Tax Administration Responses to COVID-19: Recovery Period Planning

Version 26 May 2020

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Tax administrations around the globe are taking a series of extraordinary measures to support taxpayers and the wider economy, including through helping to deliver wider government support, while also taking a range of actions to ensure continuity of critical operations and the safety of staff and customers. In order to help inform tax administrations' decision-making in these areas, the OECD Forum on Tax Administration (FTA), in co-operation with the Inter-American Center of Tax Administrations (CIAT) and the Intra-European Organisation of Tax Administrations (IOTA), has produced two COVID-19 reference documents, one on measures to support taxpayers and one on business continuity considerations[1].

This third COVID-19 reference document looks at some of the main issues that tax administrations may wish to consider in their planning for the recovery period from the pandemic. This may be a lengthy period given the depth and scale of the economic shock and the likely continuing need for some containment measures.

This document has been produced by the FTA Secretariat in collaboration with the Enterprise Risk Management Community of Interest and with the co-operation of CIAT and IOTA. It takes account of input provided by tax administrations, including through virtual meetings, surveys and bilateral discussions. This document does not make recommendations as regards particular measures since national circumstances and considerations will vary greatly. Tax administrations are invited to provide comments on this document by emailing the FTA Secretariat at FTA@oecd.org.

[1] CIAT/IOTA/OECD (2020), *Tax Administration Responses to COVID-19: Measures Taken to Support Taxpayers*, OECD, Paris (http://oe.cd/il/2VP) and CIAT/IOTA/OECD (2020), *Tax Administration Responses to COVID-19: Business Continuity Considerations*, OECD, Paris (http://oe.cd/il/2WV).

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1 Introduction

1. Recovery from the profound impacts of the COVID-19 pandemic on people's lives, jobs, businesses and the wider economy is likely to be lengthy, challenging and multifaceted. Tax administrations, which have played a critical role in the crisis period, will also be central to supporting the recovery. Even during the immediate crisis period there is likely to be significant benefit from early business restoration planning to help identify the main challenges and opportunities for both tax administrations and taxpayers and, where possible, to take early preparatory actions.

2. In undertaking business restoration planning, it will be important to take into account the distinguishing features of the COVID-19 pandemic compared to other crises that are likely to persist during the recovery period. In particular, the continued risks to health, including from further outbreaks; the impacts on staff and administration systems as a result of the need for continuing adjustments; and the potential length and volatility of the recovery period given the depth and scale of the economic shock.

3. Against this background, objectives of tax administrations in planning for the recovery period might include:

- **Maintaining the decision-making processes of the crisis stage into the recovery phase.** The planning assumptions for the recovery phase should take into account the possibility of set-backs (and potentially major set-backs) in the containment of the virus, possible volatility of the economy, different recovery speeds for different households and sectors and potential new demands on tax administrations both for delivering support and for revenue raising to repair public finances. The possibility of additional shocks should also be factored-in, for example systems failures, high-impact frauds, natural disasters and other events. Against this uncertain background, maintaining the crisis stage decision-making processes, adjusted as appropriate, would be prudent so that rapid decisions can be made and communicated.

- **Effective joining-up with other parts of government.** As well as taking supportive measures under their existing responsibilities, many tax administrations have also played a crucial role in delivering wider government support to affected taxpayers, such as the payment of grants and other financial reliefs. During the recovery period, the role of tax administrations within the wider government response will continue to be critical, and it will be important to join-up on decision-making. For example, tax administration decisions on debt recovery or normalisation of tax payments can have economy-wide effects. Decisions by policymakers on some forms of fiscal support through the tax administration may also fall short of desired outcomes unless administrability issues, effective targeting and fraud risks are fully taken into account. Tax administrations can also provide important information to policymakers on the shape and speed of the recovery.

- **Developing a dedicated communication strategy to support recovery.** Most tax administrations have put in place COVID-19 crisis communication strategies. These have been both internal strategies to support staff and the effective operation of administration functions, and external strategies to provide timely information and support to taxpayers. During the recovery period, it would be sensible to refresh these strategies to take account of the move from a crisis to a prolonged and potentially difficult recovery period. In particular, consideration should be given as to how to best maintain the dual emphasis on a supportive relationship with taxpayers as well as bringing in tax revenue to fund public services.

- **Maintaining the safety of staff and taxpayers.** Consideration will need to be given to how to maintain staff and taxpayer safety during the recovery period in light of continuing health risks. There will need to be detailed plans for ongoing safety precautions as offices start to reopen and potentially a continued period of remote working for some staff. It will be important to ensure that there is good communication and consultation with staff and staff representatives, including unions. It would also be prudent to have clear and transparent rapid response plans should there be a major set-back in the containment of the virus, including on a localised basis, to avoid delays, prevent unnecessary risks and provide reassurance to staff and taxpayers.

