



# Greek Tax Agency Benchlearning and Evaluation Project

Deliverable D.4 “Desk  
Research Report”



Project Title: Greek Tax Agency Benchlearning and Evaluation Project

Deliverable: D.4 "Desk Research Report"

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## 1. Introduction

### 1.1. Premise

The present deliverable has been implemented in the context of the "Greek Tax Agency Benchmarking and Evaluation Project" and aims at summarizing and discussing the empirical evidence gathered as part of deliverable D.3 (completed desk research template for as many of the EU25 MS as possible depending on the availability of information). The country templates filled in have been delivered at the separate deliverable D.3.

The aim of the desk research on the tax online service provision was to:

- a) Evaluate and assess the number and level of sophistication of online tax services for as many EU countries as possible;

And additionally

- b) Look for data available online on other KPIs, such as number of users, for those countries for which such data could be retrieved only by way of a web based desk research

### 1.2. Scope and Methodology of the report

The scope of the research has been limited to 25 European countries, without including the new EU Member States (Romania and Bulgaria). Given the limited time and resources available, as anticipated, the source of data has been a web based search and included:

- Websites of the tax agencies examined (including the analysis of the time and amount of information provided, the online services for different types of users, eventual other applications, etc.),
- Reports and analysis already carried out, first of all the last CapGemini report and the IDABC eGovernment Factsheets in their last updated version.
- Other second-hand information gathered by European statistic sources, such as Eurostat.

### 1.3. Focus and dimension of analysis

This report presents, in a short but comprehensive way, the results of the web based research described above. The complete empirical evidence is presented in the country templates delivered separately.

Our main purpose here is to highlight common tendencies and developments, as well as differences in the evolution of tax-related services across Europe.

In doing this we structured the analysis along two dimensions, also reflected in the structure of the report: the analysis of the supply-side (Section 2) and of the demand-side or take-up

(Section 3). The distinction between supply-side and demand-side of online services also reflects the evolution in the analysis and assessment of online services: from supply-side benchmarking (à la CapGemini) to analysis of usage and usability (such as the "Top-of-the-Web"<sup>1</sup>) survey to more recent comprehensive approaches, trying to assess the broader impact of eGovernment services. Moreover, cases and examples are illustrated all along the report, in order to provide a direct and exemplificative illustration of the landscape of online provision of tax-related services in Europe.

The analysis also tries to point out some elements of the 5th level of online sophistication (user centricity/targetisation), that will be introduced in the CapGemini survey in the next report (2007). Moreover, it was also examined if, and to what extent, online information and/or services are available also in foreign languages, and in which ones.

The demand-side analysis is mainly focused on the take-up data of the examined tax-related online services. It is important to point out, however, that such data are not public for all countries: they are presented only for 6 of them.

The analysis of the demand of tax related online services is complemented by a broader overview of the usage of eGovernment services more in general around Europe, as well as of the access of households to Internet and of broadband penetration. This kind of information, while more relevant to the general context of eGovernment diffusion, is important in order to comprehend the relevance of tax-related electronic services for those countries that have such data, and the potential for the usage of overall eGovernment services.

## 2. Supply-side analysis

### 2.1. The administrative and organisational structure

In the desk research we looked for information on the administrative and organisational context in which the entity in charge of tax online provision is embedded. Not surprisingly, all the entities examined are part of the Central Government structure, whether a directorate of the Ministry of Finance or an autonomous agency, even in federal States, such as Germany or Austria. With regard to the organisational structure, almost all the entities charged of taxes collection are Directorates, operating under the responsibility of the national Ministry of Finance. Of them, only 5 out of 25 are autonomous agencies, namely the Finnish Tax Administration, the Office of Revenue Commissioners in Ireland, the Tax Agency in Italy, the State Agency for Tax Administration in Spain, and the HR Revenue and Customs in the UK. The Spanish organisation is quite peculiar, as there is a splitting of the taxes collection related

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<sup>1</sup> PLS RAMBOLL and EWORX (2004). Top of the Web Survey on Quality and Usage of Public e-Services, European Commission DG Information Society and Media ([http://europa.eu.int/information\\_society/activities/egovernment\\_research/doc/top\\_of\\_the\\_web\\_report\\_2004.pdf](http://europa.eu.int/information_society/activities/egovernment_research/doc/top_of_the_web_report_2004.pdf), accessed February 2005).

PLS RAMBOLL and EWORX (2003). Top of the Web Survey on Quality and Usage of Public e-Services. European Commission DG Information Society, (<http://www.topoftheweb.net>, accessed October 2004)

activities between two entities. The State Agency for Tax Administration, created in 1991, is an autonomous agency responsible for all activities linked to the implementation of fiscal legislation (i.e., taxes collection and financial auditing), while the Tax Department, under the direct control of the Ministry of Finance, is responsible for carrying out policy and impact studies on fiscal policy issues.

In Greece, local tax offices function as the peripheral authorities depending directly from Greek Ministry of Economy and Finance (GMoEF), while the General Secretariat of Information Systems (GSIS). So in this respect the Greek case current solution is in line with the majority of the EU Member States, although with the peculiarity of having a dedicated department specifically in charge of the technology side.

## **2.2. Organisational/legislative change and business model**

Moreover, an attempt was made to analyse if and how legislative/organisational changes were introduced at the time of the launching of the online services and to identify different business models.

In a few cases (Italy, Finland, UK, Ireland, France and The Netherlands) the launch of tax-related online services by the national tax entity, corresponded to a broader reorganisation of the taxes administration and even the introduction of new legislation. In all cases, such changes went into the direction of simplification and unification of different taxes in only one form or at least the decrease of the number of forms. Legislative changes in some cases went also in the direction of ensuring take up of online tax services by involving professional and various other types of intermediaries. In other cases legislation, concertation, and technological solutions (data sharing and interoperability arrangements) between the tax authority, banks and employers allowed the governments to produce pre-populated forms to be completed or validated by the tax payers.

Therefore, 3 different models are identified:

- 1) The "classic e-service model", consisting of the digitalisation of internal processes and service provisions without other specific legislation ensuring take up through the involvement of intermediaries;
- 2) The "intermediaries based e-service model" where high take up was embedded in legislation or concertation mechanisms involving intermediaries in the online tax return when individuals are unwilling or not capable to it on their own.
- 3) The "e-service model based on pre-populated online forms"

The overwhelming majority of countries (including Greece) falls in the first model, two cases (Italy, Spain) represent the second model, while Nordic countries (including Finland) are examples of the third model.

