

FORUM ON TAX ADMINISTRATION

Tax Administration: Digital Resilience in the COVID-19 Environment

21 April 2021



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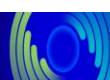
This note is intended to provide a status/pulse check on the impact of the digitalisation of tax administration in dealing with the COVID-19 crisis, with a particular focus on taxpayer services, compliance risk management, remote working, IT systems and providing support for wider government. It has been produced by the OECD Forum on Tax Administration (FTA) Secretariat in collaboration with the FTA Enterprise Risk Management Community of Interest and takes account of input provided by more than thirty tax administrations that completed a digital resilience survey. The results are presented on an anonymised basis.

This document does not make recommendations as regards particular measures since national circumstances and considerations will vary greatly. However, the information might help tax administrations in steering through the ongoing crisis and might stimulate thinking as to where changes to existing strategies on the digitalisation of tax administration processes might be considered in order to enhance resilience to future shocks.



Table of contents

Tax Administration: Digital Resilience in the COVID-19 Environment	1
Executive summary	3
1 Introduction	5
2 Taxpayer services	8
Paper communication	8
In-person communication	11
Impact on digital service channels	12
3 Compliance risk management	14
Application of innovative technologies to ensure compliance	15
Electronic invoicing and online cash register systems	16
4 Remote working	18
Remote working readiness and actual percentage	19
5 IT systems	22
IT system outages	22
IT system development	23
6 Support for wider government	25
References	27



Executive summary

During the COVID-19 crisis, many tax administrations had to close offices and move to almost full or partial remote working. For many, this has also coincided with the peak filing season and an increase in workload for those administrations dealing with social security benefits affected by COVID-19. This had impacted normal operations, as some administrations were not able to carry out business as usual in all areas, including difficulties in dealing with paper-based communications and forms, physical audits, taxpayer contacts and some aspects of systems maintenance. In addition, many administrations have been asked to undertake new roles providing assistance, including financial assistance, to taxpayers on behalf of the wider government.

From the outset it became clear that the digitalisation of tax administrations can significantly help in dealing with the crisis. Over the past years, tax administrations moved many of their processes online. As shown by the results from a digital resilience survey completed by 32 member administrations¹ of the OECD Forum on Tax Administration (FTA), this allowed them to substitute in-person communication with a virtual or digital means during the crisis and shift a significant percentage of communications from paper to digital, in many cases 75% or more.

This development has been further reinforced during the crisis. While about half of the administrations considered their digital channels sufficient to deal with the increased demand, the others addressed shortcomings through introducing enhancements to existing services or by developing new services such as applications and virtual assistants.

At the same time, the move to a remote working environment and the development of new digital services was a challenging one and did not come without risks. During the height of the crisis for the administrations, slightly more than one-third of the administrations remained fully operational, while the other two-thirds were only partially operational. In addition, more than one-third of administrations experienced IT system outages (defined as situations where the IT system fails to function for a period of one hour or more), and for half of them this affected the service delivery of critical functions. Moreover, three-quarters of administrations suspended or drastically reduced regular field audit work.

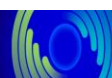
Tax administrations have effectively addressed the challenges and often at a very quick pace. The share of administration staff working remotely increased significantly during the peak of the crisis when compared to the pre-crisis situation. On average, the actual percentage of staff working remotely increased by 60 percentage-points. To facilitate this, two-thirds of administrations purchased or rented additional IT equipment for staff. With most staff working remotely, tax administrations also adapted their way of working, for example, by shifting parts of their field audit work to a virtual / digital environment.

¹ Survey responses were received from: Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, Denmark, France, Germany, Greece, Hong Kong (China), Hungary, Indonesia, Ireland, Israel, Japan, Latvia, Lithuania, Malaysia, Mexico, New Zealand, Poland, Portugal, Romania, Russia, the Slovak Republic, South Africa, Spain, Sweden, Switzerland and the United States.



Further, the urgent need to provide citizens and businesses with support during the crisis required administrations to change their existing IT project development practices, and the majority of administrations indicated turning towards agile project development methodologies.

Experiences during the crisis have influenced tax administrations' future strategies and ways of engaging with taxpayers. Experiences with COVID-19 led around 60% of the surveyed administrations to consider changes to their previous strategy on the digitalisation of tax administration processes. And around 75% of administrations plan to continue moving field audit work to a virtual / digital environment going forward. Moreover, the majority of administrations indicated that they are looking to make additional changes to further enhance the resilience of their IT systems to be prepared for future crises.



1 Introduction

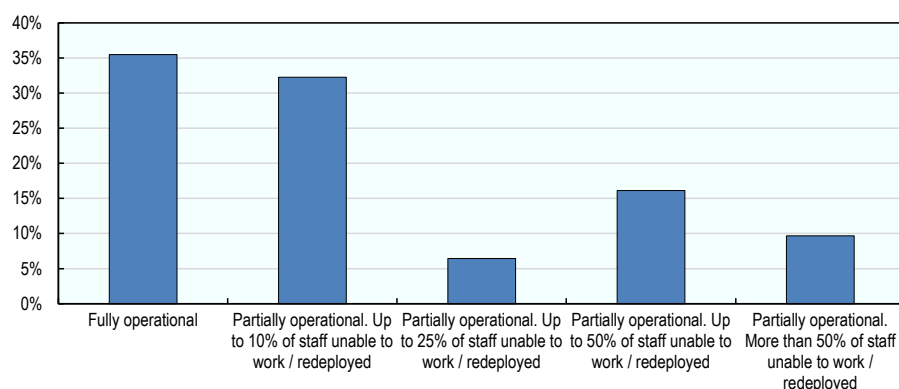
The COVID-19 crisis and related government measures led many tax administrations to close offices and move to almost full or partial remote working. While by itself this was already a difficult task for administrations which were not set up for large scale remote working, often putting the administrations' IT systems under considerable strain, for many administrations this also coincided with the peak filing season and an increase in workload for those dealing with social security benefits impacted by COVID-19.

In addition, the impact of the pandemic on staff, including staff shortages due to sickness or caring responsibilities, made it difficult for some administrations to carry out business as usual in all areas, hampered also by difficulties in dealing with paper communications and forms, physical audits, taxpayer contacts and some aspects of IT systems maintenance.

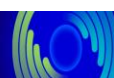
This is well illustrated in Figure 1.1. which looks at the operational functionality of the thirty-two administrations that completed the digital resilience survey. While slightly more than one-third of the administrations remained fully operational at the most difficult time for their administration during the crisis (which in many cases may not have been the peak of the crisis itself but in the early period when big adjustments had to be made), the remaining two-thirds were only partially operational. In 5 administrations between 25% and 50% of staff were unable to work or had to be redeployed to assist in other administration functions or other areas of government, and another 3 administrations had over 50% of staff unable to work or redeployed.

