Technology Trends And Tax Administration

Karla Pierce
Director of Tax Sales
Public Sector Strategy

Microsoft Corporation

Top 10 ways technology affects tax administration

10. Henry Bloch is appointed Commissioner of the IRS

9. CPA now stands for the newest tax shelter "cryptography perplexes auditors"

8. Accenture moves its headquarters from Bermuda to a yurt in Mongolia

7. AOL finally turns a profit by adding Internet sales tax collections to its business model

6. Home of the future is installed with RFID sensors to track new purchases and accrue use tax

Top 10 ways technology affects tax administration

5. 2010 FTA Annual meeting is held using Microsoft live meeting
4. States solve budget woes by assessing a PC disposal tax
3. Microsoft releases its new x-box live game, "To catch a Tax Cheat"
2. Harley installs Windows on his Macintosh

"Sorry, but I get all the stuff I don't need on the Internet."

Tech and Tax

- **Evolution of technology in tax administration**
- **Tax administration ecosystem**
- **Business practice trends to consider**

The Integrated Tax System

Financial

1-3% Lift in Revenue

Lower Age of Receivables

Customer

Improved Service
Real Time Support
Single Point of Contact

Faster Deposits
Timely Billing
Accurate Data

Functional Structure
Knowledge Workers

Process

Organization

Electronic Tax Filing and Payment

Financial

80% of Revenue Deposited on Due Date

Customer

3rd Party Providers Software Developers

Faster Refunds Paperless Process Quantity Data

EFT Support Partner Relationships

Process

Organization

Data Analytics and Warehousing

Financial

.5-1% Lift in Revenue Cost of $$ Collected

Customer

Improved Perception Paying Fair Share

Compliance Management IRS/ External Matching Audit Selection Behavior Modeling

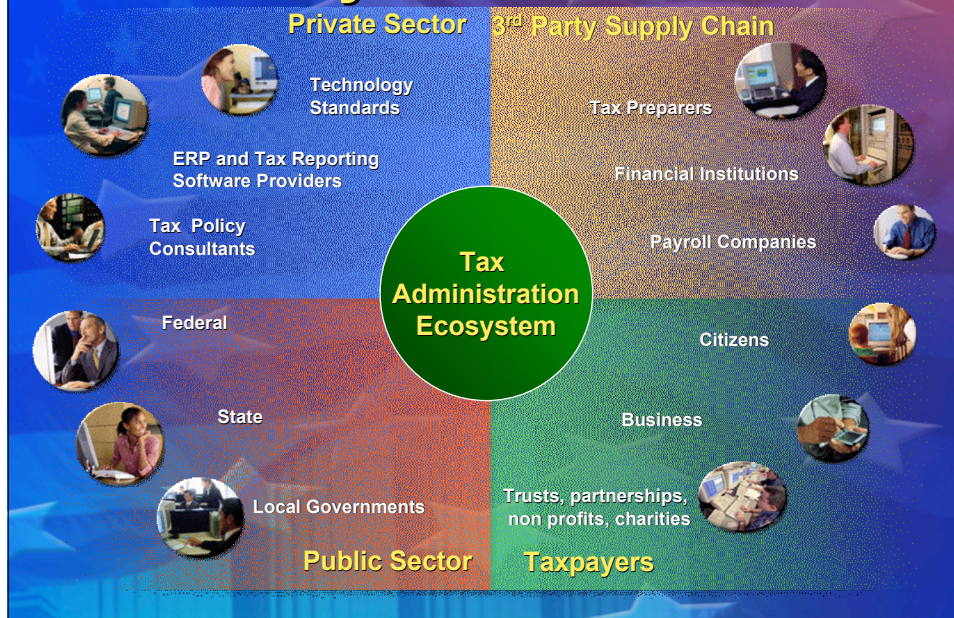**Tax Discovery Unit Business Analyst Decision Analyst**

Process

Organization

The Paradigm Shift….
Removing boundaries

- **Taxation transactions are a by-product of natural business / community systems**
- **Integration of Government business rules into client applications**
- **One infrastructure to be used as the foundation for delivery of all services**
- **One channel strategy … Single Government Account**
- **New roles emerge for intermediaries**
- **Community participation in integrated design of new approaches**
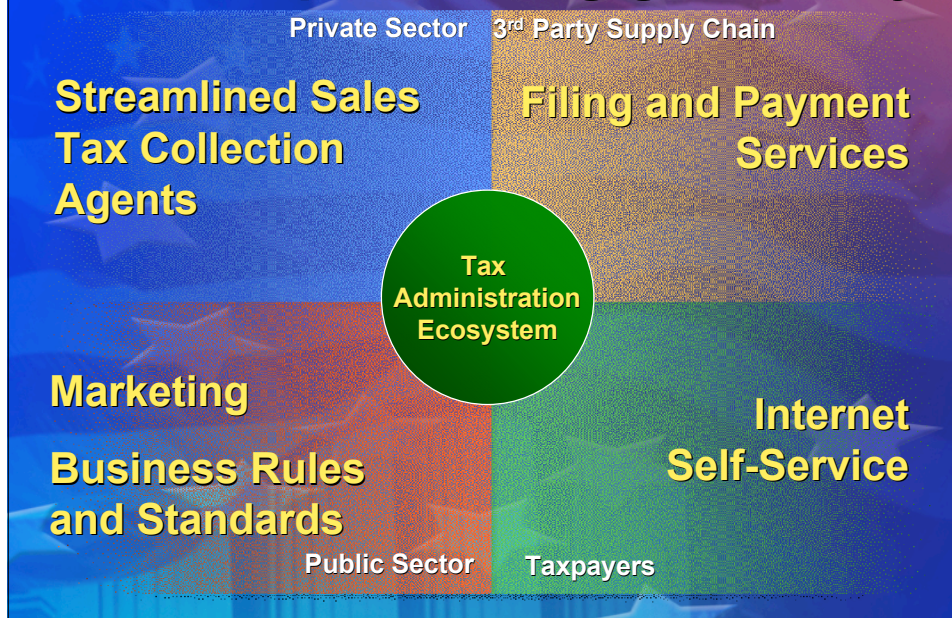
Tax Ecosystem