In addition to this characterisation, another dimension to take into consideration is whether or not the digitalisation of the tax services went in parallel with administrative simplification or not. In many countries, regardless of which of the three model they belong, tax forms have been substantially simplified and collapsed mostly in one single form, especially for individuals (for instance this happened in Italy, Spain, UK, Ireland and in all countries following the model based on pre-populated forms).

Finally, it must be stressed that countries falling in the first model initially faced the problem of very low take up of the services by citizens. UK and Ireland tackled this problem with considerable investments in awareness campaign, marketing and communication.

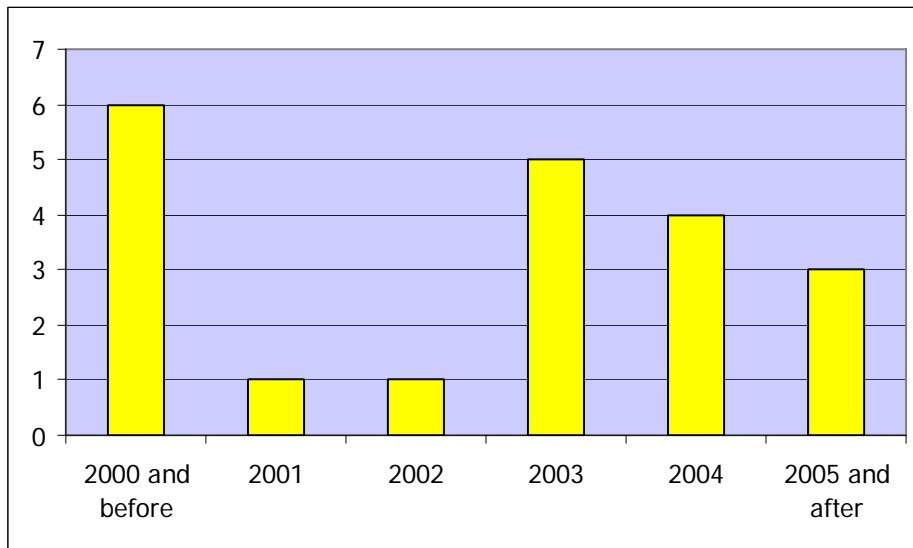
### **2.3. Delivery of online services: characteristics of online provision**

The overall level of availability for online tax-related services is high: 23 out of 25 countries have such services (with the exclusion of Poland and Luxembourg). However, Poland is introducing them gradually: plans for the introduction of eTax filing services were unveiled in 2005. There, priority has been given to corporate taxpayers, which became able to file tax returns and pay taxes online in 2006. In Poland, The full implementation of eTax services for citizens is planned to take place in 2012. Therefore, the first measurement of online availability and sophistication of tax-related online services in Poland will be available in the next CapGemini Report. So far, no plans for the introduction of eTax services have been unveiled in Luxembourg.

When looking at the sophistication level of tax related services, it is worthwhile noticing that almost all the services available in the 23 countries have a score of 4 (on the traditional scale from 1=information; 2=download of forms; 3= two-way interaction; to 4= full transaction), indicating that they are fully transactional.

The high degree of online availability and sophistication can be explained by the consideration that tax-related services are high-impact services for governments, in terms of time and money savings. These represented incentives for an earlier development.

#### **Exhibit 1: Launch of online tax services by year (number of countries)**



For four countries (Hungary, Latvia, the Netherlands, and the UK) it has not been possible to determine the year of launch of eTax services. As stated, in Luxembourg they do not exist yet. The exhibit only refers thus to 20 out of 25 countries. Six of them launched eTax services in 2000 or even before: Denmark, Finland, Greece, Ireland Italy and Sweden. Estonia started providing tax-related electronic services in 2001, while Malta in 2002. 2003 was another "peak" year, with 5 countries launching their eTax services: Austria, Belgium, Germany, Portugal, Slovenia. In 2004 it was the turn of Cyprus, France, Lithuania and Spain, and in 2005 or after, that of Czech Republic, Poland and Slovakia.

As illustrated in the exhibit above, in as many as 6 EU countries, the provision of tax online services started in 2000 or before, with following improvements and amplification of online provision. Tax-related services represented a sort of "frontier" for eGovernment implementation. A relative long tradition in the field also explains the good performances of late-comers (i.e., countries that introduced these services in the last years): they exploited the results of previous projects that provided a solid base of reliable and well-tested solutions. ***So, in anticipating what is further reported in par 2.4, today almost all online tax services are fully transactional, so in this respect Greece scores in the mainstream.***

A further step in the research was the investigation on the range of online services provided. Greece and Spain are the only two cases covering all the services below (see table 1).

This, however, depends on the different range of competences and powers attributed to each tax agency/directorate by the tax policy of the country. In almost all cases, the tax agencies have responsibilities (including the provision of online services) on income taxes, both for individuals and companies, and on VAT. Moreover, in 10 out of 25 countries tax agencies are charged also of customs management (including taxes). Only a few countries (10 out of 25)

include customs in the responsibilities of tax agencies, while in most cases other taxes (i.e., land taxes, property taxes, vehicles, etc) are integrated.

It is difficult to directly link the multiple competences of national tax agencies to a common trend in Europe towards the aggregation of agencies.

However, it is possible to find examples of organisational change linked to the development of online services. In Estonia, the launch of eSolutions for taxes and customs was carried out by the Tax Board and Customs Board separately in early 2000. In 2004, the two agencies were joined in the Tax and Customs Board. In order to harmonise the online services provided, the Tax and Customs Board started to reorganise its channel for delivering online services. As a result, the eService environment, which is based on different roles and which will be completed by 2007, will be updated so as to make it more user friendly by accelerating navigation and optimising the menu structure.

**Table 1: Extent of services offered**

| Country        | Types of services |     |         |                                   |                                     |
|----------------|-------------------|-----|---------|-----------------------------------|-------------------------------------|
|                | Income tax        | VAT | Customs | Social contribution for employees | Others (vehicle, land, gaming, etc) |
| Austria        | ✓                 |     |         |                                   |                                     |
| Belgium        | ✓                 | ✓   | ✓       |                                   | ✓                                   |
| Cyprus         | ✓                 | ✓   |         |                                   |                                     |
| Czech Republic | ✓                 | ✓   |         |                                   | ✓                                   |
| Denmark        | ✓                 | ✓   | ✓       |                                   | ✓                                   |
| Estonia        | ✓                 | ✓   | ✓       |                                   |                                     |
| Finland        | ✓                 | ✓   |         | ✓                                 | ✓                                   |
| France         | ✓                 | ✓   |         |                                   | ✓                                   |
| Germany        | ✓                 | ✓   |         |                                   | ✓                                   |
| Greece         | ✓                 | ✓   | ✓       | ✓                                 | ✓                                   |
| Hungary        | ✓                 | ✓   |         |                                   |                                     |
| Ireland        | ✓                 | ✓   | ✓       |                                   | ✓                                   |
| Italy          | ✓                 | ✓   |         |                                   | ✓                                   |
| Latvia         | ✓                 | ✓   | ✓       |                                   |                                     |
| Lithuania      | ✓                 | ✓   | ✓       |                                   |                                     |
| Luxembourg     |                   |     |         |                                   |                                     |
| Malta          | ✓                 |     | ✓       | ✓                                 |                                     |
| Netherlands    | ✓                 | ✓   |         |                                   | ✓                                   |
| Poland         | ✓                 |     |         |                                   |                                     |
| Portugal       | ✓                 | ✓   | ✓       |                                   | ✓                                   |
| Slovakia       | ✓                 | ✓   |         |                                   |                                     |
| Slovenia       | ✓                 | ✓   |         |                                   |                                     |
| Spain          | ✓                 | ✓   | ✓       | ✓                                 | ✓                                   |

