

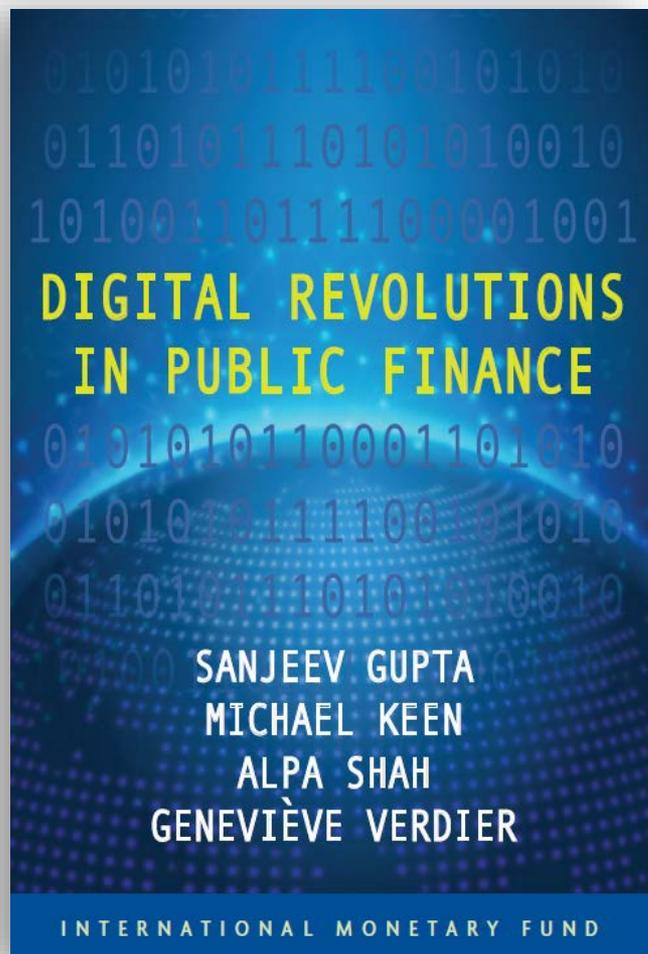
Digital Revolutions in Public Finance



Alpa Shah
Fiscal Affairs Department

German Development Institute: 6th International Workshop on
Domestic Revenue Mobilization in Developing Countries

