and can be accessed only by the tax officials of IOTA Member tax administrations who have a registered user's profile on the IOTA website.

IOTA Members are provided with the ability to populate the database online and retain permanent ownership and supervision of the data they have submitted. They have instant access to the data page of their tax administration and they can always keep it up-to-date with the latest available information.

The structure and the content required for databases are defined by the IOTA Task Teams (TT) working under the umbrella of IOTA Area Groups (AG).

Three online knowledge databases will be operating on the IOTA website in 2011/2012:

- "Mutual Assistance and Exchange of Information in the IOTA Region", initiated by the TT from the AG Prevention and Detection of VAT Fraud;
- "Structure and Organisation of Large Taxpayer Units" initiated by the TT from the AG Large Taxpayer Treatment and Audit;
- "Voluntary Compliance – Horizontal Monitoring" initiated by the TT from the AG Large Taxpayer Treatment and Audit.



Additionally an IOTA Data Warehouse will be developed in 2012 to support benchmarking activities of IOTA Members and to host large volumes of data, initially collected in Country Profiles Database, currently available on ConfirmIt survey platform through the IOTA website. This database was initiated and commenced by the TT from the AG Strategic Management: Benchmarking.

Web Portal

The key objectives of IOTA Web Portal are:

- To present the specific identity and image of our Organisation;
- To provide up-to-date practical tax administration information for the IOTA Membership;
- To promote communication amongst the IOTA Membership.

The main idea of the Website is to provide a broad spectrum of information concerning practical tax administration issues as well as information about IOTA to the IOTA Membership.

IOTA Web Portal is divided into two parts – Public Area and Members' Area:

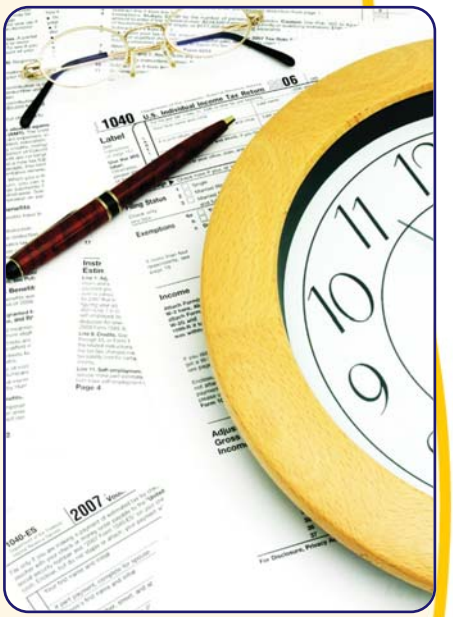
- The Public Area can be accessed by any visitor. The information in this part of the Website is limited to basic and general information concerning IOTA, its Membership, public news, and IOTA calendar of events.
- The Members' Area can be accessed only by tax officials of IOTA Member tax administrations who are registered users of the Portal. This area provides the registered user with additional information and materials – IOTA news exclusively for IOTA Membership, materials on practical tax administration issues and the database of relevant links within the Reference Library, complete materials from IOTA technical and administrative activities, IOTA publications and administrative documents, IOTA knowledge databases as well as the glossary of tax-related terms and the database of enquiries. The users of the Members' Area also have access to the discussion forums, registered users' directory, e-registration module for IOTA events, polls/surveys online, photo gallery, and private messaging module.

WWW.IOTA-TAX.ORG

Statistics (October 2011)

- **Published Pages – 258**
- **News items (including archive) – 436**
- **Reference library materials – 1264**
- **Registered users - 2686**
- **IOTA monthly newsletter subscribers - 1262**

Updated information on the composition of IOTA Statutory Bodies, as well as a list of heads of IOTA Member tax administrations and a list of IOTA Principal Contact Persons can be found on the IOTA website:
www.iota-tax.org



Executive Council 2011 - 2012

Norway (Presidency), Austria, Germany, Hungary, Italy, Lithuania, Slovenia, Spain, Switzerland

President 2011 - 2012

Mr. Svein Ragnar Kristensen	Norway (Presidency)

Executive Secretary

Mr. Marek Welenczyk	Poland

Internal Auditors 2011 - 2012

Ms. Catherine Campinchi	France
Ms. Maria Mitu	Romania

Technical Advisory Committee

Mr. Michal Mažáry	Slovakia
Mr. Eugenijus Soldatkovas	Lithuania
Mr. Jerry Taylor	the United Kingdom

IOTA 2011/2012