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|        |   |   |   |   |   |
|--------|---|---|---|---|---|
| Sweden | ✓ | ✓ |   | ✓ |   |
| UK     | ✓ | ✓ | ✓ |   | ✓ |

A further dimension of the research was the analysis of the main features relating the provision of online services from the different agencies/directorates. The issues taken into exam were:

- The authorisation devices for acceding online services: digital signature, eID solution, access codes, etc.
- The provider of the devices: the tax agency/directorate proving the online service, a private provider, a combination of both (i.e., a multiple-steps procedure, with the intervention of different subjects in the several steps)
- The procedure to obtain access: fully online, or still requiring some paper work by the users or the agency.

A summary of the results of this analysis is reported in table 2 overleaf.

**Table 2: devices for authorisation to online services**

| Country     | Authorisation devices for online services |              |                   |       | Provider   |                               |                 | Registration procedure |  |
|-------------|---|--------------|-------------------|-------|--|-------------------------------|-----------------|------------------------|--|
|             | Access code (PIN, User ID, password)      | eID solution | Digital signature | Other | Completely managed by the tax agency (public sector) | Managed by a private provider | Managed jointly | Totally automated      | Still requiring some paper work by users |
| Austria     | ✓   |              |                   |       | ✓  |                               |                 |                        | ✓  |
| Belgium     | ✓   | ✓            |                   |       | ✓  |                               |                 | ✓                      |  |
| Cyprus      | ✓   |              |                   |       | ✓  |                               |                 |                        | ✓  |
| Czech Rep   |   |              |                   |       |  |                               |                 |                        |  |
| Denmark     | ✓   |              |                   |       | ✓  |                               |                 | ✓                      |  |
| Estonia     |   | ✓            |                   |       | ✓  |                               |                 | ✓                      |  |
| Finland     |   | ✓            |                   | ✓     | ✓  |                               |                 | ✓                      |  |
| France      | ✓   |              |                   |       | ✓  |                               |                 | ✓                      |  |
| Germany     |   |              | ✓                 | ✓     |  |                               |                 |                        |  |
| Greece      | ✓   |              |                   |       | ✓  |                               |                 | ✓                      |  |
| Hungary     |   |              | ✓                 |       | ✓  |                               |                 | ✓                      |  |
| Ireland     | ✓   |              |                   | ✓     | ✓  |                               |                 |                        | ✓  |
| Italy       | ✓   |              | ✓                 |       | ✓  |                               |                 | ✓                      |  |
| Latvia      |   |              |                   |       |  |                               |                 |                        |  |
| Lithuania   |   |              |                   |       |  |                               |                 |                        |  |
| Luxembourg  |   |              |                   |       |  |                               |                 |                        |  |
| Malta       | ✓   |              |                   | ✓     | ✓  |                               |                 |                        | ✓  |
| Netherlands |   | ✓            |                   |       |  |                               |                 |                        |  |
| Poland      |   |              |                   |       | ✓  |                               |                 | ✓                      |  |
| Portugal    | ✓   |              |                   |       | ✓  |                               |                 |                        | ✓  |
| Slovakia    |   | ✓            |                   |       |  |                               |                 |                        |  |
| Slovenia    |   |              |                   | ✓     |  |                               | ✓               |                        |  |
| Spain       |   |              | ✓                 |       |  |                               |                 |                        |  |
| Sweden      |   | ✓            |                   |       |  | ✓                             |                 |                        | ✓  |
| UK          | ✓   |              |                   |       | ✓  |                               |                 | ✓                      |  |

The landscape of the **devices adopted to ensure access** to online services is quite heterogeneous.

The most common solution (adopted in 10 out of 23 countries, as Poland and Luxembourg do not have online services in this field yet) is the **access code**: in general, a User ID and a password (in many cases with other codes, such as a personal identity number or a tax number). These codes are provided to users after a registration process, that can be carried out totally online or require still some offline procedure. This solution has the positive aspect of simplicity of use for users (as they do not need other devices or software to install) and of easiness of implementation from the part of public agencies. In many cases (such as, for examples, in France, Greece, Ireland, Malta, Slovenia) users are required to install an electronic certificate on their PCs to increase the security of the service.

In six cases (Belgium, Estonia, Finland, Netherlands, Slovakia, Finland), access to tax-related online services is guaranteed through an **eID** solution. When used, this solution allows the implementation of many services for citizens and businesses to be accessed, as it can store users' profile and data. However, the launch of eID solutions requires the development of a common environment for eServices for both different government agencies and other private sector players.

**Digital signatures** (in general with a PKI infrastructure) represent a less common solution: only three countries have adopted it so far (Germany, Hungary and Spain).

It is interesting to notice that, in three cases, users have more than one solution for access. In Belgium, for example, users can choose to access tax online service by digital signature or by inserting their ID, password and codes-token, that can be obtained through the registration at the federal web-portal. In Germany, moreover, authorisation to online services is guaranteed by the digital signature or by a couple of security keys and digital certificate to be stored either in the Elsteronline "Virtual Memory Stick" or in a software certificate. In Ireland, if individuals are already registered for other business taxes with Revenue (for example VAT or Self-Employed Income Tax), they will require a ROS digital certificate. It will allow them to access services for all taxes in ROS (including PAYE) they are registered with for. For some categories of users (self-employed, businesses and tax-practitioners), the digital certificate is mandatory. In Italy, different authorisation devices are targeted to different categories of users. Access codes are provided to citizens (after a registration procedure), while businesses and tax practitioners have to obtain a digital signature to access Entratel, a specific government-to-business channel for submission of tax returns.