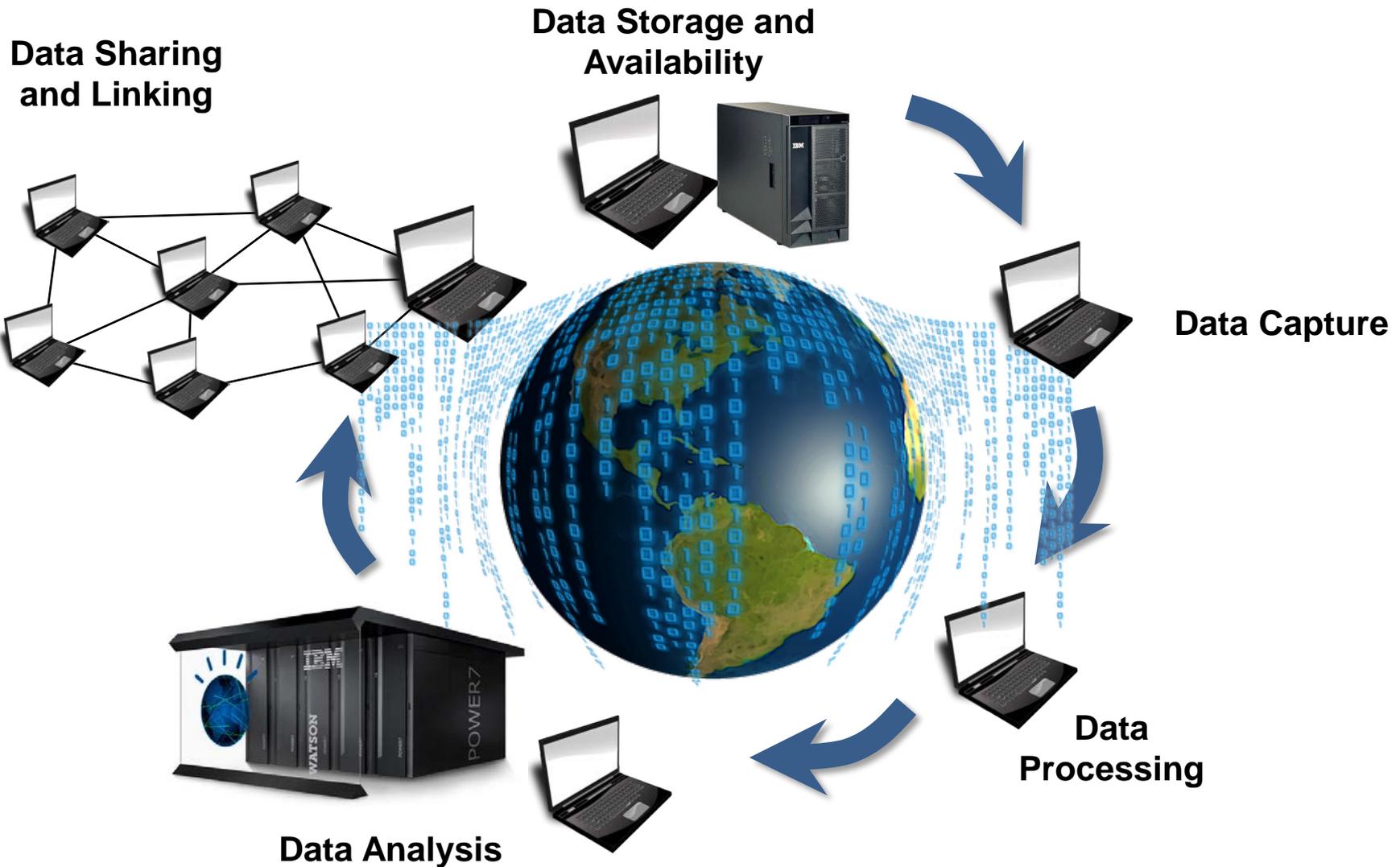
New IMF Book



“By transforming the way countries collect, process, and act on information, digital technology can reshape the way governments design and implement their tax, spending, and macro-fiscal policies.”

Digitalization and Taxation

Better Information, Better Systems



What does this mean for taxation?

DOING THINGS BETTER

INNOVATIONS IN TAX DESIGN

**NEW or INTENSIFIED TAX
POLICY CHALLENGES**

Doing Much The Same... ...But Much Better



- **Digital tax administration systems**
 - E-filing, e-invoicing
 - Pre-populated tax returns
 - Mobile payments

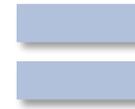


- **Cross-border exchange of information**



- **Peer-to-Peer platforms.**
 - Withholding agent (hotel taxes by Airbnb)
 - Third-party information

Future Innovations in Policy Design?



**More efficient
tax design:**

- **Lifetime income tax**
- **Progressive individualized VAT**



**More targeted
subsidies/benefits**

But.. with new or intensified challenges (1)



**Privacy
Considerations**



Cybersecurity

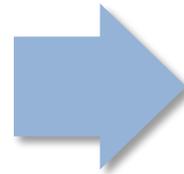


Digital Inclusion

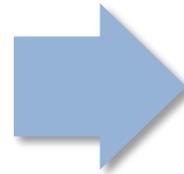


**Institutional
Capacity**

But.. with new or intensified challenges (2)



