



CATA

43rd Technical Conference

Maldives
2023

Concept Paper





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Concept Note

43rd CATA Annual Technical Conference

10th – 13th July 2023, Maldives

Role of Data in Tax Compliance Management and Taxation of Hospitality Industry

A. Background

Across the globe, tax administrations are moving towards data driven decision making to make it easy for taxpayers to comply with tax laws. Since the main objective of modern tax administration is to increase voluntary compliance of taxpayers, data can be used as a powerful tool to improve tax compliance. Data transmission, extraction, cleansing, storage and the information security around it are significant functions that require progressive developments to ensure a strong compliance risk management framework.

The drive to use better tax data and analytical tools is being led and coordinated by tax authorities worldwide. Many tax authorities are developing sophisticated data gathering platforms that permit matching and exchange of taxpayer data in line with the rising demand for tax transparency from states and international bodies. The collected data is integrated with data analytics to aid in boosting tax collections, focus on compliance initiatives ensuring effectiveness of compliance measures.

Furthermore, industry specific taxation has been a challenge, especially for developing countries. Cross border transactions are becoming more complex and require international collaboration to mitigate international tax risks. While several tools have been developed to address aggressive tax planning strategies, taxpayers doing business in sectors such as hospitality are misusing the gaps in these policies to avoid fair taxation. Data shared through exchange of information could play a vital role in reducing the risks in international taxation.

Countries are incorporating sustainable financing into opportunities to build climate resilient infrastructure and adapt to sustainable development agendas. Taxes designed to address harmful environmental externalities, such as carbon levy and green taxes are in prime position to help the governments achieve these objectives while generating significant sources of new income.



B. Conference Theme

The theme of the 43rd CATA Technical Conference is “Role of data in tax compliance management and taxation of hospitality industry”. This theme has been chosen after careful deliberation to encourage fruitful discussion amongst the speakers and delegates on their experience in usage of third-party data and data retrieved from international counterparts and the challenges in data automation.

The discussions will also be focused on tax reforms implemented to address aggressive tax planning strategies. Considering the growing number of countries targeting to achieve net zero emissions, dialogue on policy approaches put forth by countries to reach this goal will be addressed.

This theme has been further divided into 5 main topics to further simulate and encourage engaging discussions amongst the delegates.

1. Information sharing for effective tax administration.

Access to financial information is vital for tax authorities to ensure that taxpayers are complying with tax regulations. Third-party data, including information from public and private sources, has provided valuable insights into taxpayers' financial activities, allowing tax authorities to identify potential non-compliance in a timely manner. Furthermore, public sector information has become a useful data in verifying the income and assets being reported by taxpayers.

Strategies for combatting non-compliance comprise of various stages, including prevention, detection, and enforcement which depending on the circumstance, may involve several government agencies. Different government agencies collect and hold various information which may be directly relevant to the administration of taxes. Strong inter-agency relationships would substantially enhance the efforts of the tax administration in mitigating non-compliance. Many countries are looking for ways to enhance inter-agency cooperation to inculcate a culture of whole-of-government approach to deter non-compliance and secure government revenue.

2. Effective use of exchange of information between jurisdictions

Tremendous progress has been made to establish international standards of tax transparency and information sharing through participation in bilateral and multilateral conventions. Effective usage of information gathered through these instruments maybe challenging considering issues such as data quality, data matching, and use of matched and unmatched data.

International exchange tools cover broad scope of taxes including Value Added Tax (VAT) or Goods and Services Tax (GST). VAT/GST compliance may be challenging, particularly when cross-border transactions are involved. Countries may share their experience on ways to improve administrative cooperation in the field of VAT, especially by engaging in exchange of information mechanisms.

As such, this topic focuses dialogue on the processes implemented in tax administrations to ensure effective usage of exchange tools between jurisdictions.



3. Strengthening tax administration through automation

Establishing a centralized data management system or a data warehouse is essential to implement uniform procedures in handling data in order to minimize institutional risks relating to data security. Further, it is critical to optimize use of available data, by facilitating advanced data analytics in monitoring tax compliance, improving taxpayer services as well as for strategic and policy level decision making. Automation of data processing will strengthen risk management, providing early warning of tax risks, aiding detection of complex tax schemes and facilitating early treatment to deter non-compliance.

E-invoicing and pre-filled tax returns has been essential components in modernizing tax administrations. E-invoicing allows tax authorities to track transactions in real-time, reducing the potential for errors and fraud. Consequently, with pre-filled tax returns, taxpayers can save time and effort, creating a burdenless tax system, while tax authorities can process returns quickly, ultimately resulting in a more efficient and effective administration of taxes.

4. Mitigating international tax risks in the hospitality industry

The hospitality industry is a major contributor to the global economy, with tourism and hospitality industry being the backbone of many nations' economies. In the hospitality industry, digital technology has been used to improve customer experience, streamline operations, and reduce costs. However, the integration of digital economies has increased exponentially paving ways for aggressive tax planning mechanisms due to the way these platforms operate across borders. Hence, implementation of best practices in domestic tax legislations is key to ensure that profits are taxed where economic activities take place and value is created.

5. Tax and the Environment

The relationship between tax and the environment is complex and multifaceted. Climate change is one of the most pressing environmental issues of our time, with significant implications for the global economy, public health, and natural ecosystems. Environmental, Social, and Governance (ESG) considerations are becoming increasingly important for investors, regulators, and stakeholders thus, a company's approach to tax is no longer just a question of compliance. Tax policies can influence environmental outcomes by encouraging or discouraging certain behaviors, and by providing funding for environmental protection and conservation efforts. As such, putting a price on pollution, is an effective way to encourage businesses to adopt ESG and sustainability reporting practices.

C. Conference Delegates

The participants of the conference will be drawn from the tax administrations of all CATA member states, members from international bodies and other special guests.



D. Methodology

The conference will consist of presentation of key notes, panel discussions, experience sharing and CATA Head of delegation meeting. The papers and presentations to be discussed will be made available to delegates electronically on the 43rd CATA Technical Conference website launched by MIRA. All conference proceedings will be conducted in English. The conference will be held as an in-person event.

E. Venue and Date

The 43rd CATA Technical Conference will be held at the Dinasha Hall in Villa Nautica – Paradise Island, Rep. of Maldives from **10th – 13th July 2023**.

F. Contact

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