The research also examined the **procedure to obtain the authorisation devices for access** to tax online services. In the majority of cases (15 countries out of 25), the

procedure is managed entirely by public authorities. When access is guaranteed through access codes, tax entities providing the online solutions are also in charge of the registration procedure and of the distribution of codes. The solution adopted in the UK is noteworthy. Users access tax online services by personal codes, after a registration procedure. However, they do not have to register at the tax online website, but at a centralised public sector entity that handles the management of access to eGovernment services: the Government Gateway. In Sweden, citizens can use non-official electronic ID Cards issued by the post and software-based electronic IDs like the BankID (developed by the largest Swedish banks) and SteriaID. In many cases (in Italy and Slovenia, for example) authorisation devices such as digital signature or certificates are issued from private providers, that must be authorised by public authorities.

Finally, the procedures for obtaining the authorisation devices for tax online services differ one from another on the basis of the **level of automation**. In this field, two different requirements influence the development of solutions: the demand for simplicity on the one hand, and the necessity for security on the other hand. From the empirical analysis, it seems that the demand for easiness and simplicity of registration is the most addressed. In 9 cases, including Greece, in fact, the registration procedure is totally carried out online. Users receive their access codes or other authorisation devices by email or directly on the web page, even if they may be required to change some codes after the first access. In other cases, such as, for example, in Italy, Ireland, Malta, the registration procedure still requires some paper work. After a first step online, users receive their codes by land mail, and the registration is completed only after they access the online service with their "paper" codes.

The desk research also focused on a general description of the **main features of the online services** examined, i.e., on a general overview of their functioning model and of the main applications available. The research focused in particular on the following applications:

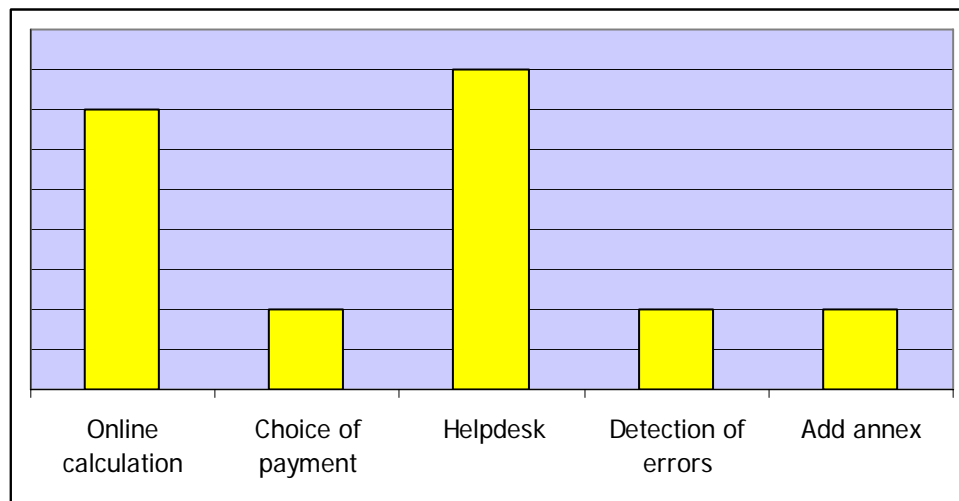
- Authorisation mechanism to online services
- e-filing of tax returns, payments, refunds,
- Notification to users of receipt and of assessment
- Possibility for taxpayers to constantly access their data (i.e., check their tax position)
- Push delivery of updated information (new rules and regulations, etc.)
- Others

This part of the activity was not intended as a substitute of the annual CapGemini survey, but only as a brief summary of the main characteristics of the tax-related online service provided in the 25 countries.

A substantial standardisation of online provisions has been observed: with the exception of the possibility to push delivery of updated information, all the mentioned applications are available for users in all countries. The empirical result of this limited field search is in line with the evolution of tax-related services, that has registered a convergence of European Member States to the highest level of online sophistication. Differences exist in the availability of other applications, that are not still included in a compared measurement framework, such as, for example, the availability of pre-filled forms, or the possibility to calculate the due amount of taxes before submitting the declaration.

The exhibit below provides a synthetic overview of the most common applications identified.

**Exhibit 2: Overview of the most common online applications**



The most common application is the helpdesk, i.e., the provision of help for users in the submission of online declarations. This help may be offered in different forms: the most common, in addition to a detailed FAQ section, are a phone line and an email service for users to keep in contact with tax offices. For instance, in Greece the earlier mentioned GSIS receives about 1000 e-mail per day, each of them being categorised according to the request and answered.

However, in some cases, the help provided is more interactive. In Slovakia, for example, help is available on-line, where users are provided with step-by-step guidance on how to fill in forms and ensure that calculations and summaries are made correctly. In Belgium and in Cyprus, furthermore, online assistance is offered on the tax returns display screens as well as via the service's home page.

An interesting and quite widespread application is the possibility for users to calculate online the due amount of taxes before submitting their declarations. Many countries have put, at users' disposal, a software, where they can input their data and simulate the taxes'

calculations. This application becomes more and more important as income tax declarations entail the assessment and integration of many other taxes and duties (i.e., land, vehicle, etc), as well as the application of tax credits and exemptions.

The development and implementation of these tools respond to the tax agencies' objective of reducing errors and thus the waste of time and money for processing tax declarations twice or more. In some cases the effort for reducing errors has led to the development of a tool for early detection of errors, even before the final submission of tax declarations. In Belgium, for example, the service automatically detects and signals the most common errors in filling tax forms.

It is interesting to signal how, in some countries, it is possible for users to decide which type of payment to use for tax-related transactions with public authorities. In Finland, for example, users can choose to directly access their home banking service from the online tax service. Moreover, in France, taxpayers can choose how to pay their taxes: by Internet banking, by cheques, at the due date, by monthly payments, etc.

#### **2.4. Beyond Online sophistication**

As mentioned earlier, tax-related online services have reached a high degree of sophistication almost everywhere in the European Union. The desk research conducted on the online availability of public services shows that tax-related services (individual income tax, corporate tax, VAT, customs declarations and, in many cases, social contributions for employees) have quite widespread score of 4 out of 4.

With particular reference to individual income tax, 22 countries out of the 25 examined for the present report, have a score of 4 (fully transactional services), the exceptions being Luxembourg, Poland and Latvia. Concerning corporate tax, 23 countries have received a score of 4, with the exception of Poland and Luxembourg again.

Due to this substantial homogeneity and quality of the supply, the analysis attempted to shift on the fifth level of measurement, named citizen centricity/targetisation. That dimension is articulated in:

- Personalisation: the service recognises the user and store his/her profile
- Multi-channel delivery: call centres, mobile phone, etc.

