



Reducing the Compliance Burden in the Fiscal Value Chain

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Belastingdienst

Challenges for the NTCA

- Shifting expectations of the public, especially businesses
- Growth > 25% last 5 years

2 Lines of Action

- Building a more efficient fiscal chain by intensive use of ICT
- 'Horizontal monitoring' programme

Further content of this presentation

- Reducing the administrative burden in the Netherlands
 - Commitment
 - Results so far
- Optimizing the fiscal chain
- Use of ICT in reducing administrative burden
 - Electronic filing
 - Audit files and XBRL
- Horizontal monitoring programme for SME's
 - First results
 - Possible pitfalls & points for discussion

- “ a Government that signals a lack of compliance and offending of rules and legislation, will react automatically by creating more rules. Observance of these new rules however, can't be guaranteed either. “

WRR – Academic Council for Government Policies

Commitment of the Dutch government

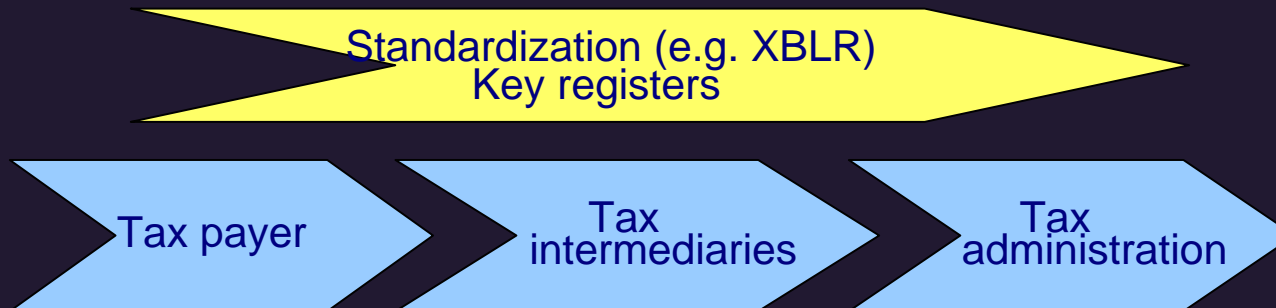
- cutting red tape:
 - in 2004 the government adopted an ambitious plan to reduce administrative burdens by 25% in 2007.
- examples of actions in the fiscal field:
 - electronic filing.
 - integration of filing for wage withholding tax and social security contributions.
 - key registers: 'collect once' principle for data
 - standardization (XBRL, audit files).

Results so far

- Reported reduction over 20% in 2007
- New action plan focuses on:
 - Preventing administrative burdens in new legislation.
 - Reducing costs of compliance.
 - Improving service level for businesses.

Optimizing the fiscal value chain

- Cutting costs by the use of ICT
 - Electronic filing
 - Standardization (audit files and XBRL) and 'collect once' principle for information.
- Horizontal monitoring
 - Mutual disclosure.
 - Solving tax issues in advance.
 - Building a common tax control framework.



Intensive use of information technology

- Electronic filing for businesses.
- Use of standard audit files and XBRL.

Electronic filing

Electronic filing for businesses:

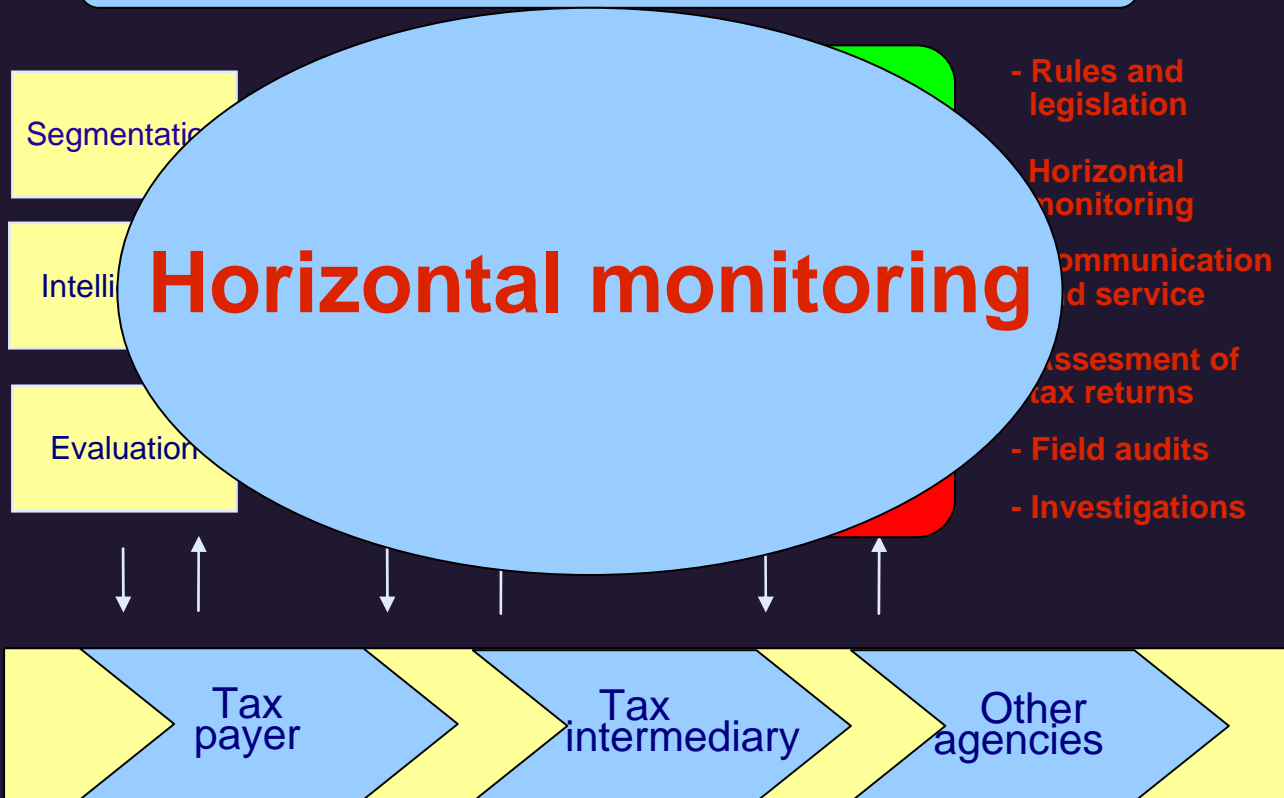
- Compulsory, to speed up implementation and reduce costs.
- From **01-01-2005** for income tax, corporate tax and VAT.
- From **01-01-2006** for wage withholding tax and social security contributions.
- Use of 'personal domain'.

Audit file and XBRL

- Standard audit files are developed in cooperation with the software branch.
- Reducing the time needed for an audit.
- XML based, XBRL is the promise for the coming years.
- NTCA participates in the development of a XBLR taxonomy.
- Government, business, software developers and intermediaries are committed to this development.

Compliance management

Intended effect: compliance



Horizontal monitoring for SME's

- Solving compliance issues in advance with trade and industry organizations.
- Building a common tax control framework together with tax intermediaries.
- Promote the use of 'trusted' administrative software.

Horizontal monitoring for SME's – first experiences ⁽¹⁾

There is a business case for horizontal monitoring in branches of trade:

- They value quality and 'corporate social responsibility'.
- They are facing new rules.
- They want to create 'a level playing field'.
- They have faced negative publicity in recent years.

Horizontal monitoring for SME's – first experiences ⁽²⁾

A structural level of assurance can only be obtained by recognizing the central role of intermediaries and by building a common tax control framework.

*The **business case** for the tax intermediary towards his client includes: **providing certainty in advance, no surprises, a 'commercial' service level as to timeliness, single point of contact, understanding the business etc.***

Points for discussion, possible pitfalls

- **Compliance management and managing the fiscal chain asks for new capabilities.**
- **We must learn to act as business partners.**
- **Building trust throughout the fiscal chain is crucial.**
- **Still many questions to be answered:**
 - **How do you settle disputes?**
 - **Does 'trust' imply contributing 'a fair share' ?**
 - **Etc.**

Reducing the compliance burden will be the most important driver for strategic change the coming years!