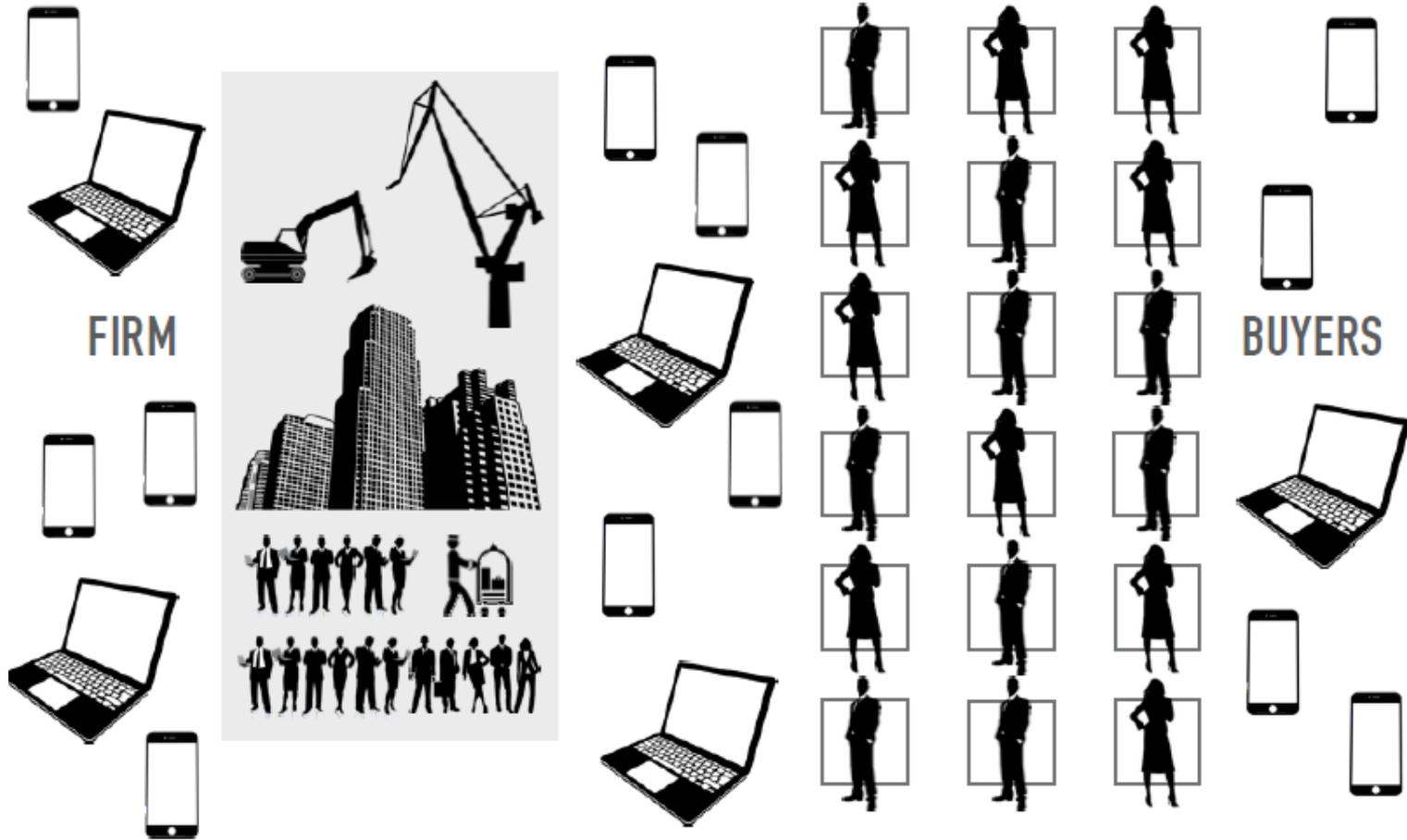
Defining 'Physical Presence?
Rethink Source vs. Destination
Recent EU communiques