Technology and Tax

- **Business processes change**
- **Organizational and human resource**
- **Technology enablers**
- **Management systems**

Returns processing goes away

Private Sector   **3rd Party Supply Chain**

Streamlined Sales Tax Collection Agents

Filing and Payment Services

Tax Administration Ecosystem

Marketing

Business Rules and Standards

Internet Self-Service

Public Sector   **Taxpayers**

Compliance is here to stay

Private Sector — 3rd Party Supply Chain

Business rules built into economic activity

Tax collection system audits

Tax Administration Ecosystem

Compliance segmentation

Multi-jurisdiction

Multi-channel contact management

Public Sector — Taxpayers

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Organization and HR Skills

Private Sector   **3rd Party Supply Chain**

E-commerce standards boards

Partnership relationship management

Tax Administration Ecosystem

Think tanks Policy experts IT experts

Marketing and outreach

Public Sector   **Taxpayers**

Technology Enables

Collaboration tools

Identity Management

Intranet Portals

Privacy and Security

Tax Administration Ecosystem

Radio Frequency ID Tag

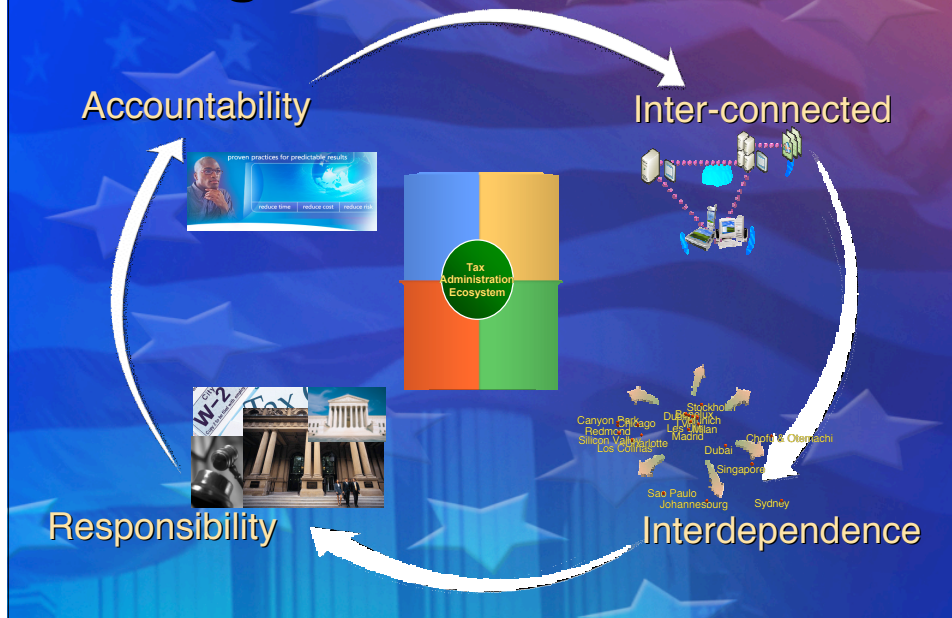**Wireless Mobility**

Connected Field Staff

GIS and GPS Mapping

Technology – It's the data _!

- **Core systems maintain high quality, timely information**
  - Standards for interoperability
- **Data warehousing and data marts**
  - Data mining
  - Decision analytics
  - Third party sources
- **Business intelligence**
  - Reporting and presentation

Management = Collaboration

Accountability

Inter-connected

Tax Administration Ecosystem

Responsibility

Interdependence

Stockholm
Canyon Park Chicago   Dublin Zurich
Redmond   Leeds Milan
Silicon Valley Charlotte Madrid
Los Colinas
                        Dubai   Chofu & Otemachi
                        Singapore
Sao Paulo
Johannesourg   Sydney

Think globally … act locally

- **Longer the lag the bigger the gap**
- **Look for quick hits**
- **Cross boundary coordination between states and other governments**
  - Homeland security
    - Identity management and connected systems
    - Integration of mobility technology to track "stuff"
  - Intelligent transportation systems