Figure 1.1. Operational functionality at the most difficult time for administrations during the crisis

Percent of administrations that were fully or partially operational



Source: Survey responses.

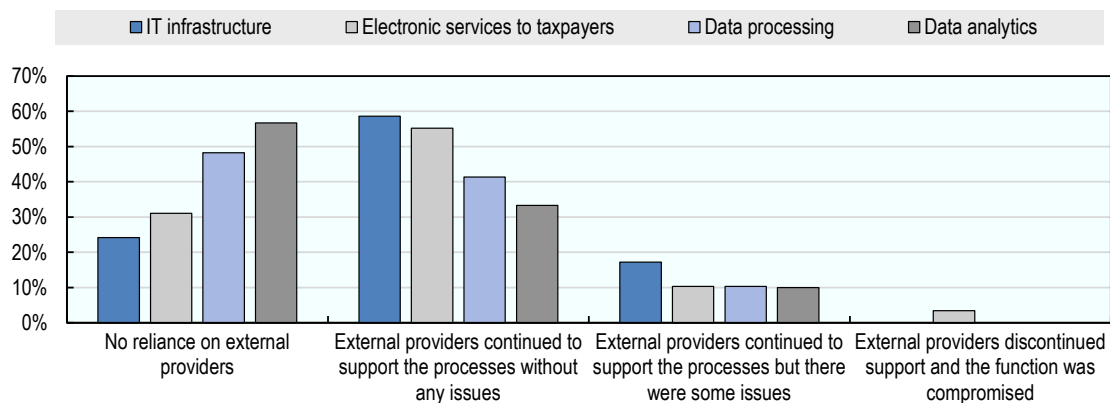


One of the key issues that may have caused this was the administrations' overall readiness for remote working, a ratio which, across the administrations that completed the survey, increased from 26% before the crisis to 77% during the peak of the crisis, when the health impacts were at their greatest and many restrictions were in place (such as office closures, school closures and travel limitations). This is discussed in more detail in Chapter 4.

A number of administrations rely on external providers to run the core processes of tax administration functions and the survey asked whether those external providers were able to deliver the necessary support. Figure 1.2. shows that with respect to four functions (IT infrastructure, electronic services to taxpayers, data processing and data analytics), there was only one instance where external providers were unable to provide the necessary support and the function was compromised. In addition, a few administrations experienced instances where external providers continued to support the processes, albeit with some issues.

Figure 1.2. Reliance of core processes of selected functions on external providers

Percent of administrations that rely on external providers and providers' support during the crisis by function

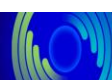


Source: Survey responses.

It is of course important in those situations that a tax administration's leadership team is able to get timely information on core areas of operational functionality and employee status, so that decisions can be made swiftly as to where to provide additional resources, for example redeploying staff to core functions or purchasing or renting additional IT equipment. This is confirmed by the survey responses which show that in all administrations but one, the leadership team was able to obtain real-time information on operational functionality, and in all but two administrations also on the status of employees.

The remainder of this note is intended to provide an overview on the role of the digitalisation of tax administration in dealing with the COVID-19 crisis and looks at five different areas:

- Taxpayer services;
- Compliance risk management;
- Remote working;
- IT systems; and
- Support for wider government.



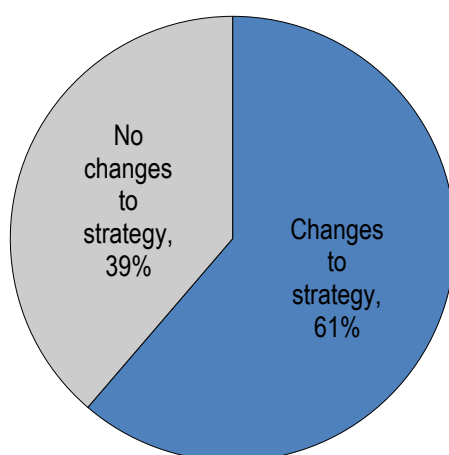
The information might help others in steering through the ongoing crisis and might stimulate thinking as to where changes to existing strategies on the digitalisation of tax administration processes might be considered in order to enhance resilience to future shocks.

In this respect, survey responses indicate that their experiences with COVID-19 led around 60% of the administrations to consider changes to their previous strategy on the digitalisation of tax administration processes (see Figure 1.3.). This includes:

- Accelerating work on a digital mailroom project, allowing paper records to be converted into digital images, the extraction of data from the images, information storage and the notification of the relevant tax officials.
- Prioritising projects on automation, digitalisation and electronic services, covering all functional areas of tax administration, such as moving data into the cloud and creating digital service offices.
- Putting more emphasis on the possibilities for remote working.

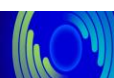
Figure 1.3. COVID-19 impact on digitalisation strategies of tax administrations

Percentage of administrations



Source: Survey responses.

To access the different sections of this document please click on one of the boxes below				
Taxpayer services	Compliance Risk management	Remote working	IT systems	Support for Wider government



2 Taxpayer services

[Back to Overview](#)

The timely and efficient provision of services to taxpayers and other stakeholders is a critical part of tax systems. The provision of information and services can be proactive (e.g. outgoing communication) and reactive (e.g. responding to incoming requests). Over the recent years, many tax administrations have expanded their digital communication channels and service offerings, from digital interaction with the tax administration to direct digital messaging, the use of web chat, social media, mobile applications, etc. However, there remains a large number of taxpayers that continue to make use of non-digital communication and service offerings, such as paper-based inquiries or in-person visits (see Table 2.1.), where communication has been much more difficult during the crisis.

Table 2.1. Selected tax administration interactions with taxpayers

Type of interaction	Number of interactions
Digital assistance	14 100 000
Email inquiries	22 000 000
Paper based inquiries (e.g. letters)	66 000 000
In-person inquiries	135 000 000
Telephone calls received	330 000 000
Online inquiries (e.g. application or website)	1 647 000 000

Note: The figures are based on data obtained through the 2016 and 2018 ISORA survey. They are minimum figures as not all administrations were able to provide information for all data points. Figures typically relate to the fiscal year 2017. Data for fiscal years 2015 and 2016 was used where 2017 data was not available.

Source: OECD (2019), *Tax Administration 2019: Comparative Information on OECD and other Advanced and Emerging Economies*, <https://doi.org/10.1787/74d162b6-en> (OECD, 2019^[11]).