- **Planning and prioritisation of the steps towards normalisation of administration functions.** During the recovery period, tax administrations must not lose sight of the priority of maintaining critical tax administration functions in case of any setbacks. It would be sensible to plan now for any urgent system maintenance or further systems development, including for the effective and secure delivery of continuing government support. Administrations may also wish to ask those responsible for separate tax administration functions to draw up strategies for a return to normalisation, for example as regards compliance activities, debt recovery, dealing with backlogs, IT maintenance etc. Ideally such strategies would reflect the different considerations which might arise under different recovery scenarios. The production of such strategies may help in ensuring that decisions are taken and communicated in a holistic manner and make it easier to make rapid adjustments where necessary.

- **Logging of lessons learned and updating of business continuity plans.** Logging of actions taken during both the crisis and recovery period, including their rationale and impact, will be important both for transparency purposes (for example independent reviews) and for the updating of business continuity plans to ensure readiness for a recurrence of COVID-19 or a similar crisis. Tax administrations may wish to do this on a systematic and consistent basis, to ensure that full information is captured, issues identified and early remedial actions are taken where appropriate.

2 Recovery period planning considerations

4. While most tax administrations will have had established business continuity plans in place at the outset of the crisis, the focus of those plans may have been on dealing with one-off events that were of short duration or geographically confined. Some of those business continuity plans may have needed adjustments to cover the unique combination of issues caused by a pandemic. These include the significant risks to health, the impact on staff numbers and working locations, the potential length of a pandemic, strains that might arise on the IT infrastructure and the depth of economy-wide as well as sectoral shocks.

5. The same will hold true of business restoration plans where a smooth return to business as usual is unlikely given continuing health risks, social distancing policies and the consequent severe impacts on some sectors and households which may persist for a prolonged period.

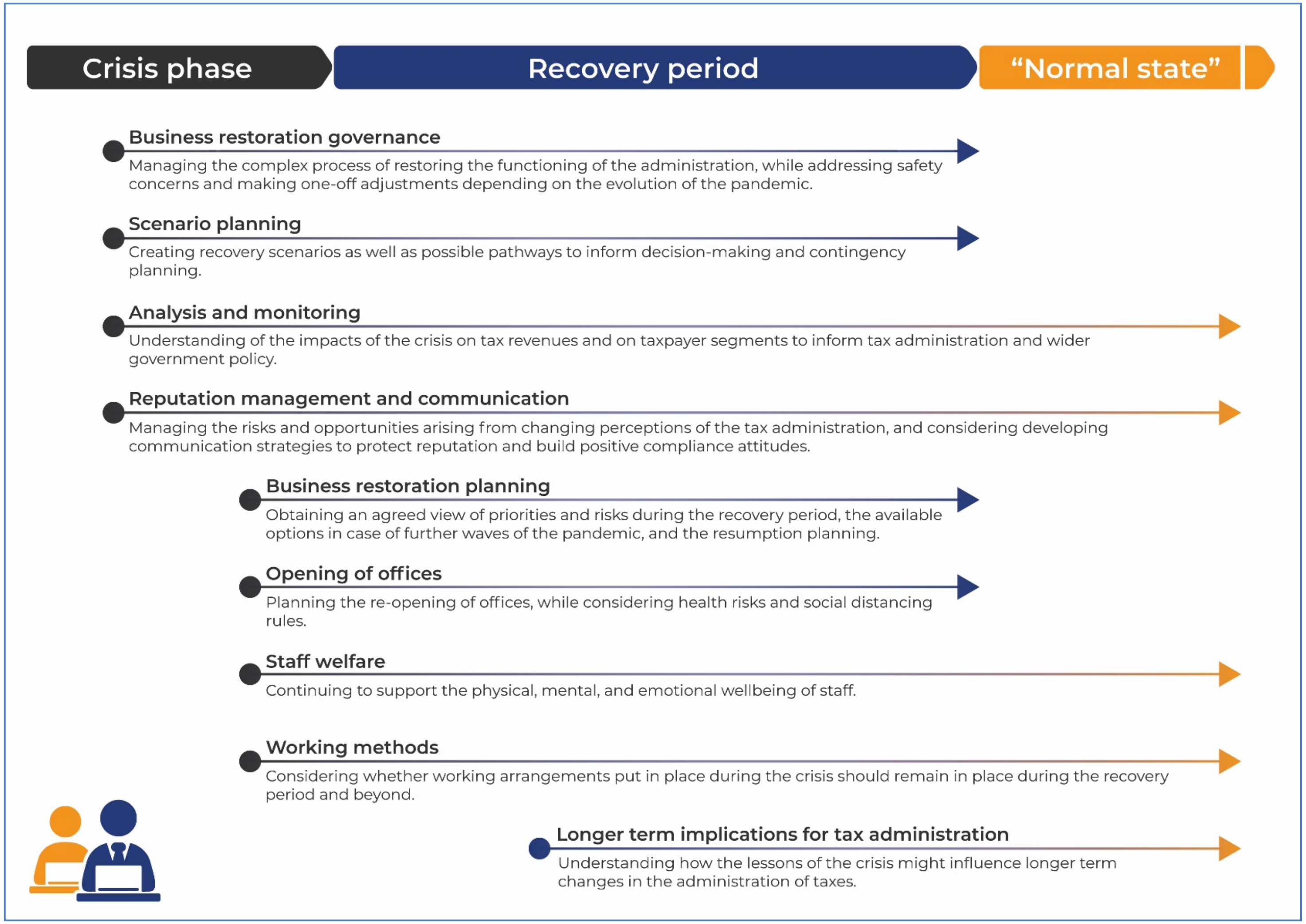
6. This document sets out a number of considerations which tax administrations may wish to take into account in their planning for the recovery period. These are set under the following categories:

- Business restoration governance
- Scenario planning
- Analysis and monitoring
- Business restoration planning
- Opening of offices
- Staff welfare
- Reputation management and communication
- Working methods
- Longer term implications for tax administration

7. The considerations detailed under each of the categories are not recommendations, nor are they intended to be comprehensive. The aim is to provide food for thought based on discussions with members of the OECD Forum on Tax Administration, in particular the Enterprise Risk Management Community of Interest, and from input provided by CIAT and IOTA members.

8. Planning for the recovery period is, of course, an intricate and interlinked process, and there is no one-size-fits-all approach. Measures adopted will depend on the different starting positions of tax administrations (for example, the extent of digitalisation of services, the possibilities for flexible working arrangements, the responsibilities of the tax administration, contracting-out arrangements etc.). Planning considerations will also depend heavily on the recovery pathway which will differ from country to country. Against this background, this document does not include examples from particular countries but instead seeks to draw out some general considerations which administrations may wish to take into account in their planning.

Figure 1. Overview of recovery period planning



Source: OECD.

Business restoration governance

9. As for the crisis period, the context for decision-making in the recovery period from the pandemic, which is likely to be of long duration and with potential reversals in progress, is somewhat different compared to disaster recovery for one-off events. As well as managing the complex process of restoring the functioning of the administration as a whole, which requires prioritisation and coordination of activities, there will be ongoing safety concerns which may call for continuing, as well as one-off adjustments depending on the evolution of the pandemic, medical advice and measures taken by governments.

10. Among the main elements which might be considered regarding governance arrangements in a recovery context are:

- **Establishing a Business Restoration Committee (BRC in this document).** During the crisis this could be run as an advisory group in parallel with a pandemic decision-making committee, starting the preparation of recovery plans and potentially acting as a challenge function on the implications of major decisions taken during the crisis which may create potential difficulties for business restoration. The BRC could then be scaled-up to take on decision-making responsibilities for managing the recovery period. While it may not be considered necessary, one option which could be considered in the recovery phase would be to retain a reduced pandemic committee to act as an advisory group. This may have the benefit of maintaining a centre of expertise on the risks of further waves of the virus and act as a challenge function to minimise the risks of group think in the recovery phase.

- **Composition of the BRC.** Whether advisory or decision-making, it would be sensible to make use of similar arrangements to those established for decision-making in the crisis period, taking account of lessons learned during the crisis period. The BRC might best consist of a small number of senior officials drawn from across the main tax administration functions, including cross-cutting functions such as IT, HR, communications, risk management, security, staff representatives and any appropriate external suppliers etc. It may include the Executive Team or have clear and direct access to the Executive Team as needed. As in the crisis, it will be important to maintain clear delegations and robust reporting chains given the risk of further waves of the virus.

- **Role of the BRC.** It will be important to have a clear remit and terms of reference for the BRC in order to avoid gaps and any uncertainty as to responsibilities. Assuming that the BRC in time replaces the pandemic decision-making committee, its remit could include:
  - identifying urgent systems changes and maintenance needed to maintain the integrity and security of critical systems and functions (including those needed to deliver government support), including in the scenario of a further wave of the pandemic;
  - commissioning detailed analysis of the impact of the crisis on projected future tax revenues by different taxpayer segments;
  - the development and overseeing of strategies for the business restoration of the various tax administration functions impacted by the crisis under different recovery period scenarios;
  - commissioning and overseeing plans for bringing employees back into the office, as appropriate, and for maintaining staff and taxpayer safety and staff morale, consulting closely with staff and staff representatives;

- ➢ updating the business continuity plan in light of experience in both the crisis phase and the ongoing recovery phase, and with a focus on actions to be taken in further waves of the crisis. This might include the identification of "trigger points" for moving back to elements of remote working, office closures, prioritisation of some functions etc.;
- ➢ ensuring that decisions taken during the crisis and recovery period are recorded in a systematic manner for transparency and accountability purposes and so that lessons can be learned;
- ➢ evaluate the effectiveness of the emergency measures put in place and assess whether they should be considered permanent beneficial measures beyond business recovery;
- ➢ approving a communication and engagement strategy for the recovery period, taking account of reputational risks and opportunities.

