The Italian Revenue Agency: main challenges and planned responses

Agenzia Entrate

EU Member States' Heads of Tax Administration Meeting - "Looking towards 2025"
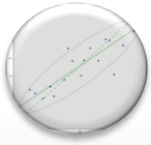**Thessaloniki**
(13-14 June 2018)

Paolo Valerio Barbantini
Italian Revenue Agency
Deputy Director General

Outline

1. **Main issues and priorities for the Italian Revenue Agency**

2. **Main response: rethinking the Organization**

3. **Actual examples**

4. **Enhancing EU cooperation: possible priorities for EU Tax Administrations**

BEPS risks

Better use of (massive) data
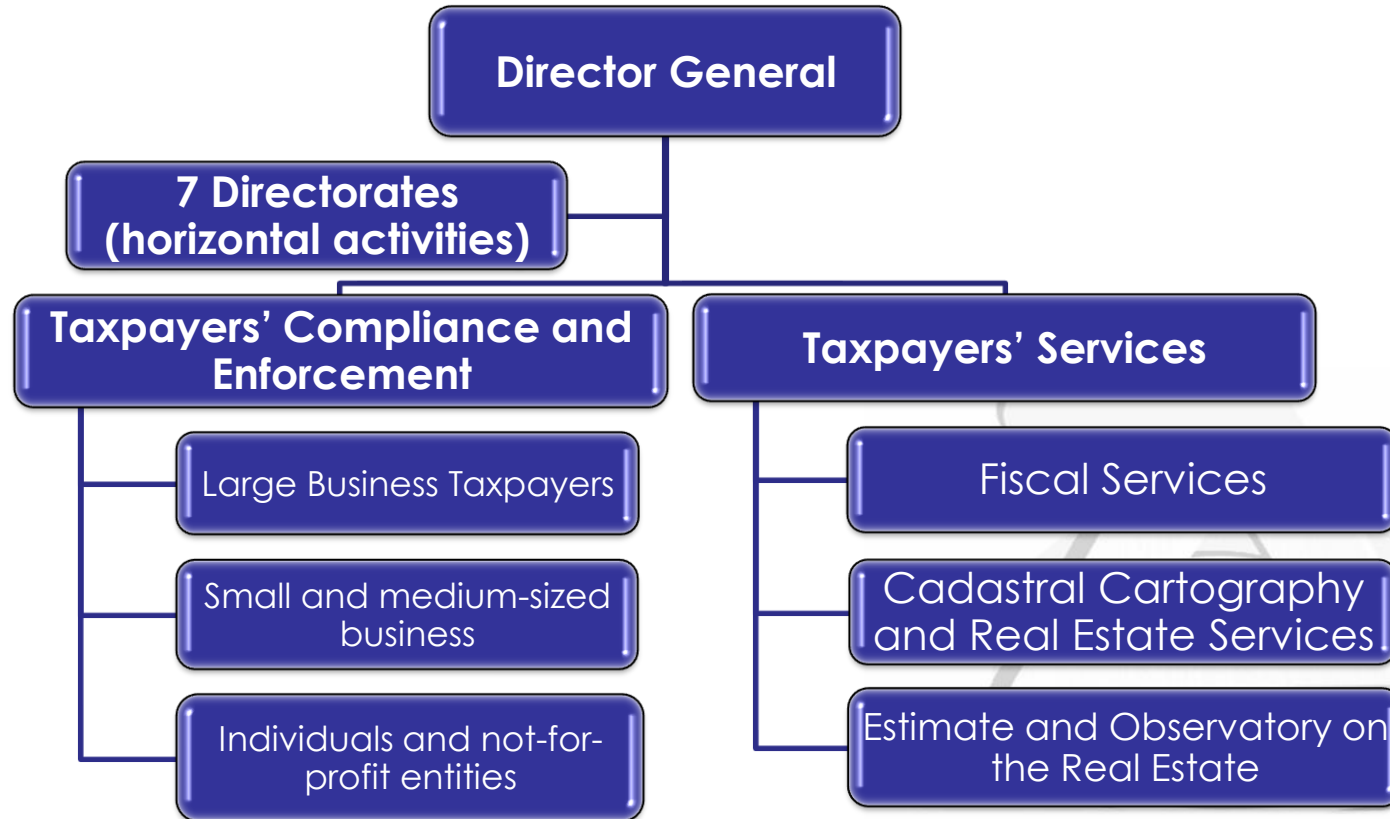
VAT Fraud

Measuring the performance

Improving digital services

Hiring, keeping and empowering personnel

Rethinking the organization

2. Main response: rethinking the Organization

Director General

7 Directorates (horizontal activities)

Taxpayers' Compliance and Enforcement
- Large Business Taxpayers
- Small and medium-sized business
- Individuals and not-for-profit entities

