Tax collection which is efficient and convenient for people, businesses and Estonian state

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Director General
What does people’s tax compliance depend on?

- Simple tax system
- Financial risks
- Attitudes, knowledge, sense of fairness
- Relations between tax authority and taxpayer
Our policy

✓ Taxes are paid, not collected
✓ We support people with trustworthy cooperation
✓ We make payment of taxes easy and automatic in the best possible way
✓ Info on the payment of taxes is always available in an appropriate way
✓ Our activities are aimed at increasing the future tax base
Short-term objectives

- Expected and increasing tax revenue
- Simple and convenient services

Long-term objectives

- Fair tax competition and reduction in the tax gap
- Enterprises’ certainty in their tax and customs matters

Pioneering organisation and developing people
Short-term objectives

Expected and increasing tax revenue
Our focuses

✓ Well-functioning tax and customs services
✓ Key services for taxpayers
✓ Surveillance of tax compliance
✓ Forecasting and disclosure of tax information
Tax information—overview to business operators of the tax environment and data

- **RISK ASSESSMENT**: Tax compliance and likelihood of falling under fiscal control
- **BACKGROUND INFORMATION**: Public information and the data disclosed to the extent permitted by the counterparty
- **STATISTICS**: Including specific comparisons by enterprises

**TAX MORALE**

**SUPPORT**

**TAX BASE**
Forecasting enterprises’ performance: the state can react to risks thus supporting business

Indicators:

- Turnover
- Profit
- Number of employees and salary level (social impact)
- Increase in export markets
- Likelihood of termination of activities
Short-term objectives

Fair tax competition and reduction in the tax gap
Our focuses

- Concealed division of profit
- Evasion of labour taxes (concealed salary)
- Tax offence
- Black market (excise goods and narcotics)
Evading labour taxes under cover of a single-member private limited liability company

Example of the concealment of actual employment relationship:

Result: 635 new salary receivers, labour taxes €4,3 million
New Public Procurement Act allows to exclude businesses from construction market that pay envelope salary

- We estimate that ~25% of construction procurements’ turnover is made by contractors that pay wages which are <70% of sector’s average
- A contracting authority has to require explanations if the average wages of a tenderer or its subcontractor is less than 70% of the construction sector’s average wages
Long-term objectives

Simple and convenient services
# Timetable of new e-ETCB development

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<tr>
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<td>Estonian Customs&lt;br&gt;Tariff&lt;br&gt;Revenue stamps system&lt;br&gt;Payroll data</td>
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Tax returns will be replaced by information-based exchange of data

**DATA COLLECTION**
ETCB receives data from business software and third persons

**CALCULATING TAX LIABILITY**
ETCB calculates the amount of taxes on the basis of the received data

**SENDING e-INVOICE**
ETCB sends e-invoice with the calculated tax amount to the bank

**PAYMENT OF TAXES**
ETCB discounts the amount from the customer’s bank account and informs the client

- bank transfer based taxing
- fuel information system reporting 3.0
- declaration of postal parcels
Filing tax returns is becoming a background operation.
Reporting 3.0: workforce and payroll data start moving automatically

✓ Technological solution to the movement of personnel and accounting data, aiming at minimal effort and simplicity

✓ Automation of filing payroll and workforce data will be completed in 2018
Long-term objectives

Enterprises’ certainty in their tax and customs matters
Our focuses

- Consultation-based control process
- Cooperation with business associations and other stakeholders to create fair competition environment
- Common surveillance capacity of the EU internal market (including the protection of internal border)
Short-term objectives

Long-term objectives

Pioneering organisation and developing people
Our focus

✓ Dedicated and responsible employees

✓ Leaders and leadership as supporter of people’s development

✓ ETCB image as an employer
Short-term objectives

Expected and increasing tax revenue

Long-term objectives

Fair tax competition and reduction in the tax gap

Pioneering organisation and developing people

Simple and convenient services

Enterprises’ certainty in their tax and customs matters
Thank you! Questions?