- **A sufficiently resourced BRC Secretariat function**. The responsibilities of the Secretariat should ideally be well documented, and updated, to avoid gaps**.** Since the BRC may meet frequently and make decisions covering significant aspects of the tax administration in a short time period, the Secretariat may face significant stretch and should be appropriately resourced. Among other things, Secretariat responsibilities could include:
  - ➢ organising the BRC meetings and ensuring proper representation (including nominated delegates);
  - ➢ ensuring that BRC requests for information and strategy are actioned and produced to agreed deadlines and that the BRC has prioritised access to common services;
  - ➢ commissioning and collating a wide range of management information in a digestible form, including maintaining a high-level risk register;
  - ➢ liaising with other parts of government as appropriate to exchange information or coordinate meetings;
  - ➢ maintaining documentation of decisions and assigned responsibilities for implementation;
  - ➢ coordinating communication of decisions.

- **Engagement with wider government decision makers.** Ideally the BRC should be informed of, and connected with whole-of-government approaches/policy decisions (with minimal delay) and able to feed in the potential impact on tax administration services and/or implementation considerations, including on effectiveness and fraud risks. For example, it would be helpful for policymakers to understand what policies would be easiest to implement through existing tax administration systems, since changes requiring system development can take time and may impact other priorities. There may also be tax administration dependencies that rely on other government departments or agencies, for example in registration, in payments and in aspects of compliance.

- **Communication of decisions and feedback.** It will be important that decisions are communicated in a timely manner to all parts of the organisation which are responsible for implementation or which are affected by them. Ideally early feedback would be sought on delivery of the decisions, for example, any particular difficulties, timing considerations etc. as well as relevant metrics which should be monitored.

Scenario planning

11. As in the crisis period, administrations may wish to produce updated recovery scenarios based on experience to date, setting out a range of possible pathways to inform decision-making and contingency planning. These might include:

- a relatively quick return to normal working, or close to normal working, with some continuing adjustments, such as the use of protective equipment, restrictions on large gatherings, isolation of the most vulnerable etc.;
- a slower return with continuing restrictions impacting large sections of the workforce for example, strict social distancing, continuing school closures, transport restrictions etc.;
- a patchy return with some sectors or locations significantly more affected than others for example, continued closure of businesses or workplaces where there is inevitable close physical contact (for example the hospitality sector);
- further waves of the pandemic which may require a return to containment measures.

12. During the crisis phase of the pandemic, many administrations may have drawn up a set of scenarios to help inform decisions, for example a move to prioritising only critical services, or a sub-set of critical services, or to full remote working. Given the experience of the crisis and the impacts of business continuity measures taken, in many cases it may now be possible to identify the impact of different scenarios on tax administration functions with more precision, with regards to the:

- number of staff who might become unavailable because of sickness and over what periods;
- availability of staff due to restrictions on transportation, household isolation, school closures, caring responsibilities etc.;
- ability of staff to work in the administration offices where that is necessary for a function to be carried out (for example, call centres or IT services) and what would be necessary for those functions to be fully or partly moved to remote working;
- impact on tax administration functions of large scale remote working;
- ability to accommodate a socially distanced workforce from a real property and logistics perspective, e.g., installation of plexiglass, rotation of employees working in the office, additional office space;
- ability of suppliers to maintain key administration services, such as communication channels, IT systems, banking functions, internet availability, etc. and the impact on the ability of staff to work remotely;
- additional services that governments may wish tax administrations to implement to support taxpayers or taxpayer groups, perhaps without sufficient or additional funding;
- additional disruptions such as a cybersecurity breach, natural disaster, or other major crisis event;
- impact to government revenue resulting from the financial crisis of major sectors (e.g., airlines, oil, hospitality, tourism), rapidly rising unemployment and decreased profits and potential pressure for tax administrations to target other tax revenues.

Analysis and monitoring

13. Analysis and monitoring will be of particular importance in the recovery period to ensure that there is a good general understanding of the impacts of the crisis over time on tax revenues and on different taxpayer segments to inform tax administration and wider government policy.

14. As set out in the OECD report to the G20[2], these revenue impacts will take a variety of channels:

- A slow-down in economic activity and employment will reduce or defer income tax collections and social security payments, resulting in lower corporate income tax and reduced personal income tax, social security contributions, and payroll tax receipts. Corporate tax revenues may also remain depressed for some time into the future as any losses generated in 2020 will generally be available to be carried forward and applied against future income.
- A reduction in consumption is likely to result both due to reduced consumer confidence and as a result of the containment and mitigation measures undertaken. Consumption is estimated to fall by about one-third in many countries during containment. This, combined with a shift towards the consumption of necessity goods, which are often zero-rated or exempt under VAT systems, and a higher share of government consumption in GDP, will reduce consumption tax revenues and particularly revenues from VAT, although excise and environmentally-related taxes will also be affected. Property taxes are likely to be less affected as they are not tied as directly to the economic cycle.
- A fall in tax revenue from tourism and on travel will also result, including both direct losses in the form of reduced tourism, aviation and accommodation taxes, but also indirectly, particularly through falls in VAT revenues.
- Resource prices, notably oil, have fallen significantly in recent weeks, which for resource-rich countries will reduce revenues from excises and royalty payments and lead to lower revenues from corporate income taxes.