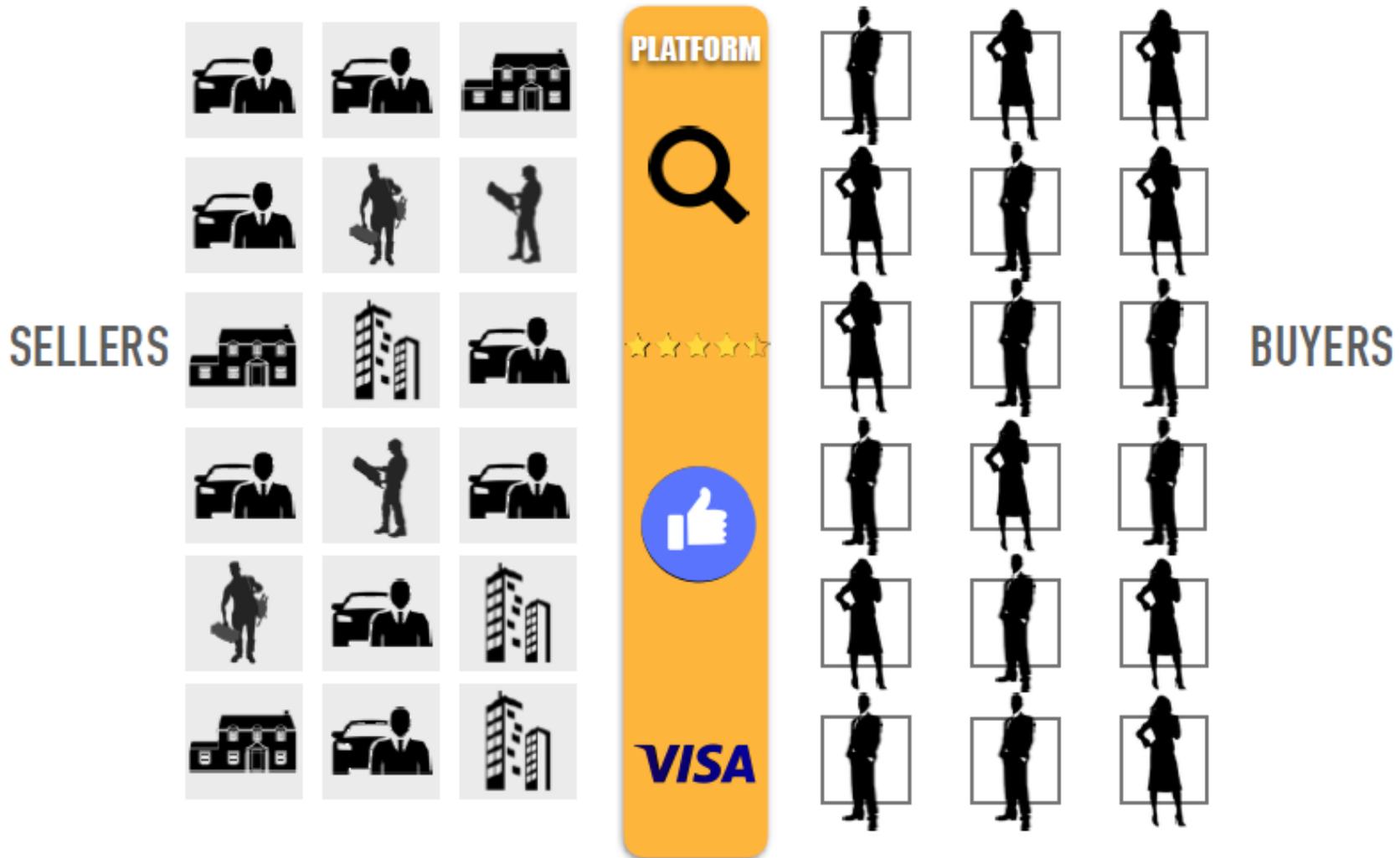
AUTOMATION

Taxation and the Peer-to-Peer Economy

Technology reduces transaction costs

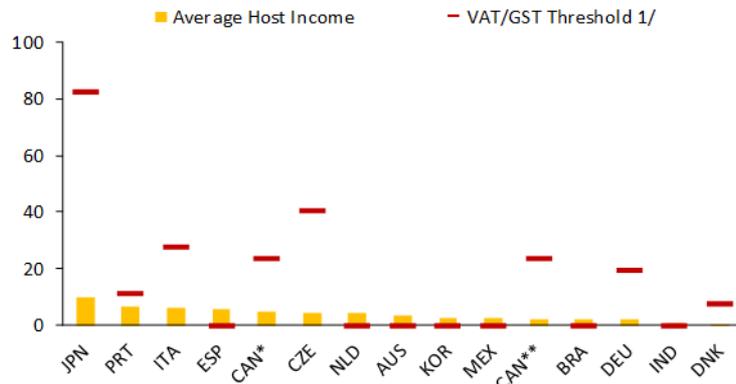


P2P Economy: A changing firm structure



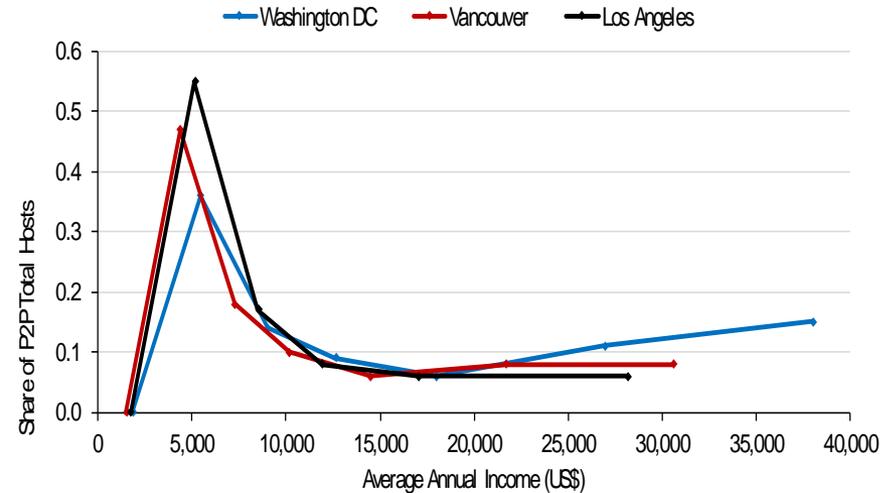
P2P Economy: Revenue Implications?

