



ΕΛΛΗΝΙΚΗ ΔΗΜΟΚΡΑΤΙΑ



ΑΑΔΕ

Ανεξάρτητη Αρχή
Δημοσίων Εσόδων

ΟΜΙΛΙΑ ΔΙΟΙΚΗΤΗ ΑΑΔΕ ΣΤΟΝ ΟΟΣΑ

Presentation of the Greek Revenue Administration's reform: The creation of a revenue agency

Good afternoon Ladies and Gentlemen,

My name is George Pitsilis. I am the Governor of the Independent Authority for Public Revenue of Greece. In other words, the Head of Greece's tax administration.

The purpose of my speech is to present you with the recent major transformation of our revenue agency, the new legal framework that it is currently working under, along with our reform strategy and our related vision for its modernization.

Legal Framework

a. Transformation

Let me start by taking you quickly two steps back. In 2013, all Greek tax and customs services, which, until then, were operating as general directorates of the Ministry of Finance, were united in a single, semi-autonomous, revenue authority, called General Secretariat of Public Revenue (GSPR). GSPR operated as such until the end of 2016. Since January 1st 2017, our Revenue Authority, while not obtaining a legal personality of its own, has become organizationally and functionally independent vis-à-vis the Ministry of Finance and operates on the basis of a legal framework that was drafted in line with the international standards regarding tax Administration autonomy.

b. Competencies

The transformation into an Independent Authority for Public Revenue (IAPR) has not altered our core competencies and business. The IAPR has remained competent for interpreting and implementing tax and customs legislation, as well as performing tax audits and customs controls and assessing and collecting Tax, Customs, and other public revenues.

c. Organizational model

What has changed is the organizational model. The IAPR is managed by its Head, the Governor, but for all **major issues** related to **strategic** and **business planning**, as well as **staffing, organizational** and **budget** issues, the Governor is assisted by a five member Management Board (MB). The MB is competent for providing general guidelines for the strategic planning of the Authority and giving its assent to the Authority's Strategic and yearly Business Plan, as well as to other major decisions on the above issues. The Management Board is also competent for monitoring the implementation of the strategic and business plans of the Agency.

The Governor and the members of the Board are elected **following an open call for interest**. For the Governor, candidacies are examined by **an independent Selection Committee** composed by ex officio members, which presents a short list of 4 candidates to the MB. The MB narrows the list down to 2 candidates, out of which the Minister of Finance elects the Governor. Similar is the procedure for the election of the members of the MB.

Especially for the first five years of operation of the Authority, the MB is assisted by an international Expert, who is elected from a short list proposed by the European Commission.

d. The autonomous model of IAPR

What are the key characteristics of the new model:

- the authority enjoys operational and administrative autonomy, and financial self-reliance; it is not subject to scrutiny or supervision by government bodies or other administrative authorities;
- direct reporting to the Parliament is provided for: The Governor, along with IAPR top management, appear before the Parliament at least once a year, in order to present the Annual Report of the previous year and the Business Plan for the next year.
- in the human resources area, the IAPR law has foreseen certain deviations from the provisions applicable to the rest of the public sector, ensuring that we can have more flexible and efficient processes (namely assessment, grading, wage grid), rewarding benefits etc.
- IAPR has its own budget and financial management, which is conducted through a General Directorate of Financial Services (GDFS), founded for this purpose by our constituting law. IAPR is also competent for the procurement of its equipment, consumables, and services required, following all relevant legislation regarding public procurement.

Finally, as far as Public Investment Budget is concerned, IAPR has initiated an ambitious program amounting to approx. 50 mil euros for the next three years.

e. Relationship with the political leadership

- Control /Supervision by the MoF:

The Authority is not subject to hierarchical control or supervision by the Minister of Finance (MoF). The MoF may **only** provide **strategic guidance** to the Authority in relation to the government policy implementation in matters pertaining to the Authority's powers, which cannot be extended to organizational and operational issues of the Authority or to its staff.

The Authority periodically informs the MoF about the execution of the yearly business plan and other issues arising from its function.

In the event of a disagreement between the MoF and the Governor of the Authority on the implementation of tax policy, the matter shall be referred by the MoF to the Authority's MB.

- Legislative provisions and secondary legislation:

IAPR may propose to the MoF legislative provisions on matters falling within its remit.

