



Dear Commissioner Bienkowska,

'The Data Intelligent Tax Administration – Meeting the challenges of Big Tax Data and Analytics' by PwC and Microsoft

We are pleased to enclose a copy of 'The Data Intelligent Tax Administration – Meeting the challenges of Big Tax Data and Analytics' by PwC and Microsoft.

Tax industry experts at Microsoft and PwC teamed up in 2017 to author a series of thought-provoking White Papers around the digital transformation journey that tax administrations will need to embark on to help their countries' overall health and stability, economic growth and attractiveness to investors. The first White Paper was published in November 2017, which was entitled: 'Digital Transformation of Tax Administration', and which presented our overarching vision on this topic.

This second White Paper zooms in on 'The Data Intelligent Tax Administration'. Tax administrations today handle an unprecedented amount of information flows. As if the complexity of the tax system wasn't enough, they now find themselves collecting an ever-increasing amount of tax data coming from traditional sources along with digital ones such as digital payments, e-invoicing and connected devices (e.g. online cash-registers and point-of-sale solutions). At the same time, many administrations are expanding their data collection capabilities even further into new areas, including third parties from online trading, asset leasing, payments to subcontractors and value-added tax (VAT) invoices.

A cohesive, integrated data-driven strategy empowers tax administrations to take decisions that benefit their own and their country's socio-economic objectives now and in the future. This paper helps define such strategies and outline their benefits for tax administrations around the world. It furthermore provides a detailed insight into how operational excellence and technical transformation could be achieved as well as what the impact has been on tax administrations that have already undertaken this transformation.

A data-driven strategy also plays into the General Data Protection Regulation (GDPR) that takes effect in the EU on 25 May 2018. GDPR has been characterized as a compliance and governance measure but also covers new business creation and revenue streams. It will disrupt and democratize data markets in several industries. Citizens will gain more control over their data and organizations that develop new business services based on such data assets will be big winners.

NB: This is neither a scientific publication nor marketing material but it is intended to provide 'food for thought' to the broad community of stakeholders and contribute to the debate.

The paper is also available online at: <https://www.pwc.nl/nl/assets/documents/the-data-intelligent-tax-administration-whitepaper.pdf>

We hope that you will find this vision paper to be useful to you.

If you wish to discuss the report in more detail or require further information, please contact us or reach out to [redacted], PwC EU Public Affairs-Brussels | Tax Administration Consulting: [redacted] | [redacted]@pwc.com

Kind regards,

[redacted] | PwC | Partner | Tax Administration Consulting
[redacted]@pwc.com

[redacted] | Microsoft | Director Government Industry EMEA | [redacted]@microsoft.com