Taxpayers' Services
- Fiscal Services
- Cadastral Cartography and Real Estate Services
- Estimate and Observatory on the Real Estate

3. Actual examples: improving digital services

**Digital services:**
a coherent system

- ✓ Pre-filled tax returns
- ✓ Pre-filled VAT returns upon implementation of e-invoicing
- ✓ Wide range of e-services available, including:
  - access to the "tax drawer"
  - access to real-estate data (link with online inheritance tax return)
  - on-line filing registration of leases, including all-inclusive coupon tax
- ✓ Online assistance on requests

# 3. Actual examples: measuring performance

Measuring performance

- **From output to «outcome»**
- **Overall impact on tax gap (VAT (revenues, gross profit and v.a. Small companies and self-employees)**
- **Level of quality of services rendered**
- **Time of response to t.p. requests**
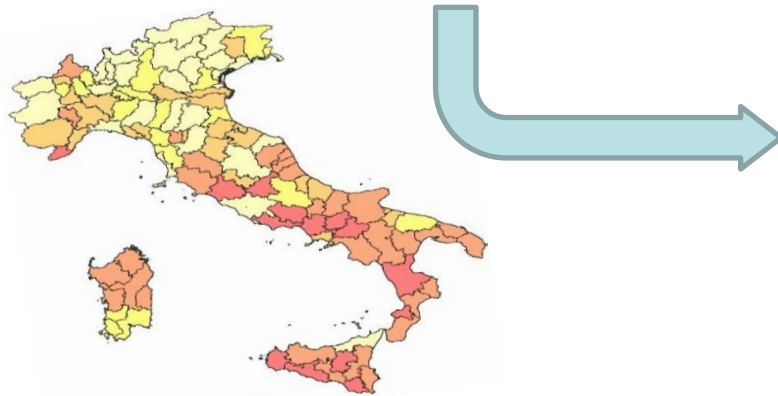
- ✓ Identify at local level structural and institutional features that affect tax compliance
- ✓ Evaluate the effectiveness of the enforcement strategies of tax authority
- ✓ Identifying the proper key performance indicators
- ✓ Developing macro-models to isolate the impact of the tax Agency's performance from other components.
- ✓ Monitoring the activity through a class of models able to verify changes in taxpayers' behavior

3. Actual examples: Data Analysis

Data Analysis
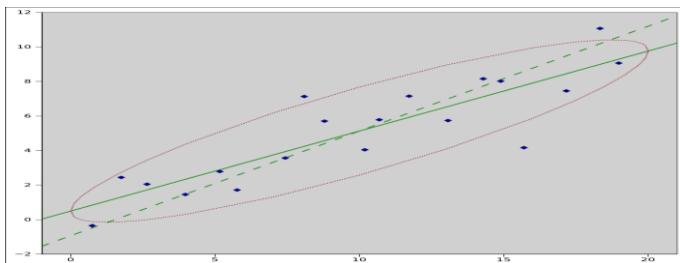
Application of data mining techniques as part of a risk-analysis strategy.

Focus on:

- ✓ estimate of individual income (74.6% positivity rate versus 33.9% using traditional techniques);

- ✓ identification of VAT fraud profiles (80% positivity rate);

- ✓ definition of taxpayer profiles based on the financial reports archive.

Testing phase of Visual Analytics approach.

3. Actual examples: new compliance tools

Compliance letters to individuals

✓ letters to taxpayers where discrepancies between data available to tax administration and tax returns or tax payments are notified

Benchmarks to assess tax reliability of tax-payers

✓ Introduction of benchmarks on industrial, commercial and professional activities, elaborated on the basis of individual data, so to allow taxpayers to evaluate their tax reliability

Achieved results:

In **2017** almost **1.5 millions** communications sent with **1,3 billion** Euros paid to amend discrepancies

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