This section looks at how tax administrations have dealt with taxpayer services during the COVID-19 pandemic, including services for those taxpayers who are digitally challenged.

Paper communication

For many tax administrations, dealing with paper-based communication is not a simple task in the COVID-19 environment. Offices might be closed and cannot accept postal mail, or postal mail may be received at office locations that are working with reduced staff numbers. Both may result in significant delays in both opening and processing paper documents. This was confirmed by close to 60% of

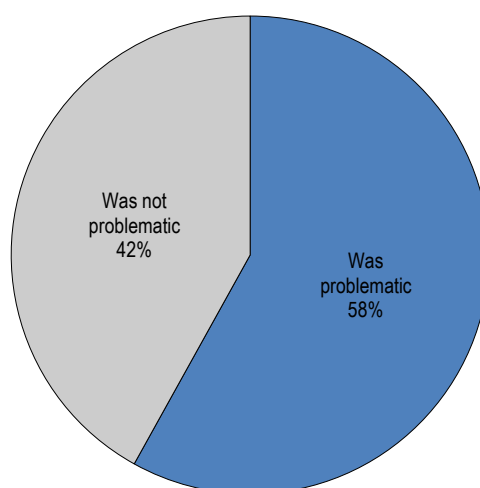


administrations that took part in the survey and reported that they encountered issues in dealing with paper-based communication (see Figure 2.1.).

On a positive note, all of those administrations noted that they were able to shift a significant percentage of communications from paper to digital. Close to half of administrations estimated that they shifted 75% or more (see Figure 2.2.).

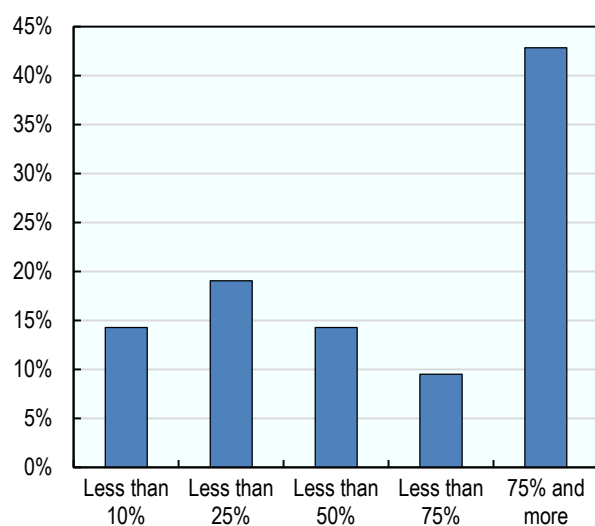
Figure 2.1. Dealing with paper communication during the crisis

Percentage of administrations

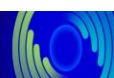


Source: Survey responses.

Figure 2.2. Broad estimates of the percentage of paper communication shifted to digital communication



Source: Survey responses.

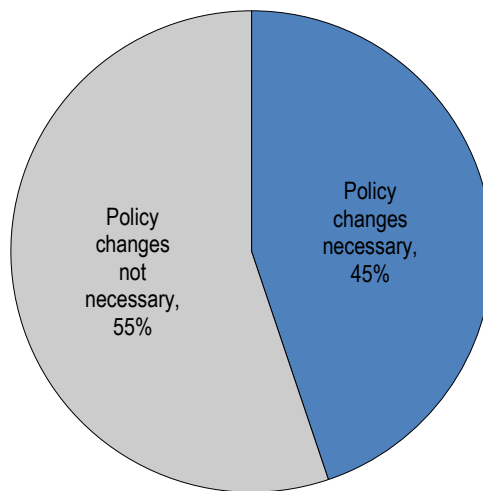


The administrations participating in the survey confirmed that this was mainly achieved through:

- providing information and guidance on the administration’s website;
- using general communications such as advertising and social media; and
- directly contacting individual taxpayers, for example via SMS or phone.

About half of the administrations also indicated that they had mandated electronic communication (in some cases only for certain taxpayer segments or document types).

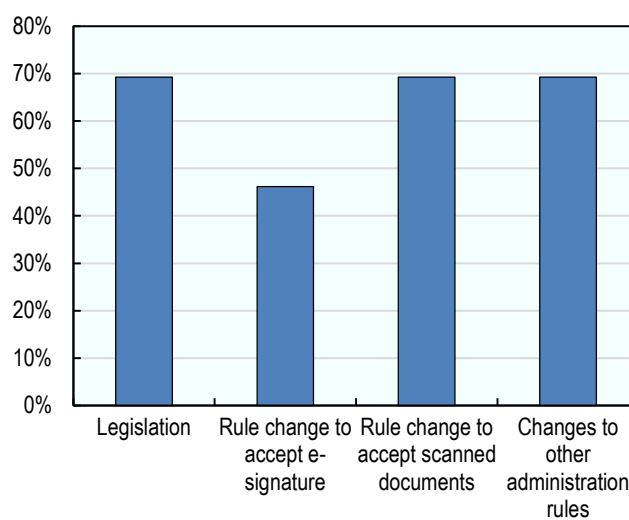
Figure 2.3. Necessity of policy changes to facilitate channel shift



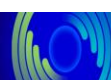
Source: Survey responses

Figure 2.4. Type of policy changes made

As a percent of administrations that made policy changes



Source: Survey responses



However, facilitating channel shift may not always be possible without significant policy changes including, in some cases, legislative changes. As can be seen in Figure 2.3., 45% of administrations confirmed that they had to make changes to policies to facilitate channel shift, including rule changes to accept e-signatures and scanned documents (see Figure 2.4.). Changes to other administration rules included, for example, the acceptance of faxed tax returns, allowing the use of mobile phones when discussing taxpayer information, and changes to administrative processes, such as which channels could be used for incoming and outgoing communication.