Average Income from Airbnb Inc. by Country vs. Indirect Tax Thresholds



Sources: Airbnb Inc. and International Bureau of Fiscal Documentation.
 Note: (*) Vancouver; (**) Montreal. Data for each country can be either a national average or for a major city.
 1/ VAT = Value-added tax; GST = goods and services tax.

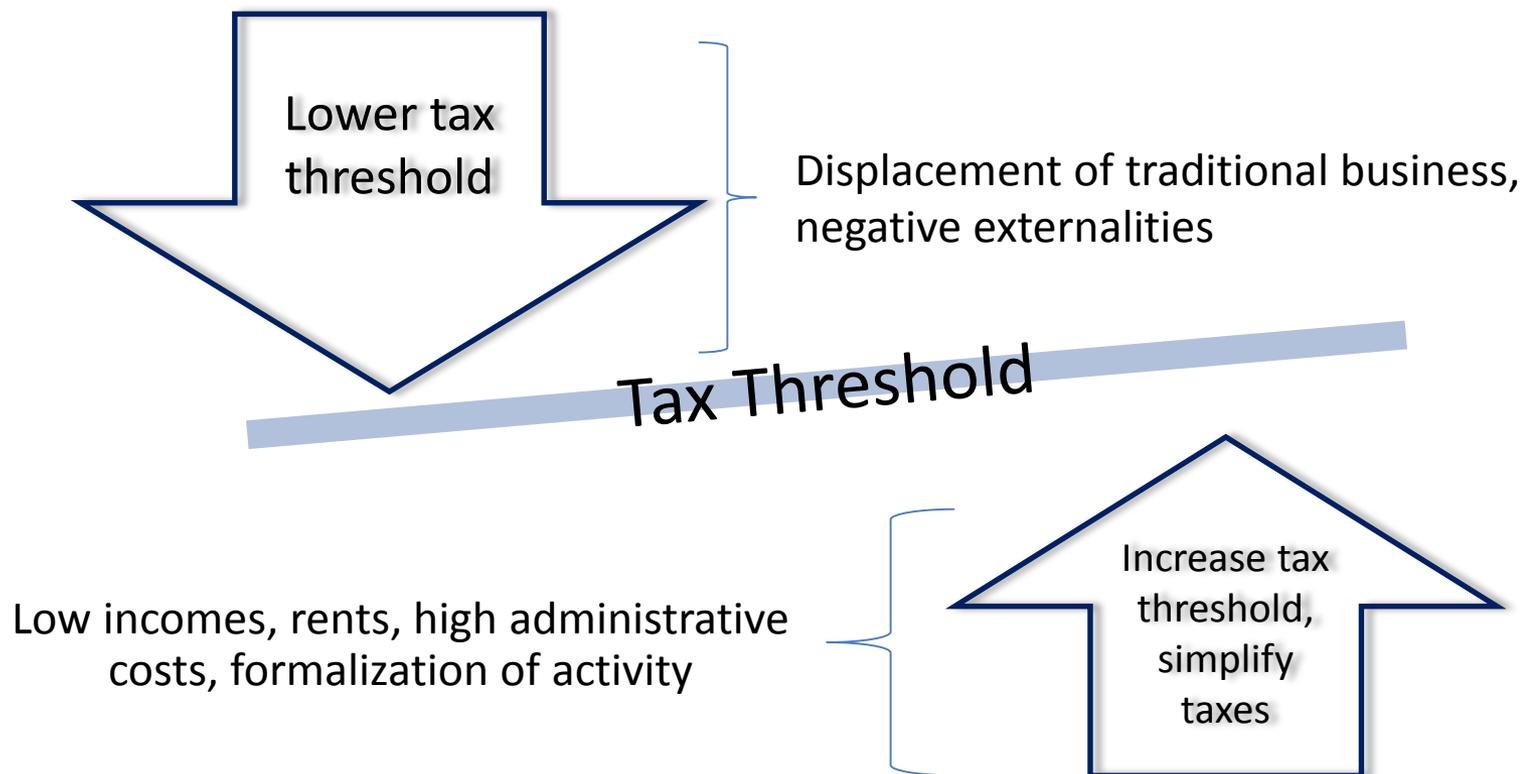
Imputed Income for Airbnb Hosts



Source: Airbnb Inc. and authors' own calculations.
 Notes: Figure combines binned distributions of nights per listing for three cities (Los Angeles, Vancouver, and Washington, D.C.). These are combined with data on average incomes per night. These calculations assume zero correlation between (i) price per night and nights per year, and (ii) nights and multi-listing host status.