With regard to the personalisation dimension, it is worthwhile to say that the overwhelming majority of the services examined recognise the **users' profile** and store their data. Moreover, as pre-filled forms are available in several countries, online applications gather data on users' coming from different sources, so that they "create" a user profile in some way. Users can always access their profile, check they position and change and update personal information.

**Multi-channel delivery**, on the contrary, is not very common. This is probably due also to the complexity of the service: the use of other channels (such as phone) is limited to the provision of support to users filling their tax declarations. However, there are some applications to mention. In Sweden, for example, many taxpayers receive a pre-filled and pre-calculated version of their tax returns, that they can confirm using a "soft electronic ID" (PIN and password provided by the Tax Board) or simply confirm by using the Tax Board's telephone service or by SMS. In Ireland, furthermore, individuals have the possibility to use their mobile phones (a PIN is provided after registering to the service) for a series of services: change their address, track correspondence, claim certain tax credit, and request some PAYE (Pay As You Earn: for individuals employees and self-employed) forms and leaflets.

Another focus of the research was the analysis of the **languages** used for online services provision. The empirical research, in fact, pointed out that a considerable number of the websites examined has one or more sections available in more than one language. The development of these services can have many reasons. One of the possible explanations is connected with the growing number of citizens and businesses that decide to live, work, or locate plants and offices in other Member States. Moreover, the growing number of immigrants, also from non-Member States, that arrive every year in Europe represent an important factor boosting the implementation of multi-language services.

In some cases, multi-language provision of online services depends on the fact that countries have more than one official language. It is the case of Belgium (3 official languages: French, German, Flemish), Cyprus (2 official languages: Greek and English), Ireland (2 official languages: English and Gaelic), Luxembourg (2 official languages: French and German).

An interesting case is that of Nordic countries (Sweden, Norway, Denmark, Iceland and Finland), that, after the signature of a tax agreements – the Nordic Tax Agreement – made available for their citizens a specific website: Nordisk eTax (<http://www.nordisketax.net/>). This website provides information for citizens of one of the subscriber countries living and/or working in one of the other ones on how to fill in tax returns, how to apply for social allowances, etc. Information is available in all the subscriber countries' working languages and in English.

Of the 25 tax online websites included in the present research, about half (13 out of 25) have one or more sections available in languages other than the country official one(s). The number is expected to grow in the following years: at least two countries (Belgium and Hungary) are currently developing multi-language sections of their tax websites. Hungary, in particular, is constructing sections of the tax websites in English, French and German. Development plans include also the implementation of eServices in these languages.

The main results of the research are presented in the table below. Only websites with at least one section in a language different from the country's official one(s) have been included in the statistics. Therefore, countries with multi-language services provided only in national official languages (such as Ireland or Belgium) have not been included. It is assumed that in these cases the provision of multi-language services is part of the institutional mission of the national tax entities.

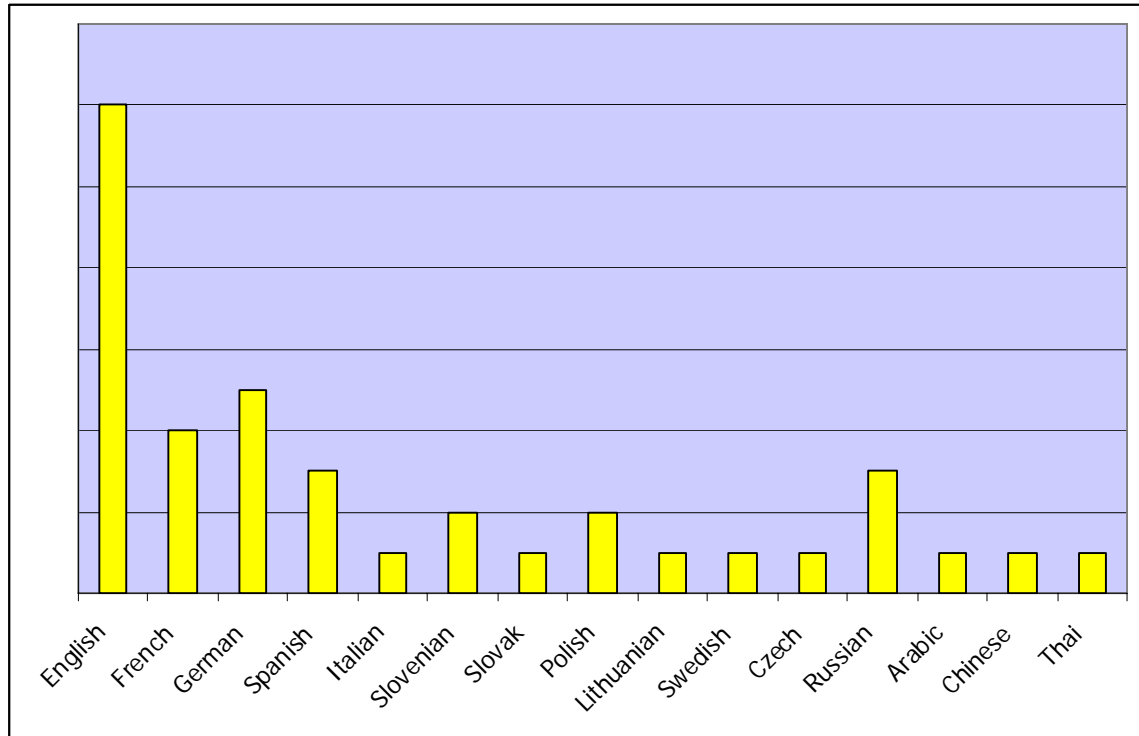
Notice: a first distinction has been carried out between countries providing multi-language services (tick in the "Yes" column in the section "Multi-language website – A section") and those not providing this kind of services ((tick in the "No" column in the section "Multi-language website – A section"). Therefore, the rest of the analysis (in which languages websites are available, which kind of applications are provided) only concerns the first group of countries (those having a multi-language website).