In-person communication

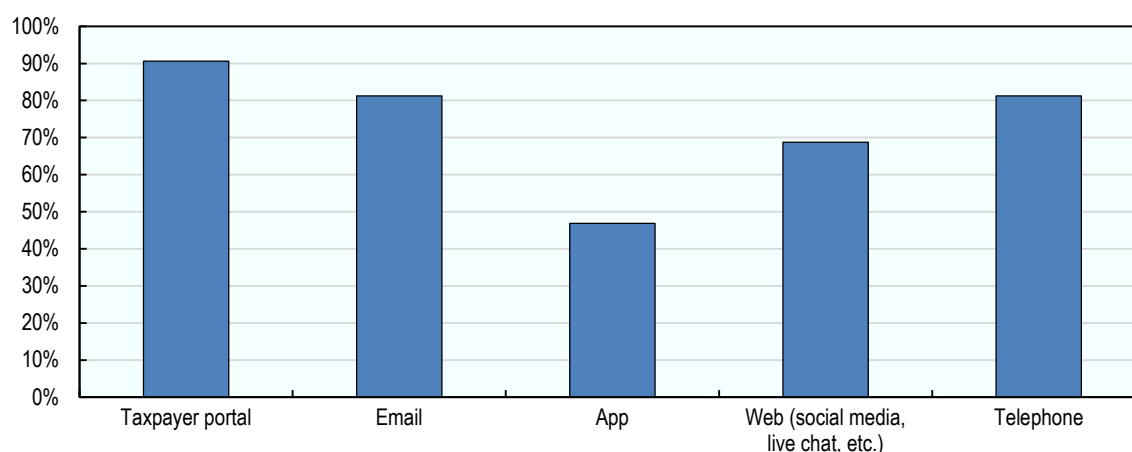
With many administrations partially or fully closing their offices, face-to-face meetings with taxpayers and their representatives as well as other in-person communications have been significantly affected. Even where closures are partial, measures are taken to ensure staff and taxpayer safety, for example through social distancing policies, and in-person meetings are generally limited to exceptional cases.

The survey confirmed that many administrations ceased or drastically reduced² in-person communications.

To minimise the impact on dealing with their tax affairs, taxpayers were (and often still are) encouraged or in some cases required to switch to remote communication channels. Even where possibilities for in-person contacts remain, some taxpayers may also have chosen to shift to alternative communication channels to minimise risks of transmission as well as for convenience reasons. For some, this may result in a permanent shift in preferred methods of communication. All but one administration reported that taxpayers were able to substitute in-person communication through the use of digital channels or telephone. Figure 2.5. illustrates the main channels used by taxpayers to substitute in-person communication. In addition, three administrations indicated the use of video conferencing tools.

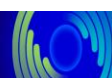
Figure 2.5. Channels used by taxpayers to substitute in-person communication

Percent of administrations that consider the channel was used



Source: Survey responses.

² For the purposes of the underlying survey the term “drastically reduced” was defined as a reduction by more than 50%.

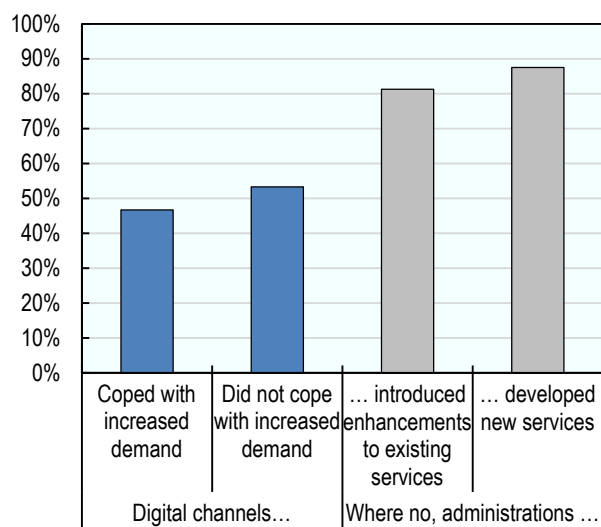


Impact on digital service channels

The restrictions on paper-based communication and in-person interactions has led to a greater demand on digital service channels and, as can be seen in Figure 2.6., about half of the administrations considered their digital channels sufficient to deal with this increased demand.

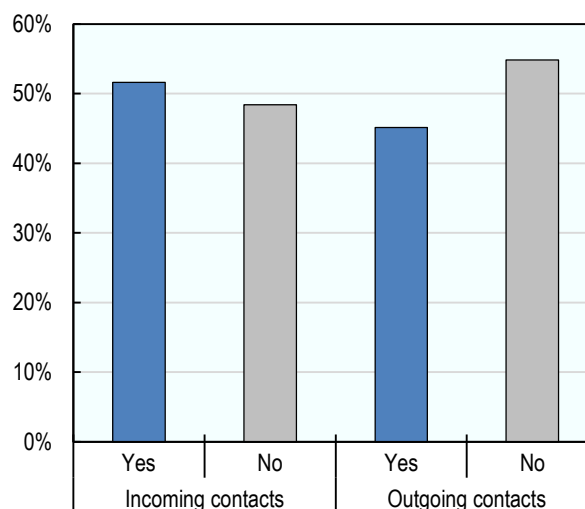
The other half reported addressing shortcomings with existing services through introducing enhancements to those services or through developing new services for taxpayers to communicate with the administration. Examples of this included putting in place a new call centre platform for general inquiries that allowed tax officials to use mobile phones instead of landlines, and the development of new electronic document submission systems, virtual assistants and online applications.

Figure 2.6. Readiness of digital channels to deal with increased demand



Source: Survey response.

Figure 2.7. Special provisions for digitally challenged taxpayers

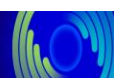


Source: Survey response Digitally disadvantaged taxpayers



While the majority of taxpayers will be able to utilise digital service and communication channels, consideration will need to be given as to how best to assist those who may be digitally challenged or have special needs. Many administrations take this into account in their existing service and communication strategies but the sudden changes caused by the COVID-19 crisis may have caused additional difficulties for this taxpayer segment. Issues may be caused in situations where taxpayers wish to contact the administration (i.e. incoming contacts) as well as situations where the administration tries to reach out (i.e. outgoing contacts).

As can be seen in Figure 2.7., only about half of the administrations that took part in the survey made special provisions for digitally challenged taxpayers as regards incoming contacts and outgoing contacts. Those that did reported that they provided special telephone services, directed additional resources to call centres, or had an appointment service for tax office visits. One administration that did not make special provisions for digitally challenged taxpayers, noted that there was no necessity for this as non-digital communication was still an available option.



3 Compliance risk management

[Back to Overview](#)

Managing compliance risks in the COVID-19 environment has unsurprisingly proved to be much more challenging. Over the past years an increasing part of compliance activity has been shifted to non-human interventions. This has been made possible through the increasing availability and use of data, the use of data science techniques and automated compliance checks. There is still, though, a significant number of tax officials involved in this process.³ However, the closure of tax offices and the move to remote working for large numbers of tax officials has significantly affected compliance interventions and how they are conducted.

Field audits

As can be seen in Table 3.1., three-quarters of administrations suspended or drastically reduced regular field audit work, leaving aside fraud or evasion cases. Of those, close to 90% were able to shift parts of their field audit work to a virtual / digital environment.