Low incomes, rents → Declining government revenue?

P2P Economy: Old small business taxation trade-offs

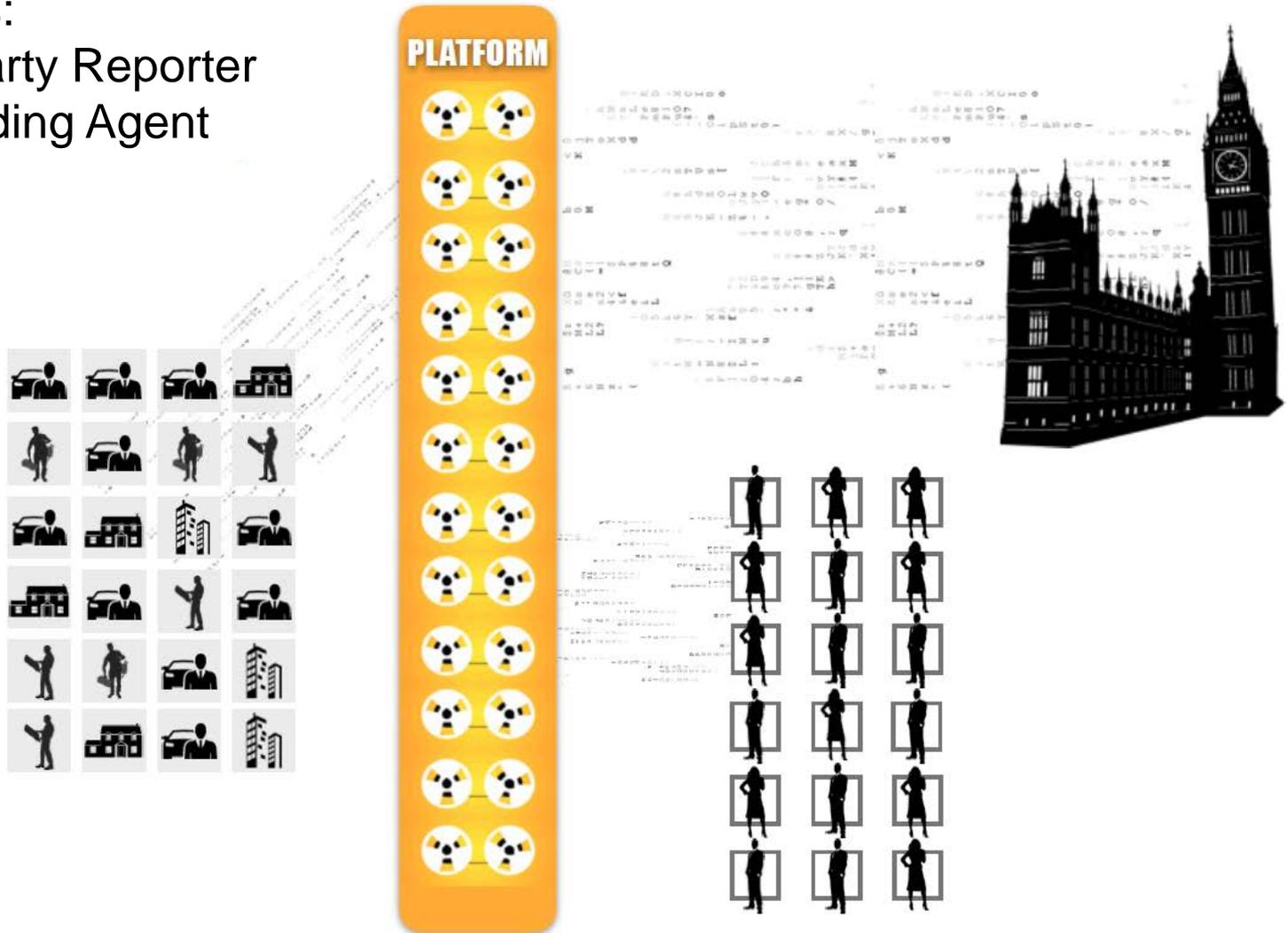


- Simplification of taxes? A new P2P tax policy?
- Tax administration issue mistaken for a policy issue

P2P Economy: Platforms as Tax Inspectors

Platform as:

- Third Party Reporter
- Withholding Agent





THANK YOU

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