15. On average, trends in tax revenues and in GDP tend to move together, but tax revenues tend to fall faster than GDP when GDP growth is limited or negative. A greater decrease in tax revenues than in GDP was also seen during the Global Financial Crisis in most countries. Estimating the impact of COVID-19 on global GDP remains a highly speculative exercise, but early estimates of the impact suggest that the impact on tax revenues is likely to be significant, due to the large activity decline and the potentially even larger effect on tax revenues.

16. Since the measures taken by many tax administrations included deferral of tax reporting and tax payments, information from tax returns may not yet be available. Even when it becomes available, it will be backward looking to before the crisis hit in most countries so will not provide a direct picture of the impacts of the crisis. Tax administrations may, though, have some useful early information from:

- VAT reporting by businesses, particularly when done in real-time through e-invoicing or online cash registers, or quarterly reporting;
- payroll reporting and payments;
- direct contacts with taxpayers, for example those managing relationships with large businesses;
- audits and compliance activity when they restart;
- analysis of the number of requests for deferral of tax payments, requests granted for suspension or extension of debt repayment plans and the number and nature of insolvencies.

17. Early discussions between FTA tax administrations on effective measurement of impacts and expected impacts will be helpful and may also be useful for the development of new data sources and techniques for better understanding of the impacts of future large-scale crises.

18. In addition to developing a better understanding of the impact on revenues, administrations may also wish to review the appropriate set of key metrics related to their ability to carry out core functions. The

[2] OECD (2020), *Tax and Fiscal Policy in Response to the Coronavirus Crisis: Strengthening Confidence and Resilience*, OECD, Paris (https://bit.ly/3bbQxz8).

BRC might wish to determine a core set of metrics which are regularly reported, in addition to ad hoc information requests. For each of these, reporting responsibilities and timelines will need to be determined. For example, core metrics might include:

- numbers of staff by function who are ill, who are able to work remotely, who are able to come into the office (where necessary) as well as the numbers of staff who could be redeployed from non-critical to critical functions;
- metrics relevant to the ability of critical IT systems to be maintained, e.g. capacity constraints, outage times, maintenance issues, problems faced by IT suppliers, internet availability, skills shortages;
- the use of different tax administration services, e.g. number of people contacting the administration by channel, difficulties faced in communication, e.g. telephone wait times, web outages;
- analysis of difficulties reported by taxpayers, e.g. reporting deadlines, payment difficulties, provision of information, to help inform prioritisation or additional policy responses;
- information on the continued impacts of the pandemic which might impact tax administration operations, for example, changes in transmission rates, government guidance/policies, the evolution of the pandemic in other countries;
- feedback collated from managers, surveys, employee assistance programmes etc. on the main concerns relating to staff welfare and staff and taxpayer safety as well as possible mitigating actions.

19. There may also be useful information for compliance purposes which can be obtained from analysis of the uptake of support measures, for example from previously unregistered or dormant taxpayers and in relation to fraud risks.

Business restoration planning

20. The effective management of the recovery period from the crisis requires:

- an agreed view of the priorities and risks during the recovery period;
- an understanding of the weaknesses and strengths of the options available for maintaining operations in case of further waves of the pandemic (for example, remote working); and
- resumption planning for when and how to resume the different tax administration operations.

21. The starting point is likely to be a reassessment of the critical functions which should be prioritised during the recovery period. The objectives, during the crisis itself were often to support taxpayers facing cash-flow constraints and hardship, provide timely information, reduce immediate burdens and support other government actions while continuing to bring in revenue to fund government. In the recovery period, these will remain important objectives but there may be a shift in balance towards revenue collection, including increasing compliance activities, albeit not necessarily an immediate return to previous business as usual operations.

22. In order to balance these objectives effectively, including taking account of wider government objectives on fiscal support, tax administrations may wish to develop resumption strategies for each of the major tax administration functions, e.g. registration, assessment, verification and audit, recovery, disputes as well as the supporting functions (IT, HR, buildings management, budget, internal audit etc.). This will allow each of the strategies to be tested individually and together given the interconnectedness of tax administration functions.