Prior to the submission to Parliament of legislative provisions on tax and customs policy issues and their implementation, the MoF (and other Ministries) must notify the Authority thereof, which further give its non-binding opinion.

Additionally, prior to the adoption of regulations and circulars concerning the interpretation and application of the provisions of the tax and customs legislation, the Authority must request the views of the MoF, which in any case are not binding on the Authority.

- Information (data) for the exercise of tax policy by the MoF:

As regards the information, the Minister may not request any information on specific cases or provide binding instructions therefor. The Authority may provide the MoF with either aggregate or personalized but anonymized analytical data.

Our Vision

Ladies and Gentlemen,

The transformation into an independent authority was the end of a process that has started from the creation of a 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 in order to move to further modernization.

We also have in mind that the transformation into an Independent Authority reflects the long standing expectation of the Greek society that the Tax Administration operates with guidelines, the principles of transparency, meritocracy, tax fairness, accountability, efficiency and effort for persistent improvement.

Thus, our vision and target is to make the Agency working in such an exemplary way that it becomes a pilot to the rest of the Greek public bodies.

This was, I believe, the main reason why the Greek Parliament decided, in vast majority, to grant broad autonomy to the Greek Tax Administration: To provide it with the tools to proceed to all the long term reforms that are indispensable for improving our performance and creating a relationship of trust with taxpayers.

Currently, we have a long list of tasks ahead of us.

In 2017, we identified the key steps of what we call our blueprint 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 such as collection and through reviewing and merging units in the major cities of Greece
- developing a customs strategy that will fit in the blueprint reform, focusing especially in reinforcing our services with specialized equipment for controls and allocating more forces in the fight against smuggling

- Investing on in-house quality training of our employees
- establishing a modern HRM system: 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. And we have started doing that. The allocation of Job Descriptions to all our staff has finished and, by May 2018 we will have finalized the rest of the components of the reform: grading, wage grid and procedures for evolving professionally within the Agency.

The above reforms are more than necessary after the downsizing that the tax and customs services have inevitably faced in the last years. Indicatively, from around 15.000 active employees in 2011, the number of employees of the IAPR amounts currently to less than 12.000.

Despite the problems and obstacles we are facing, I am proud to say that good results are already showing.

In 2017, IAPR has exceeded its collection of revenue target by 1,5%, which is more than 700 M EUROS.

Collection of old debt, that is debt that is more than one year old, has increased to 2,678 Billion €, against 2,475 Billion in 2016, increasing its performance by 8,20%, compared to 2016, and by 63,20% compared to 2015.

The pace of creation of new debt has become slower in the past two years: from 13,48 Billion € in 2015 and 12,16 Billion in 2016, in 2017 the new debt was amounted to 10,87 billion, reduced by 10,5% against 2016 and 19,30% against 2015.

Tax refunds: A big problem of the Greek Tax Administration that has accumulated a very big stock of refund claims: In 2017, we refunded 6,053 Billion, against 4.290 billion in 2016, and 3,108 bn in 2015, thus reducing the stock of tax arrears from

3,285 billion in 2015 to 1,034 billion in the end of 2017. Compared to 2015, this is an increase of performance of 94,8% and a consequent reduction of our stock by 68,5%.

Increase of performance has also shown its effects with respect to our fight against tax evasion. In November 2017 expired the third Voluntary Disclosure Scheme that Greece has run 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 more than 146.000 taxpayers participated, declaring almost 757 M Euros of taxes, whereas the two previous ones had given us insignificant revenue. We believe that the success of this scheme relies on better legislation, proposed by our services and worked together with the MoF, but also on the fact that the eventuality of a tax audit became a credible threat for those who had neglected their obligations.

Ladies and Gentlemen,

I will not further bore you with numbers. I will just say that I took the opportunity to present you the reforms that we have undergone in the Greek tax administration, because I believe that despite each administration's level of efficiency and effectiveness, we share common problems.

Our thoughts on where we want to go have been enriched by the best practices presented to us by international technical assistance that we receive, and also by our efforts to keep an open door to all recent developments in other tax administrations as well as in international fora, such as the OECD.

From my side, I would like to assure you that we and I personally in the Greek tax administration remain fully committed to implement our long-term reforms and become an example of an overall successful and radical transformation.

Thank you for your attention.