For those that did shift parts of their field audit work to a virtual / digital environment:

- 90% were able to access electronically the documents that are relevant for the audit process; and
- 86% were able to conduct remote interviews satisfactorily.

What is very encouraging for future developments in this area is that 90% of the administrations reported that they and the taxpayers involved considered the use of virtual / digital tools for audit purposes a positive experience. Around three-quarters of administrations that took part in the survey plan to continue moving field audit work to a virtual / digital environment going forward.

³ For further information on the changing environment as regards compliance risk management, please see section 1.3 of the OECD report *Tax Administration 2019* (OECD, 2019₍₁₎)



Table 3.1. Field audit work

Percentage of administrations

Field audits (leaving aside fraud / evasion cases) were ceased or drastically reduced	Parts of the field audit work were shifted to a virtual / digital environment	Experience of administrations that shifted field audits to a virtual / digital environment			
		Relevant documents could be accessed electronically	Remote interviews could be conducted satisfactorily	Taxpayers (or other stakeholders) considered this a positive experience	Plan to continue moving field audit work to a virtual / digital environment
75%	88%	90%	86%	90%	76%

Note: For the purpose of the survey, a “drastic reduction” was considered a reduction by more than 50%.

Source: Survey responses.

Application of innovative technologies to ensure compliance

The risk of tax evasion and fraud during the pandemic is highly likely to have increased. This results from a number of factors, including that: the situation is fast-moving; there is great potential for misinformation or confusion; and there may be reduced controls in place. It is therefore important that tax administrations consider additional options, including the use of technology tools, to help ensure compliance and reduce evasion and fraud risks.⁴

As can be seen in Figure 3.1., close to 60% of the administrations expanded the application of innovative technology to help ensure compliance and identify tax evasion / fraud. All of those indicated the use of data science / analytics techniques, while between 30-50% reported the application of artificial intelligence (including machine learning), robotic process automation and digital identification technologies (see Figure 3.2.). One administration also referred to the use of network analysis and another mentioned the application of behavioural insights to ensure compliance (not shown in the figure).

⁴ For further information on fraud risks related to COVID-19, please see the OECD note *Tax Administration: Privacy, Disclosure and Fraud Risks Related to COVID-19* (OECD, 2020₍₃₎)

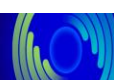
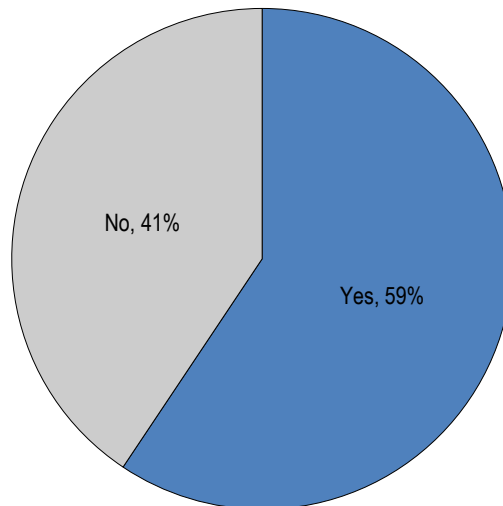


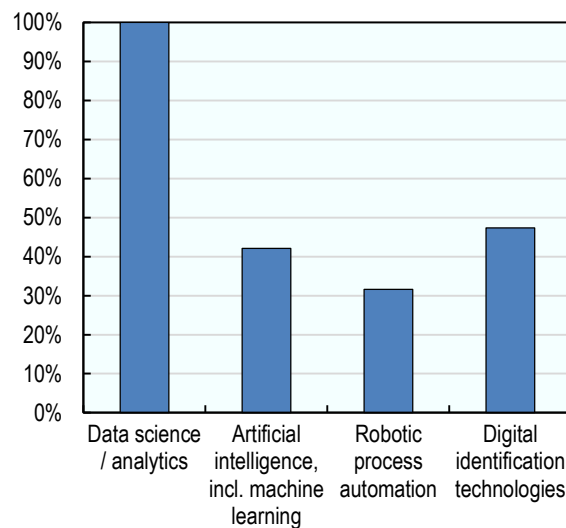
Figure 3.1. Expansion of application of innovative technologies to ensure compliance and identify tax evasion / fraud

As a percent of administrations that expanded the application of innovative technologies



Source: Survey responses.

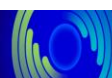
Figure 3.2. Techniques that were expanded



Source: Survey responses.

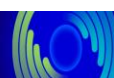
Electronic invoicing and online cash register systems

Over the past years, a number of tax administrations have started introducing systemic approaches for managing compliance in the business sector, including systems that provide for secure chains of information to the administrations, for example, through e-invoicing and the use of secure electronic cash registers.



Half of the administrations that participated in the survey indicated that they operate an electronic invoicing system (or something very similar) and around 40% have in place an online cash register system. Only four administrations indicated that they had encountered issues during the COVID-19 crisis in running those systems or using the data that those systems generate.

Further, close to 90% of those that have such systems highlighted that they have helped them to ensure compliance and understand the economic impact of COVID-19 on different sectors. The latter has been particularly important for informing the provision of government assistance to those that need it the most.



4 Remote working

[Back to Overview](#)

Lockdowns and related measures meant that many administrations moved very rapidly to a remote working environment, with many officials working from home full-time. For many administrations, going to the office became the exception.

However, not every administration was prepared for this sudden move and some had troubles providing staff with the necessary IT equipment or remote access to the internal IT environment. Table 4.1. shows that for close to 90% of administrations certain functions could not be carried out remotely at the beginning of the crisis. Note that this does not necessarily mean that the administrations were not operational (see Chapter 1 for more on the operational functionality).

Many administrations reacted quickly to address those issues. As Table 4.1. shows, two-thirds of administrations reported that they made system changes to enable remote working in general and purchased or rented additional IT equipment for staff.

Table 4.1. Remote working: Selected issues

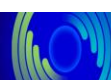
Percentage of administrations

Purchase or rental of additional IT equipment for staff to work remotely	Remote working going forward		System changes were necessary to enable remote working	Certain functions could not be carried out remotely	
	Considering increasing the opportunities	<i>For those that consider increasing opportunities: Legislative changes would be required</i>		At the beginning of the crisis	Throughout the crisis
66%	94%	48%	66%	87%	81%

Source: Survey responses.

