



Technical Support Instrument
2024 flagship projects

Supporting the Digital Transformation of Tax and Customs Administrations



Context

The **benefits of digitalisation of tax and customs administrations** are widely acknowledged across the European Union and by the Member States. In an increasingly digital world, tax and customs administrations face strong stakeholder demand to provide responsive services in real time. Information technology (IT) will make **tax and customs systems simpler, more transparent, and more efficient**, ultimately improving the environment for

businesses and individuals, as well as for national administrations by enhancing their operational capacities.

Digital tools enable national administrations to **address various needs**, they **enable fast sharing and processing of information**, while also ensuring that their design takes account of financial, security and safety risks, prevents tax avoidance and evasion, and prevents customs and tax fraud effectively.

Objectives

To support Member States' tax and customs authorities in the development and implementation of their digital reform agenda. The overall objective of the flagship is to strengthen IT governance, improve IT services; build new digital skills; and strengthen the link between digital transformation and tax policy.

More specifically, the flagship would aim to:

- Improve the performance and the quality of the national tax and customs related IT systems, national components of the core EU information

systems, and ensure interoperability and compliance of these national system elements with common systems and requirements at EU level;

- Expand and improve the e-services provided to businesses, to the public, to partner organisations and public bodies;
- Increase the effectiveness and efficiency of the actions against tax avoidance and evasion, and customs and tax fraud through implementation of data-driven digital tools for business intelligence and investigations.



Support measures

Member States (i.e. national, regional and local authorities) may choose for technical support under the following [non-exhaustive] list of measures:



1. IT governance and services

- Elaborate and implement **digital transformation strategies** deriving from the overall strategy of the tax and customs authorities.
- Elaborate and manage the **enterprise architecture** of the tax and customs administrations.
- Strengthen **data governance**, to improve the quality, consistency, usability, security, and availability of data.
- Strengthen **information and cyber security**.

2. Core information systems - support for improving the functionalities, the capabilities, and the performance of the IT ecosystem of the tax and customs administrations.

3. Specific data-driven solutions and tools

- Implement **VAT Digital Reporting Requirements (DRRs)**
- Implement **real-time reporting** related to payroll taxes, withholding taxes, customs, income tax and third-party information.

- Implement **advanced data analytics tools** such as AI, cognitive recognition, machine learning etc.
- Strengthen capacity for performing **data-driven tax audits and data-driven customs control**.

4. Capacity building - Prepare and deliver tailor-made training tools to build and strengthen digital skills of the tax and customs authorities.

5. Change management and communication strategies for digital transformation of tax and customs administrations

6. Digital-friendly tax policy:

- Align digitalisation with tax policy goals related to domestic revenue mobilization.
- Explore digitalisation as a means to advancing growth and other policy objectives (beyond but related to tax administration).
- Support for legislative changes to implement digital transformation effectively.

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