**Table 3: Multi-language provision of tax services**

| Country        | Multi-language website (a section) |     | Languages |        |        |         |                    |                  | Extent of multi-language supply |                   |           |
|----------------|------------------------------------|-----|-----------|--------|--------|---------|--------------------|------------------|---------------------------------|-------------------|-----------|
|                | No                                 | Yes | English   | French | German | Spanish | Other EU Languages | Non EU languages | Info only                       | Download of forms | eServices |
| Austria        |                                    | ✓   | ✓         |        |        |         |                    |                  | ✓                               |                   |           |
| Belgium        | ✓                                  |     |           |        |        |         |                    |                  |                                 |                   |           |
| Cyprus         | ✓                                  |     |           |        |        |         |                    |                  |                                 |                   |           |
| Czech Republic |                                    | ✓   | ✓         |        |        |         |                    |                  | ✓                               |                   |           |
| Denmark        |                                    | ✓   | ✓         | ✓      | ✓      | ✓       | ✓                  | ✓                | ✓                               |                   |           |
| Estonia        |                                    | ✓   | ✓         |        |        |         |                    | ✓                | ✓                               |                   |           |
| Finland        |                                    | ✓   | ✓         |        |        |         |                    | ✓                | ✓                               |                   | ✓         |
| France         | ✓                                  |     |           |        |        |         |                    |                  |                                 |                   |           |
| Germany        |                                    | ✓   | ✓         |        |        |         |                    |                  | ✓                               |                   |           |
| Greece         | ✓                                  |     |           |        |        |         |                    |                  |                                 |                   |           |
| Hungary        | ✓                                  |     |           |        |        |         |                    |                  |                                 |                   |           |
| Ireland        |                                    | ✓   |           | ✓      | ✓      | ✓       | ✓                  | ✓                | ✓                               |                   |           |
| Italy          |                                    | ✓   | ✓         | ✓      | ✓      |         | ✓                  |                  |                                 | ✓                 | ✓         |
| Latvia         |                                    | ✓   | ✓         |        |        |         |                    | ✓                | ✓                               |                   |           |
| Lithuania      | ✓                                  |     |           |        |        |         |                    |                  |                                 |                   |           |
| Luxembourg     | ✓                                  |     |           |        |        |         |                    |                  |                                 |                   |           |
| Malta          | ✓                                  |     |           |        |        |         |                    |                  |                                 |                   |           |
| Netherlands    |                                    | ✓   | ✓         |        | ✓      |         |                    |                  |                                 |                   | ✓         |
| Poland         |                                    | ✓   | ✓         |        |        |         |                    |                  | ✓                               |                   |           |
| Portugal       | ✓                                  |     |           |        |        |         |                    |                  |                                 |                   |           |
| Slovakia       |                                    | ✓   | ✓         |        |        |         |                    |                  | ✓                               |                   |           |
| Slovenia       | ✓                                  |     |           |        |        |         |                    |                  |                                 |                   |           |
| Spain          | ✓                                  |     |           |        |        |         |                    |                  |                                 |                   |           |
| Sweden         |                                    | ✓   | ✓         | ✓      | ✓      | ✓       | ✓                  | ✓                | ✓                               |                   |           |
| UK             | ✓                                  |     |           |        |        |         |                    |                  |                                 |                   |           |

The analysis also gathered the languages of tax-related services websites. Not surprisingly, the most common is English.

**Exhibit 3: Language for online tax-related services provision**



Among EU official languages, French and German are the most used, after English. Among non-EU languages, Russian is the most widespread (used in 3 countries: Estonia, Ireland, Finland). The Irish website (ROS, Revenue Online Service - <http://www.ros.ie/PublisherServlet/home>) presents a remarkable variety of languages, as it presents sections of the website in French, German, Spanish, Czech, Lithuanian, Polish, Slovak, Russian and Chinese. The Danish website (<http://www.skat.dk>) also provides information in a considerable number of languages: English, French, German, Spanish, Italian and Arabic.

Multi-language sections of tax service websites differ greatly one from another. In many cases, multi-language websites provide information only. It is the case of the majority (10 out of 13) of the countries examined: Austria, Czech Republic, Denmark, Estonia, Finland, Germany, Ireland, Latvia, Poland and Sweden. As a general provision, information provided is about the organisational structure of the agency and the country taxation system (basic principles and calculation rates, deadlines, etc.).

In some cases, such as, for example, in the Netherlands, web sections in other languages are specifically targeted to foreign citizens/businesses living in the country (i.e., how to apply for social allowances, how to avoid double taxation, etc.).

When investigating the **supply** of multi-language tax-related electronic services, the number of cases becomes smaller.

Only in Italy it is possible to download forms in other languages (English, French, German and Slovenian).

There are only three cases, among the 25 European countries examined, of provision of multi-languages electronic services.

In Finland, tax-related electronic services are available also in Swedish, while information only is provided also in English. In Italy, VAT online service is available online in English. A special section of the website focuses on VAT "Special Scheme" for all non-EU suppliers who carry out commercial transactions by means electronic equipments to consumers resident in the EU member countries. After registration, it is possible for users under the "VAT special scheme" to submit VAT declarations and make payments online. Finally, in the Netherlands, through the sections of the website in English and in German it is possible for users to access online services, in addition to information, provided in these languages.

### 3. Demand-side analysis

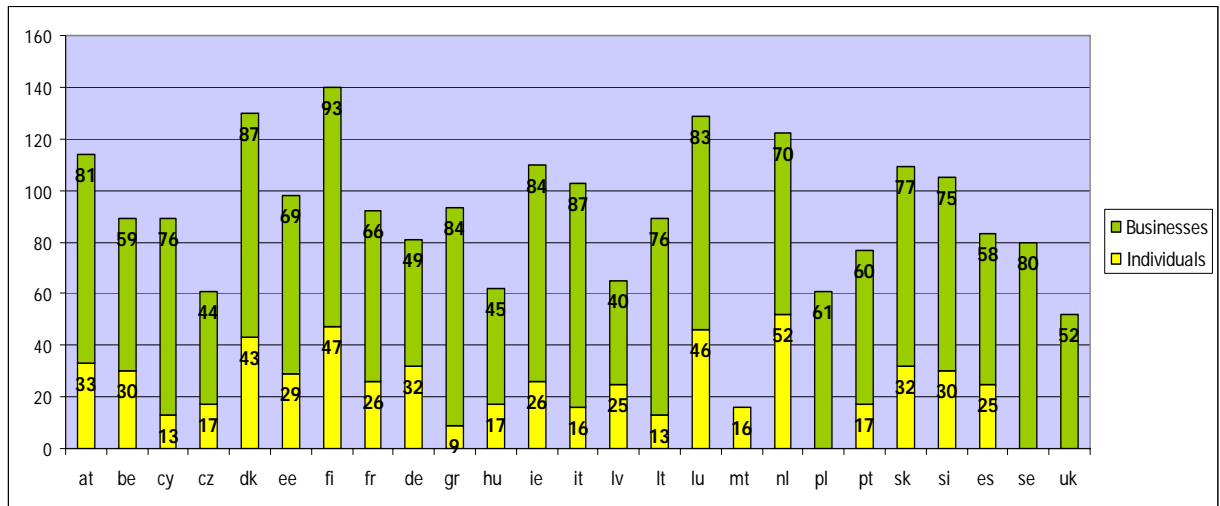
#### 3.1. Broader context: usage of eGovernment services in Europe

In this paragraph some data and insights on the usage of eGovernment services in the 25 European countries will be presented. This information has the main purpose of setting the take-up of tax online services in the broader context of the use of eGovernment services more in general. It would also be of help in assessing the relevance of tax-related services among the other possible eGovernment applications, as well as in considering the take-up of eGovernment services in general.