Nevertheless, despite their best efforts, around 80% of administrations reported that certain functions could not be carried out remotely. The functions that appear to have caused the most issues at the beginning of the crisis are call centres, IT maintenance and support, as well as paper-based processing and scanning. (A number of FTA member administrations, which are also responsible for customs operations, noted that this is also something that cannot be carried out remotely.)

As regards call centres, most tax administrations have been able to address those issues and can now carry out call centre functions remotely. This is different, however, for the IT maintenance and support function, which continues to be an issue for a number of administrations. Interestingly, a number of administrations indicated that while IT maintenance and support was not an issue at the beginning of the crisis, it has become one due to the prolongation of the crisis.



Remote working readiness and actual percentage

A key indicator when moving to remote working is the percentage of staff that is ready to work remotely if required, i.e. the overall readiness of the administration. It is highly likely that low percentages as regards the overall readiness will cause significant problems when having to move rapidly to a remote working environment. As regards the overall readiness, it was possible to observe extreme differences among administrations ranging from 0% to 97% of staff being ready to work remotely.

Two other important indicators are the percentage of staff actually working remotely at least one day per week, basically a sub-set of the percentage of staff ready to work remotely, and the average number of days per week that staff worked remotely before the crisis and during the peak of the crisis.

For those three indicators, Table 4.2. shows the averages across three clusters of survey respondents:

- Cluster 1: Overall readiness for remote working before the crisis **below 10%**
- Cluster 2: Overall readiness for remote working before the crisis **between 10% and 50%**
- Cluster 3: Overall readiness for remote working before the crisis **50% and above**.

The figures in Table 4.2. show that on average:

- The overall readiness improved significantly (+69 percentage points) for those that had low percentages before the crisis. Those that already had high percentages improved these even further to 92%.
- The actual percentage of staff working remotely during the peak of the crisis increased for all administrations, on average 60 percentage points for administrations in each of the three clusters.
- The uptake of staff working remotely (i.e. actual number of staff working remotely as a percentage of overall readiness) decreased the smaller the percentage of the overall readiness. The average uptake for administrations in Cluster 3 was 100% (i.e. all of those that were ready to work remotely, did work remotely), while it was 94% for Cluster 2 and 89% for Cluster 1.
- The average number of days per week that staff worked remotely increased for administrations in all clusters, most significantly for administrations in Cluster 3 where it went up from one day per week to almost five days per week.

Table 4.2. Overview of remote working readiness and actual percentages

Averages across three clusters of survey respondents

Clusters (based on overall readiness for remote working before the crisis)	Overall readiness for remote working			Actual percentage of remote working			Average number of days per week that staff worked remotely		
	Before the crisis	During the peak of the crisis	Diff. (%- points)	Before the crisis	During the peak of the crisis	Diff. (%- points)	Before the crisis	During the peak of the crisis	Diff.
Cluster 1: Overall readiness below 10% (eleven administrations)	0.9%	70.0%	+69.1	0.5%	62.5%	+62.0	0.5	3.9	+3.4
Cluster 2: Overall readiness between 10% and 50% (seven administrations)	26.3%	75.4%	+49.1	14.5%	70.5%	+56.0	1.8	4.2	+2.4
Cluster 3: Overall readiness above 50% (five administrations)	81.4%	92.4%	+11.0	30.6%	92.4%	+61.8	1.0	4.7	+3.7

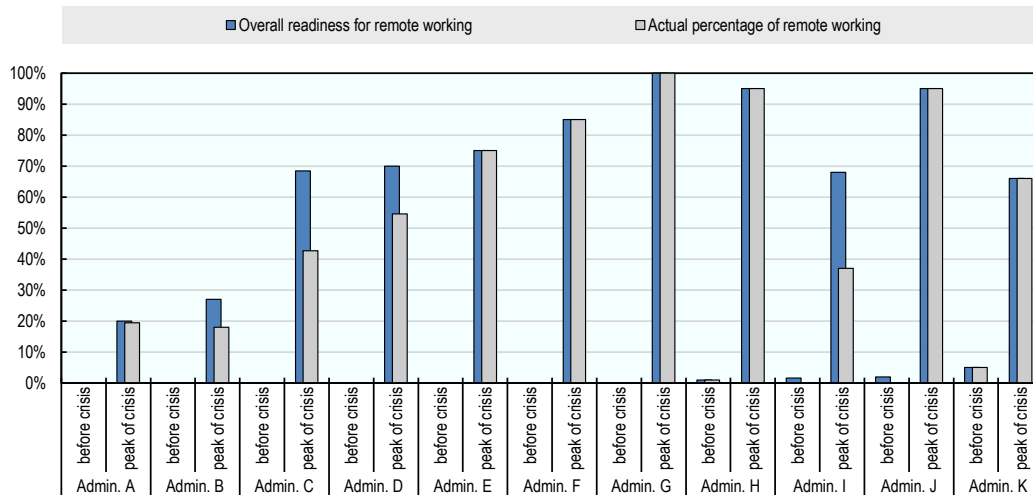
Note: This only includes administrations that were able to provide information for all data points.

Source: OECD Secretariat calculations based on survey responses.



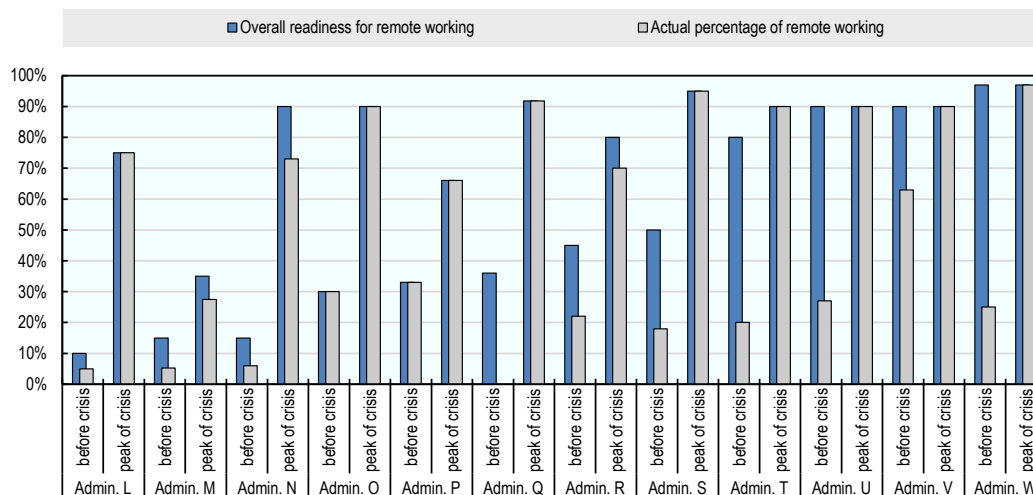
It should be noted that these are only average figures and there is a lot of variance depending on the impact of the COVID-19 crisis in a particular jurisdiction and the remote working culture in different administrations. The anonymised administration specific data as regards overall readiness and actual percentages can be found in the charts in Figures 4.1. and 4.2. (Note that this only includes administrations which were able to provide information for both data points.)