23. It may be useful to consider producing common templates for the development of resumption plans, as well as a common set of objectives that should be followed during the recovery period, to ensure consistency of approach and outcomes. Administrations may want to also give some consideration to where additional key insights can be gained, for instance input from operational-level managers. Among other things, the resumption plans could cover:

- a description of the current state of play, identifying what has been prioritised over the crisis, current working arrangements, the size and nature of any backlogs and a description of what has been cancelled (for example some compliance activities);
- analysis of the risks which may have arisen from crisis period prioritisation and a forecast of what the position might be over time if this continues, as well as mitigating actions. For example:
    - suspension of hiring of new staff may start to result in critical gaps developing;
    - suspension of some compliance activities might result in significant increases in fraud;
    - reduced IT maintenance may put critical systems at increasing risk of failure;
    - increased security risks may result from remote working arrangements, for example data breaches, unauthorised access to administration systems etc;
    - possible loopholes may have been created as a result of the speed of decision-making and policy implementation in response to the covid-19 crisis.
- analysis of what the priorities should be in the recovery period within particular functions, perhaps looking at different prioritisation options under different scenarios (see the section on scenario planning). Using a high, medium and low classification within the different scenarios may be helpful for contingency planning purposes so that quick prioritisation decisions can be made should circumstances change. For example, debt recovery for certain groups of taxpayers may be a priority in the case of a relatively smooth recovery to avoid the build-up of debt and potential collection problems. But it may be a low priority in the case of further waves of COVID-19 or continuing severe hardship for some sectors;
- consideration of what the obstacles to achieving the priorities might be and what mitigating actions can be taken. This will be informed by experience during the crisis where different ways of working may have been more or less effective. For example:
    - in some cases, remote working will have been highly effective, whereas, in others there may have been a lack of equipment, system constraints, etc., which may be capable of being addressed relatively quickly;
    - redeployment of staff may have been difficult in some cases because of lack of identification of available staff and their skill sets, this may be something which could also be addressed quickly;
    - some tax administrations used new technology such as robotics to automate certain tasks. This may not be technically possible in some administrations but in others it may be a question of adapting risk appetites and policies;
    - different ways of working may be considered, for example where audits remain difficult because of health considerations, then more use of risk targeting, desk audits, remote inspection of accounts and remote interviews may be useful mitigating actions;
    - until a vaccine is found, frontline staff and taxpayers will still be concerned by health risks. This might be addressed through the development of policy (and related communication) regarding the safety of frontline staff and taxpayers, including the consideration of screening policies (e.g. questionnaires, temperature checks, testing).
- identification of critical contingencies between tax administration functions and functions provided by other agencies and third parties. This may impact the relative prioritisation within

each function. For example, the opening of offices may be critical to some compliance or taxpayer service activities, but may not be seen as critical by some other functions. A judgement would then need to be taken as to the overall risks and benefits of opening offices;

- putting in place comprehensive scanning measures to detect emerging threats, crisis, or types of fraud to enable early response. Tax administrations may benefit from connecting with a variety of stakeholders, e.g., international partners, other government agencies, local jurisdictions, in order to enhance scanning efforts.

Opening of offices

24. In many countries, offices have been partially or fully closed depending on how much can be done remotely, either through remote working or through shifts into digital self-service channels. Where closures have been partial, measures have been taken to ensure staff and taxpayer safety, for example through social distancing policies and other measures as described in the document on business continuity considerations[3]. In cases where significant numbers of staff have needed to remain co-located in some countries, for example in call centres, some administrations are looking to develop solutions to allow some to telework (for example through new software allowing call re-routing).

25. The large scale re-opening of offices during the recovery period will need careful planning given the health risks. This will benefit from close consultation with staff and staff representatives as well as the relevant medical and health and safety professionals. It will be important to take account of the risks perceived by staff given the different views at present on, for example, the transmissibility of the virus, the effectiveness of masks, wellness screenings, e.g. body temperature checks, COVID-19 diagnostic testing, and other safety measures and on whether infection confers immunity. In considering re-opening of offices during a recovery period which may see further outbreaks, in addition to taking full account of government and medical guidance, considerations will include:

- a clear and transparent understanding of the benefits of being in the office versus the health risks. For example, for some staff and functions it may be possible to maintain remote working for a longer period without significant detriment to administration objectives, in particular if some of the main risks of remote working to privacy and security can be well controlled;
- the development of policies as to whether return is compulsory or voluntary for a period, and where compulsory which categories of staff may be exempted. This might include vulnerable staff (for health and/or age reasons), staff with vulnerable people at home, those with caring responsibilities, etc.;
- the options available for travel to the office. In some cases it may be possible for people to maintain social distancing by driving, walking or cycling while in other cases most staff may be reliant on potentially crowded public transport. Mitigating actions may be possible such as flexible working hours to avoid peak periods;
- how to maintain effective social distancing. This will be particularly an issue for open plan offices where desks are often close together, but even where offices are not open-plan there may be many areas – hallways, meeting rooms, toilet facilities, canteens, etc. where social distancing is not possible. Mitigation actions might include some degree of shift working, staggered use of canteens, maintenance of remote working sufficient to allow space between occupied desks, etc.;

[3] CIAT/IOTA/OECD (2020), *Tax Administration Responses to COVID-19: Business Continuity Considerations*, OECD, Paris (http://oe.cd/il/2WV).

- the ability to take quick actions where staff become sick and may have contracted the virus in order to prevent further spread.