Unfortunately, surveys and data investigating the demand of eGovernment services are less common than studies in the supply-side, and with a lower coverage of countries. Therefore, the main sources of data have been Eurostat Information Society Statistics.

At first, the level of usage of eGovernment services in Europe will be analysed. Data analyse the percentage of individuals and of businesses that used the Internet for interaction with public authorities in 2006 (the last available year).

**Exhibit 4: Percentage of individuals and businesses that used the Internet for interaction with public authorities in 2006<sup>2</sup>**



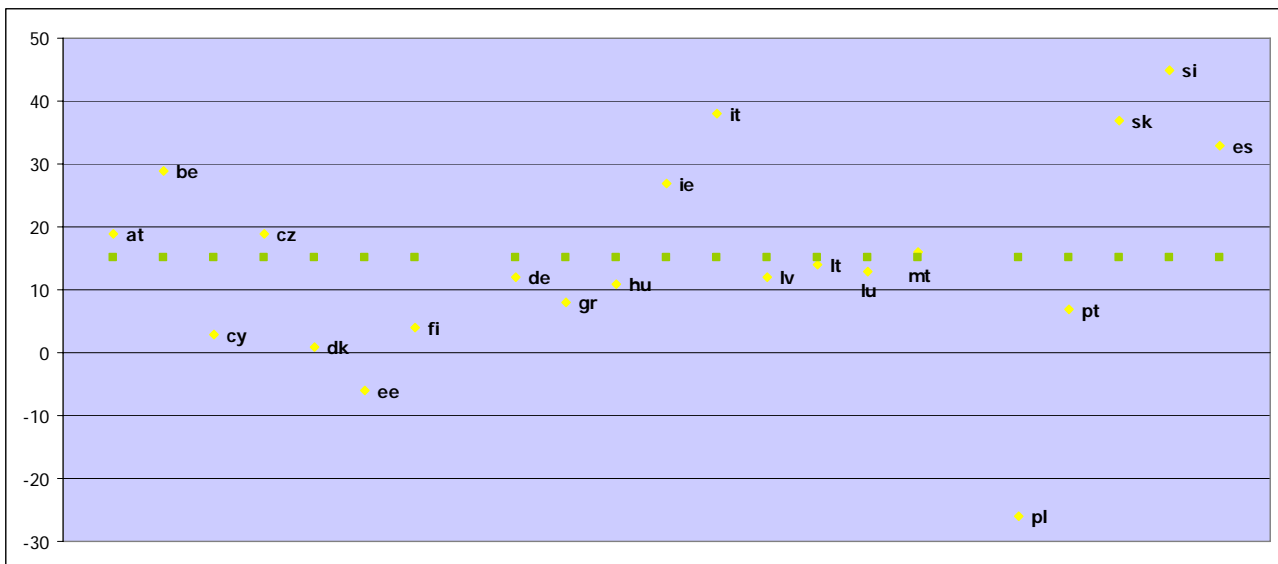
Source: elaboration from Eurostat, Information Society Statistics

<sup>2</sup> Warning: some countries (Malta, Poland, Sweden, UK) only present data for one category summing up businesses and individuals. This is due to the lack of available data for these countries in the year examined in the Eurostat database. Please notice that 2006 was chosen as baseline for illustration of eGovernment usage statistics because it represented both the most recent year and the year for which more data were available

As the exhibit shows, the usage among businesses is in general much higher than among individuals. The European average is of 64 for businesses (i.e., 64% of businesses used the Internet for interaction with public authorities) and of 26 for individuals (i.e., 26% of individuals used the Internet for interaction with public authorities).

As a second step, trends in the usage of eGovernment services were analysed. Two years were taken into consideration: 2006, as it was the last available year, and 2004, as it is the less recent year for which a significant set of data is available (data available cover the great part of the countries). The results of such analysis are shown in the exhibit below.

**Exhibit 5: Growth rates in usage of eGovernment services compared to EU25 average (15%): 2006 versus 2004**



Source: elaboration from Eurostat, Information Society Statistics

The analysis did not consider the difference between individuals and businesses: cumulated growth was taken into consideration. Three countries (Netherlands, Sweden and UK) are not reported in the figure, as data for 2006 were incomplete. France was omitted too, due to lack of data for previous years.

The green line represents the average growth rate for the 21 countries: 15%. As the exhibit shows, almost all countries have registered considerable growth rates. Increases are particularly impressive in some new Member States (Slovakia, Slovenia) that registered also good performances in the online availability and sophistication levels. The same consideration can be made for Spain. Poland registered a strong decrease in the usage of the Internet for interaction with public authorities that is a trend opposite to the rest of Europe, for a great part due to a decrease in the use of the Internet from businesses.

### 3.2. Take-up of tax-related online services

As a final step, the research tried to detect the take-up levels of tax-related online services in the 25 countries. However, the desk research methodology did not allow gathering a great number of information due to two certain limitations:

1. only in a few cases tax entities or other sources available on the Internet report the number of tax declarations submitted online, or the number of registered users, or the correspondent amount of taxes submitted through the online channel.
2. data present comparability problems: due to differences in national tax legislation, available statistics on the usage of the online channel for the several available services and forms can not be compared in a cross-country perspective.

For these reasons, the extent of the analysis had to be limited to the few available data on the numbers of tax returns submitted online. Where possible, other information and qualitative considerations have been added.

The table below shows the number of tax declarations submitted online in the last years in a few European countries.

**Table 5: tax declarations submitted online**

| Country  | 2003      | 2004      | 2005       | 2006      |
|----------|-----------|-----------|------------|-----------|
| Belgium  | 57.688    | 162.858   | -          | 1.000.000 |
| France   | -         | -         | 3.740.000  | 5.700.000 |
| Ireland  | -         | -         | -          | 2.600.000 |
| Portugal | 2.528.422 | 8.680.882 | 1.0630.773 | 8.591.124 |
| Slovenia | -         | -         | 2.3792     | -         |
| Sweden   | -         | 1.000.000 | 2.100.000  | -         |
| Greece   | 195.203   | 204.376   | 288.148    | 423.810   |

*Source: elaboration from desk research*

As it is possible to see from the table above, all countries, for which data were available, registered considerable growth from one year to another. In Ireland, for example, the ROS Annual report for 2006 affirms that the use of the online service grew significantly during 2006. Returns submitted via ROS increased by almost 24% up to 2.6 million, while the value of payments increased by 37.2%, reaching 116.6 billion euros. With regard to the numbers of taxpayers using the online channel in comparison to all the taxpayers, 86% of Estonian taxpayers submitted their income tax declaration electronically via the eTaxBoard in 2006.