Figure 4.1. Remote working overall readiness and actual percentage of remote working for administrations that had a pre-crisis overall readiness below 10% (Cluster 1)



Source: Survey responses.

Figure 4.2. Remote working overall readiness and actual percentage of remote working for administrations that had a pre-crisis overall readiness of 10% and above (Clusters 2 and 3)



Source: Survey responses.



Video and tele-conferencing services

Video and tele-conference services have been around for a long time and are often used by administrations to bring together staff members that work in different locations, particularly in countries that cover large geographical areas, or to join international meetings.

However, the COVID-19 situation has put video and tele-conferencing services into the spotlight causing a cultural shift among many administrations and taxpayers that may have long-lasting effects even after the crisis is over.

The sudden move to remote working put significant strains on existing video and tele-conferencing systems as large numbers of staff members utilised these systems in order to contact colleagues and taxpayers and to hold a range of meetings at the same time. As a result, around three-quarters of the administrations experienced challenges with their video and / or tele-conferencing services being unable to handle the significant increase in demand (see Table 4.3.).

Another issue was around the security of those video and tele-conferencing services and whether they would allow staff members to have discussions of taxpayer confidential information. The sudden increase in demand for such services resulted in a surge of videoconferencing platforms, which may not always fully guarantee the security levels required by tax administrations. However, survey responses show that more than 80% of administrations identified video and / or tele-conference services that they considered secure enough to allow for such discussions. In doing so, more than 80% of the administrations explored alternate platforms / services. (See Table 4.3.)

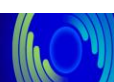
Further, only around 20% of administrations reported that they experienced issues regarding communications with other tax administrations, for example, regarding mutual agreement procedures (MAPs) and advance pricing agreements (APAs).

Table 4.3. Video and tele-conferencing services

Percentage of administrations

Experience of challenges with video and / or tele-conferencing services being able to handle demand	Video and / or tele-conference services considered secure enough to allow discussions of taxpayer confidential information	Exploration of alternate platforms / services	Experience of issues regarding communications with other tax administrations (e.g. regarding MAP/APAs)
77%	81%	81%	23%

Source: Survey responses.



5 IT systems

[Back to Overview](#)

IT system outages

Nowadays, information technology (IT) systems are the basis for administrations to run their operations and nearly all tasks (internal and external) require those systems to work well, without any glitches. IT systems include the computer systems (IT equipment, software, networks, etc.), the communications systems (telecommunication, transmission, etc.) and the information systems (data collection, processing, storage and retrieval). Any failure in those systems may have far-reaching consequences, particularly when they cannot be fixed within short timeframes. This may lead to reputation damage, increased tax compliance risks, and taxpayer distrust in the administration's tools and services.

Figure 5.1. shows the occurrence of IT system outages (defined as situations where the IT system fails to function for a period of one hour or more) during the COVID-19 crisis. This shows:

- About one-third of administrations experienced outages related to internal IT systems, i.e. systems used by an administration for its business operations and internal communication, such as software applications and tools used by staff, the intranet, etc.; and
- One-quarter of administrations experienced outages related to external IT, i.e. systems which are used by taxpayers and other stakeholders to receive services or to engage with the administration, such as the administration's website, taxpayer portals, e-forms, etc.

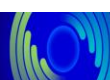
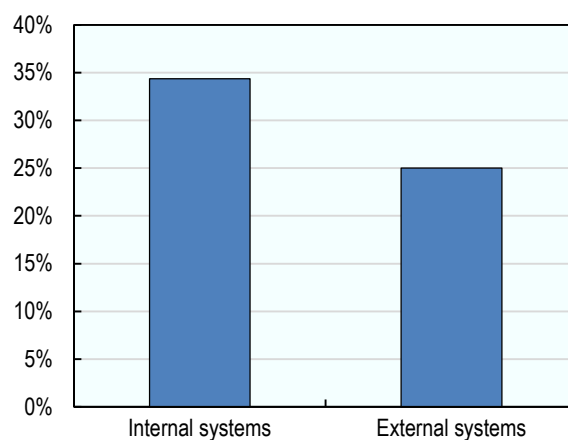


Figure 5.1. Occurrence of IT system outages

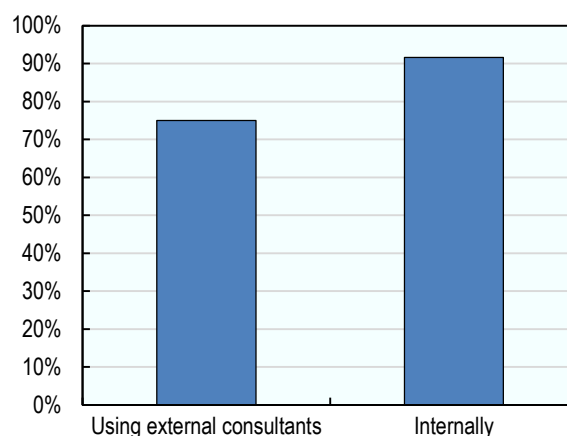
Percent of administrations



Source: Survey responses

Figure 5.2. Addressing IT system outages

Percent of administrations



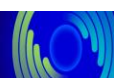
Source: Survey responses.

Half of the administrations that experienced IT system outages indicated that it affected the service delivery of critical functions. However, all of those administrations were able to address the IT system outages swiftly using internal staff and / or through the help of external consultants (see Figure 5.2.).

Also, the majority of administrations indicated that they are looking to make additional changes to further enhance the resilience of their IT systems to be prepared for future crises.

IT system development

During the crisis, many tax administrations were asked to develop or enhance existing IT solutions, for example, in relation to internal processes or taxpayer services and in order to take on new responsibilities



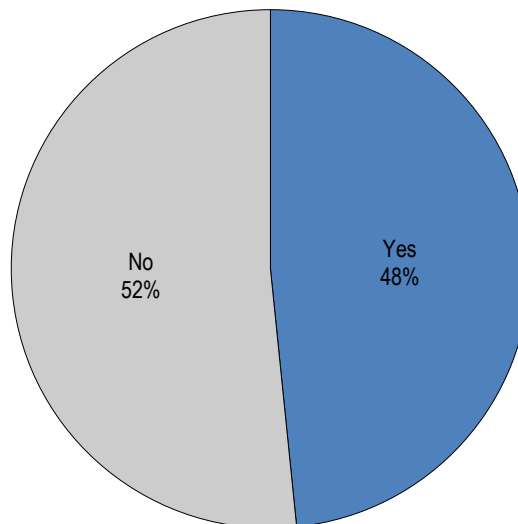
to assist wider government COVID-19 support. For example, close to half of administrations reported that they had to develop new systems to provide financial support to citizens and/or businesses.