26. It may be advisable to draw up a detailed plan for reopening of offices and to consult with staff on the identification of benefits, the different forms of risks and the proposed mitigation actions to ensure that as many issues as possible are considered and that staff views are taken. Administrations will also wish to take into account the costs of opening buildings if only small numbers of staff will be able to be present, any liability considerations and security issues, for example staff returning from remote working with potentially compromised equipment.

Staff welfare

27. The pandemic will have affected administration staff in different ways, for example, some may have struggled with isolation requirements, had to deal with a bereavement in the family, others may have found it challenging to handle work, home schooling children and assisting elderly relatives, and others might have been comfortable (and even preferred) working from home. In addition, as administrations enter the recovery phase, staff may have different views on the pros and cons of going back to the office.

28. Moving into the recovery period will therefore raise a number of issues for administrations to consider when it comes to how to continue to support staff physical, mental, and emotional wellbeing during this next phase in the crisis. Some administrations will already have employee assistance programmes (EAPs), often on a contracted-out basis, which can be particularly valuable given the significant impacts that such a crisis can have, including long term effects. EAPs can provide useful aggregate information to administrations on the numbers of staff affected and provide valuable input into possible additional support measures and proactive actions that might be taken. Administrations without EAPs may wish to give consideration to adopting similar arrangements.

29. In particular administrations may wish to look at mechanisms for understanding staff experiences during the crisis for example through focus group, surveys, interviews, consultation with staff representatives etc. Experiences with the pandemic may have been very different among staff and this may have a longer-term impact on staff behaviour, particularly if the recovery phase is long-lasting. Understanding this will be very important to provide the best support to staff during the recovery phase. This will also be important when planning to reopen offices as vulnerable staff or those with caring responsibilities may need continued flexibility or special assistance.

30. For a significant number of staff, particularly those working in critical functions and those that were re-deployed, the working conditions during the crisis may have been difficult and may have caused high levels of stress. This could be as a result of additional workload, having to obtain new capabilities, questions around safety, etc. In addition, those working from home may have found it difficult to find an optimal work-life balance and worked more than before, while there could be the perception that they worked less.

31. All of this may have an impact on the overall motivation and engagement of staff, something that is key for the good functioning of the administration. Administrations may therefore consider how to ensure that staff motivation is maintained and staff satisfaction is high. This could include engaging with staff to help identify and design improvements to working arrangements, staff support, crisis management and so on.

32. A related issue is that staff involved in critical functions may not have been able to take any leave during the crisis. With the move into the recovery phase, large numbers may request leave at the same time, something which may give rise to business continuity risks. Administrations may therefore wish to consider ways to allow all staff members to take some leave while ensuring that operational capabilities are maintained, for example, by drawing up plans that may allow everyone to take leave but only for a

reduced number of days and on a staggered basis. Compensation, such as extra leave days, could also be given to those that agree to take leave at a later time.

Reputation management and communication

33. Many tax administrations took a range of actions to support taxpayers very early on in the crisis. This included measures to reduce burdens, help address immediate cash-flow concerns, prevent hardship, keep taxpayers well informed and, in some cases, be the conduit for provision of wider government support[4].

34. These measures to support taxpayers, which have also been reinforced in many countries by the use of empathetic communication approaches, may have had strongly positive reputational effects, with taxpayers seeing the tax administration as valuable and supportive in their time of crisis.

35. Positive changes in reputation acquired during the crisis period can, however, be double-edged during the recovery period when there is likely to be a shift in balance towards the collection of revenue. This will benefit from careful management given the significant impacts that might result.

36. For example, if taxpayers' positive perceptions can be built upon by linking tax revenue with the provision of public services, such as healthcare, and support for regeneration of the economy, then it may have a positive impact on compliance attitudes during the recovery period. It may also be possible to build further on this to achieve a longer-lasting change in compliance attitudes, for example, if tax administrations are perceived as a trusted partner seeking to reduce burdens on taxpayers and to maintain fairness while collecting taxes.

37. On the other hand, during what will be a difficult period for many taxpayers, there may be an expectation that tax administrations will continue to provide support whenever asked, e.g. agreeing long repayment plans or deferring payment deadlines. If this is not managed carefully, there may be an adverse reaction with tax administrations seen as having shifted unnecessarily into an unsupportive and unsympathetic position, which could negatively impact compliance attitudes.

38. In considering how to manage the risks and opportunities arising from changing perceptions of the tax administration, administrations may wish to develop communication strategies to protect their reputation and build positive compliance attitudes. (This may be an area where behavioural insights can be highly valuable.) Among other things, these might include:

- putting in place mechanisms to monitor and understand taxpayer perceptions, and changes in perception, of the administration, for example from direct interactions with taxpayers through to the analysis of social media and other sources. Administrations may also benefit from gauging the perception of citizens, beyond just taxpayers;
- shifting the culture within the administration as to the relationship with taxpayers (for example, as fellow citizens first and taxpayers second) and expectations of how administration officials should interact, which might include supporting material such as sample scripts and training;
- a communication plan as to how to build and maintain a positive narrative and what multipliers might be best used, including how compliance and enforcement actions can be presented as maintaining fairness and social responsibility as well as managing expectations such as communicating that when things return to "normal" it's not the same as it was before or during the crisis;

[4] Examples can be found in CIAT/IOTA/OECD (2020), *Tax Administration Responses to COVID-19: Measures Taken to Support Taxpayers*, OECD, Paris (http://oe.cd/il/2VP).

