



ΕΛΛΗΝΙΚΗ ΔΗΜΟΚΡΑΤΙΑ



ΑΑΔΕ

Ανεξάρτητη Αρχή
Δημοσίων Εσόδων

**ΟΜΙΛΙΑ ΔΙΟΙΚΗΤΗ ΑΑΔΕ, ΓΙΩΡΓΟΥ ΠΙΤΣΙΛΗ, ΣΤΟ 19^ο
ANNUAL CAPITAL LINK INVEST IN GREECE FORUM**

Good morning Ladies and Gentlemen,

Καλημέρα σας, κυρίες και κύριοι.

Let me introduce myself to those who don't know me.

My name is George Pitsilis. I am the Governor of the Independent Authority for Public Revenue.

In other words, the head of Greece's tax administration, which operates under an independent scheme since January 1st.

This is the second year I participate in Capital Link's annual Invest in Greece Forum. And, I am really thankful to Capital Link for inviting me here, because this gives me the opportunity to present to you the things that we have started to change since last year and those that we are planning to change in the years to come.

I come from the private sector. Although I am not an economist I understand that the keyword for attracting investments is TRUST. Without trust, no one will invest his time and money in a country.

And what does trust mean, when it comes to the tax administration?

Efficiency and tax fairness.

Making sure that everybody pays, in the easiest way possible, what they owe to the state, so that competition is not distorted by tax fraud and tax evasion. And not more than what they actually owe.

This is what we are striving for in the Independent Authority for public Revenue.

In the past few years, Greece has developed a thorough e-filing system, for almost all taxes (personal and corporate income tax, VAT, withholding taxes, tonnage tax), with extensive pre-filing data features. Information on salaries, pensions, taxes withheld, interest and dividends distributed is already there in the tax return. And e-filing is mandatory.

Also, we have a wide legal framework for receiving third party information, including information from banks, investment companies.

Adding to this the information that comes to us from the OECD and EU automatic exchange of information procedures, the Greek tax administration is ranked among the OECD tax administrations with the highest level of information available to it.

And our people are becoming better and better in making use of this information and our taxpayers know it. I don't want to bore you with the details, but I can tell you the following: From last December until the end of this November Greece run the third Voluntary Disclosure Scheme in the last 10 years. A scheme that was enormously less favorable than the two previous ones. And despite that, this last VDI scheme was a success, as it brought us more than 711 M Euros of taxes, whereas the two previous ones had given us insignificant revenue.

Why did this happen? Because, the eventuality of a tax audit based on information collected from bank account transactions became a credible threat for those who had neglected their obligations.

In 2018 we will continue in this path.

- By developing sectoral indirect audit methods for those with deliberately inaccurate bookkeeping

- By further developing a risk-based enforcement model with interactions based on behaviors and attitude
- by making the best use of all information from domestic and international sources.
- By controlling transfer of goods that enter our territory, with the new x-ray machines that we are currently deploying at our borders and at the main ports
- By developing software for e-filing of the transfer of goods within the country

But as I said, trust is also about tax fairness.

And I must tell you we are very proud with the progress we made in this field. I will cite three brief examples:

- Dispute resolution unit: At the beginning of 2016, this unit, which is destined to examine taxpayers complains on tax assessments against them, was examining something more than 50% of the cases brought before it. Today, the rate of cases examined has exceeded 90%. Also, case law of the DRU has become more aligned to case law of the courts, thus becoming fairer than before. And what is more important, all decisions of this unit are published in our website, so that everyone knows how the tax administration applies the rules

This has led to a considerable reduction of cases brought before the courts, but also to a better legal support of the State's position for those cases.

- Mutual Agreement Procedure: Until 2016 Greece did not have a MAP framework. This meant that the MAP procedures provided for in the Double Taxation Treaties concluded by Greece could not be implemented. We managed to introduce comprehensive primary and secondary legislation that allows the application of MAP.
- The third example is tax refunds: It is our firm belief that we cannot achieve trust, we cannot ask from the taxpayers to fulfil their duties if the State does not respect its obligations towards them. This is why we made considerable efforts in reducing our stock of refunds. Sep 1 2,5 BN. Now, something more

than a billion, and we take into account that there is an amount for which we have done our part and we expect the taxpayer either to show up or to send us the bank account to which he would like to have the refund deposited, the actual amount of stock is less than 850 MN. Our goal is to have finished with the stock by September 2018

- Our next big project for 2018 is investing in tax certainty: Simplicity and taxes are rarely compatible concepts. This is because, inevitably tax systems and tax fairness need to also reflect the complexity of our world. This however does not exclude tax certainty: providing taxpayers and potential investors with all the information they need in order to know what their tax obligations are or will be. It is a big challenge for us, but also a goal that we need to achieve if we want to make a difference when it comes to investment.

Ladies and Gentlemen,

As I said, since January 1st the tax authority has become organizationally and functionally independent. This was the end of a process of institutional transformation that has started from the creation of single revenue authority, but not an end to itself. On the contrary we see it as an enabling framework that will allow us to implement the broad list of reforms that we need.

I would like to say a few words about our BLUE PRINT REFORM. The project responds to the question of What is the tax administration that we would like to have in three years from now. And it is also the umbrella for all the projects that we are currently working on.

Key components:

- implementing Client based approach, whereby we will be able to provide quality services remotely, thus enhancing service delivery for greater voluntary compliance,
- investing on our infrastructure and especially on our IT, which is the cornerstone of all transformation, through recruitment of skilled employees and renewal of all our equipment that has become obsolete

- reducing unnecessary costs through centralizing processes like collection and through reviewing and merging units in the big cities of Greece

- establishing a modern HRM system. I would like to say a few words on that, because I had referred to that issue during my last years' speech

Our aim is to establish and operate a transparent and fully meritocratic system of allocation to grades, appraisal and promotion for our staff, taking into account the experience and performance of each staff member.

Modernization of HR has 4 main components:

Job descriptions – this is a basic tool all modern organizations use so that everyone can see what the jobs are, and the work that is done is clearly understood. It provides a foundation for the other 3 components.

Assessment – we want to know how well people are doing in their job, so that if people are struggling they can be helped to do better, and people doing well can be helped to progress further

Career paths – we need to develop people to do the more difficult or complex work and to become leaders and managers. The training and work experience needed to make these steps has to be mapped out so people can see the options available

Pay – we move to a system in which there payment is not based only on seniority and academic skills but also on the duties, responsibilities and working conditions of each position.

And we have started doing that. The attribution of Job Descriptions to almost all our staff will have finished by the end of the year and, barring the unexpected, by May 2018 we will have finalized the other components of the reform: grading, wage grid and procedures for evolving professionally within the Agency.

Why is this important for us? Because through that process we will bring fairness in our HR system and will address in better and a more transparent way integrity issues

Why is this important for U? Because, together with our tax academy, that is the infrastructure that we are creating for the training of our staff, you will have better quality of services.

Ladies and gentlemen

I know and I feel how important the investments are for Greece.

We want investments, that will create new jobs, and bring sustainable growth.

In other words, we want you beside us, with us...

...and we promise,

I, personally, promise

that we will - day by day - facilitate your job in the tax administration context.

Thank you for your attention.