The need to provide such support quickly in a time of crisis requires an equally rapid development of new IT tools. Compared to previous IT development, this may also require changes to existing IT project development practices. As can be seen in Figure 5.3., close to half of the administrations surveyed indicated that they indeed changed their methods to be able to deliver the IT solution quicker.

The use of agile methodologies was mentioned by the vast majority (80%) of those that changed their project development practices. Such agile methodologies are generally based on co-creation between business and IT departments with joint decision making, adaptation and testing to a tight timetable. The main downside is that the compressed timescales may limit consultation and evaluation prior to launch with potential implications for functionality. Compressed timetables may also reduce the time available for testing during the different phases of implementation, carrying risks for stability. (OECD, 2020^[2])

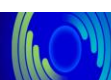
Figure 5.3. Change of project management practices to be able to deliver IT solution quicker

Percent of administrations



Source: Survey responses. One administration noted that it eliminated the documentation activities to the minimum, adjusted sprints and iteration cycles and simplified the decision-making process.

Generally, all administrations that changed their project management practices considered this to be a success and plan to use these new practices in the future.



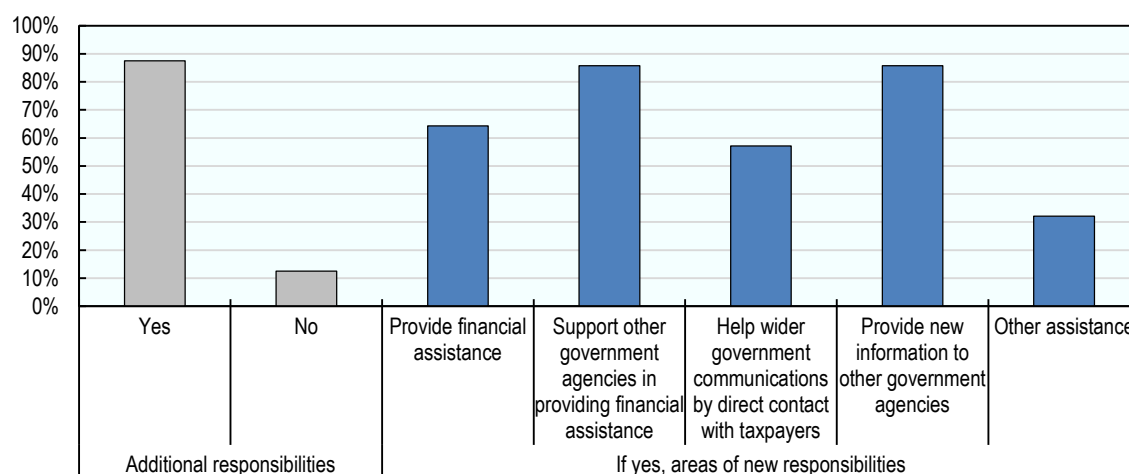
6 Support for wider government

[Back to Overview](#)

In addition to their already busy tasks of ensuring that their regular business operations are functioning well and that tax compliance is maintained during the COVID-19 crisis, many tax administrations have been given additional responsibilities to assist in the provision of wider government support.

Figure 6.1. summarises the additional responsibilities for the administrations that completed the survey. Supporting other government agencies in providing financial assistance and providing information to other government agencies are the most common new responsibilities, followed by providing direct financial assistance. One administration also noted developing IT applications for other parts of government.⁵

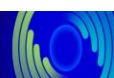
Figure 6.1. Additional responsibilities for tax administrations as a result of COVID-19 and the related economic recovery and / or stimulus measures



Source: Survey responses

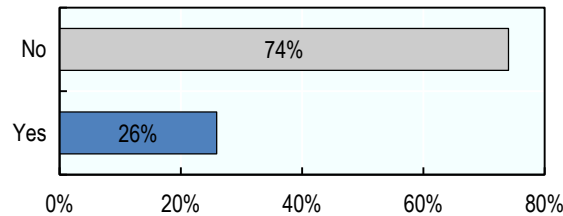
Most administrations took on those new roles without receiving additional resources, such as new staff or additional budget (see Figure 6.2.). This required them to redeploy officials from existing business areas,

⁵ For more information regarding the challenges and opportunities resulting from those new roles please see the OECD report *Tax Administration Responses to COVID-19: Assisting Wider Government*. (OECD, 2020_[2])



for example those areas that have seen reduced activity during the crisis (such as debt collection or audit / verification), or which were seen as lower priority in the circumstances.

Figure 6.2. Additional resources



Source: Survey responses

As can be seen in Figure 6.1., many administrations worked very closely with other government bodies to address the crisis effectively and efficiently and to provide assistance to citizens and businesses. Often this involves exchanging data and information with other parts of government. Doing so in a timely manner while maintaining confidentiality and data protection is a key challenge that tax administrations will face.

In this respect, most administrations indicated that they have in place adequate legal gateways (i.e. the legislative powers to share information) for data exchange with other government bodies. In situations where adequate legal gateways did not exist, 75% of administrations confirmed that the necessary legal changes were made (see Table 6.1.).

Overall, 61% of the administrations noticed a significant increase in data sharing to and from other government bodies as compared to the volume of information requests in the pre-crisis period. Interestingly, around 85% of those administrations anticipate that this increase in data requests will continue post-crisis, and two-thirds of those administrations plan to invest additional resources to support greater exchange of data, for example, by hiring additional staff or developing / investing in new tools (see Table 6.1.).

Table 6.1. Exchanging information / data with other government bodies

Percent of administrations

Adequate legal gateways for data exchange with other government bodies		Data sharing to and from other government bodies		
Legal gateways exist	Where they do not exist: Necessary legal changes were introduced	Significant increase in data sharing visible	For administrations that see a significant increase: Anticipation that this increase will continue post-crisis	For administrations that anticipate the increase will continue: Plan to invest additional resources to support greater exchange of data
87%	75%	61%	84%	65%

Source: Survey responses



References

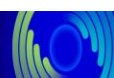
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<https://doi.org/10.1787/74d162b6-en>.
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