Take-up data can be integrated with the analysis of development strategies and objectives of tax entities. The implementation of new and more integrated services, as well as the setting

of quantitative goals for usage, is, in fact, an integral part of these strategies. The strategy of the HRM Revenue and Customs in the UK, for example, is articulated around some broad objectives, each of them having a set of indicators with quantitative goals. The Objective II (Improve customer experience, support businesses and reduction of the compliance burden) has two indicators relating to online services, each of them with specific targets:

- Indicator 7: By 2007-08, increase to 35% of the percentage of SA tax returns received online, whose intermediate goals were: 13.2% (March 2004), 35.1% (January 2007), 35% (January 2008);
- Indicator 8: By 2007-08, increase to 50% of the percentage of VAT returns filed online, whose intermediate indicators were: 0.2% (March 2004), 9.9% (March 2007), 50% (March 2008).

In Ireland, the ROS "Statement of Strategy 2005 – 2007" states, among other, the following objectives for the development of eServices:

- Increased percentage of returns and payments received electronically by end of 2007:
  - VRT - 98%
  - Customs - 95%
  - Income Tax - 75%
  - Corporation Tax - 85%

The overall objective of increasing take-up of tax-related online services can be influenced by several factors, some of which can be directly handled by tax entities, while others require more incisive interventions:

- Obligation for taxpayers to use the online channel
- Presence on incentives
- Promotion campaign
- Simplification of tax legislation

These interventions, as well as other possible actions to be undertaken to increase take-up, are not mutually excluding. On the contrary, a planned implementation of a combination of them can have a multiplying affect on usage rates.

**The introduction of the online channel as mandatory**, "forces" taxpayers to migrate online. The transition can prove quite complex, especially if users are not very familiar with tax legislation and forms, even before than with the Internet. In these cases, the presence of tax-practitioners, and the widespread habit from taxpayers to charge them of handling with their tax returns can make the migration easier.

Among the examined countries, only in four cases the online channel is mandatory, at least for some categories. The obligation to use the online services was in general introduced gradually, even years after the launch of the service. In the Netherlands, the electronic exchange for employers is mandatory from 2006. In Portugal (where online tax service was launched in 2003) all companies and legal persons have to submit their income tax declaration and/or yearly "declaration of accounting and fiscal information" electronically via the government "eFinance" website only from 2006. Moreover, from 2007 income tax exercise, declarations via Internet have become compulsory for individuals whose annual business or professional income exceeded 10.000 euro in 2006. In Greece, along with a few other statements it is mandatory for large businesses to submit VAT declarations via Internet. In Italy, finally, the use of the online channel is mandatory for both businesses and individuals.

The launch of online services is in general linked to the setting up and implementation of **promotion campaigns** targeted to the different categories of users: individuals, businesses (sometimes, with differentiation of large companies from SMEs), tax-practitioners, public functionaries of the tax entities, other administrations, etc. Promotion campaigns usually exploit all the possible channels, having to reach a very differentiate audience: TV, newspapers, the Internet, conferences and meetings, both at national and international levels, etc.

The introduction of **incentives** for using online services can prove a good promotional instrument for increasing take-up, even when incentives are only symbolic. In France, for example, online payers benefit from one extra month to submit their declaration as well as of a tax deduction of 20 euros if they also pay their taxes online.

Finally, the simplification of tax legislation (i.e., reduction in the number of forms, deadlines, payments, etc.) represents a sort of pre-requisite for a real implementation of online services.

## 4. Conclusions

Tax-related online service represented a sort of "frontier" of eGovernment development. They have been among the first to be implemented, and to become fully transactional. We conducted a full-blown supply side benchmarking showing that in 22 of the 25 MS income tax services for individuals have a score of 4 out of 4 (full transactional score) and that for VAT declaration this is the case for 23 out of 25 MS.

The analysis carried out tried to assess the state-of-the-art of tax-related online services in 25 European countries, as a way to provide a broad overview of the European landscape to the benchmarking exercise.

The analysis focused on two main dimensions: the supply-side and the demand-side (take-up) of tax eServices.

With regard to the first dimension, despite differences in the technical solutions adopted (for example, in the authorisation devices) a strong homogeneity of applications provided to users was detected. With a few exceptions (Luxembourg and Poland, the only two countries not having online tax services) all the applications considered in the analysis are available for users in all the 25 countries. Moreover, many other solutions have been created: systems for early detection of errors, simulation for calculating the due amount of taxes, etc. Re-use of public information and integration of services have reached one of the most interesting applications in the provision to users of pre-filled tax forms, to be simply confirmed, or amended in case of errors.

A less obvious application, quite common all around Europe, proved to be the provision of multi-language online services. While for the moment the great part of this offer only concerns information and, in some cases, download of forms (i.e. levels 1 and 2 of the CapGemini score), in a few cases, the multi-language service is fully transactional. Due to the increase in the number of citizens and businesses (also from non-Member States) living and working abroad in Europe, and to the growing integration of economic activities, it is quite easy to predict further developments in this direction in the next years.

Concerning the demand-side, the research has to face a lack of available information, analysis and statistics, especially if compared to the supply-side analysis. However, trends all around Europe point out a quite impressive and constant growth in the use of the Internet to interact with public authorities from businesses and individuals. Of course, many factors concur in determining this trend: widespread increases in the Internet access rates, increasing familiarity with ICTs and their applications among users, especially in the youngsters, but not

only, greater attention to user-friendliness from the part of public authorities, constant development of new solutions and applications, etc.

The take-up of tax-related online services is in line with this general trend. Despite of the lack of available data on the usage of these services, it is possible to register a general satisfaction among tax authorities for the usage rates of their services. Moreover, the goals set in this field are quite ambitious (Ireland set very impressive targets for online tax returns submission, ranging from 98% for VRT<sup>3</sup> to 75% for Income taxes). The decision of certain countries to consider mandatory the online channel represents a proof of the reliability and of the good acceptance from taxpayers of the eGovernment applications in the field of tax administration.

The research also identified three models:

- 1) The traditional e-service model consisting of the simple digitalisation of traditional processes without any major change (i.e. simplification);
- 2) The model based on simplification of tax forms and involvement of intermediaries
- 3) The model based on simplification of tax forms and on pre-populated forms.

The Greek case falls in the first model, the Italian case in the second and the Finnish case in the third. So bringing these three cases together and measuring impact indicators will enable also to compare the relative success of three different organisational and strategic approaches.

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<sup>3</sup> Vehicle Registration Tax



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