- quick reaction mechanisms for getting on top of negative stories, for example where hardship cases may have arisen or there have been issues with complaints handling;
- responding quickly to new questions or issues that arise by providing clear guidance and communication, possibly including the use of personalised messaging and chat bots. This will also aid in combatting potentially conflicting information from other trusted sources such as other government agencies, tax preparers/agents, etc.

Working methods

39. COVID-19 has drastically changed the way tax administrations conduct their business and engage with taxpayers and other stakeholders. Government requirements for social distancing, school closures, travel restrictions and isolation policies have come in with relatively little advance notice in many countries given the rapid spread of the virus. This has led to many tax administrations moving to partial or full remote working, in some cases literally overnight. This has meant very different ways of working, greatly reduced personal interactions, a general shift towards greater use of digital services and the relaxation of some requirements (for example in applying for debt repayment plans).

40. Some of these arrangements may need to remain in place during the recovery period to a greater or lesser extent to ensure the protection of staff and taxpayers or support taxpayers in hardship. But rather than simply reverting to business as usual, administrations may wish to consider whether some of the arrangements put in place for dealing with the crisis should become more permanent options.

41. In this regard it may be sensible for administrations to consider some of these adjustments as pilot projects and evaluate them accordingly to understand whether they offer potential advantages over previous arrangements. This might particularly be the case if accompanied by further changes in policy or greater availability of digital solutions, e.g. the use of electronic signatures, a greater move to electronic forms, greater access to information, improved audio-visual communication.

42. For example, administrations may wish to consider:

- Increasing the options for remote working: The lessons learned from the crisis may help in assessing which types of functions could continue to be done remotely, potentially reducing costs, office requirements and increasing productivity. This may require investment in IT equipment and infrastructure as well as considering potential IT security risks, management issues and staff motivation.
- Increased flexibility of working hours: During the peak of the crisis, some administrations provided certain staff with more flexibility as regards to their working hours, for example to take care of children, and allowed staff to work in evenings or weekends. A few administrations also introduced shift work to reduce the number of staff in the office at the same time. Administrations could assess the pros and cons of continuing to allow flexibility regarding working hours and what that would entail (for example guidance on availability, recording of work, health and safety considerations etc.). Where this flexibility is built into an overall framework, this may also allow administrations to extend their customer service offerings by, for example, having longer call hours for telephone services or extended hours with live chat agents.
- Accelerating the move to e-administration: During the crisis, many administrations encouraged or required taxpayers, where possible, to deal with their tax affairs using existing or newly created electronic services. Where the crisis has shown that those services work well and have been accepted by taxpayers, administrations might emphasise the continued use of them or even consider abandoning certain non-digital interactions altogether, such as paper return filing or accepting cash payments (while considering how to engage and assist those that are digitally challenged). This will also require administrations to consider introducing or enhancing digital

identification and verification systems, and possibly accepting electronic signatures on official documents. Further, to exchange documents with taxpayers, administrations could consider using digital data rooms.

- Introducing or enhancing digital workplace solutions: The move to e-administration could further expand into the way administrations organise their internal workflows with the aim to making all processes paperless, including documentation and archiving. This could also include more frequent use of remote video conferencing to reduce travel requirements and to enable staff to work more readily from home or different locations (potentially increasing the administration's recruitment pool). Greater use might also be made of online interactions, such as video conferencing, to interact with taxpayers and their representatives, thus reducing the number of face-to-face visits in tax offices.

Longer term implications for tax administration

43. During the recovery period, administrations may wish to reflect on how the lessons of the crisis might influence longer term changes in how tax can be best administered, including in future crisis responses. This will be an area where discussions with policymakers will be important given that there may be opportunities, for example, to reduce some tax policy complexities, increase the use of withholding arrangements or increase the accessibility of tax relevant data, etc. Discussions may also be needed with budget holders as to the impacts of possible austerity measures on the ability of the tax administration to be able to collect revenue and the potential positive effects of investment in further digitalisation of the tax administration.

44. Among many other things, tax administrations may wish to reflect on:

- Whether their business continuity and business restoration plans are adequate to cover a range of different crises which may require very different responses;
- How the administration might become more agile by improving the ability for staff to work in different ways, for example through changes to training and support arrangements, and how staff may be more quickly redeployed between roles, for example through enhanced understanding of staff skills etc.;
- Where there may be options for greater automation of more routine functions or increased use of artificial intelligence and machine learning to support decision-making;
- Options for improving the ability of the IT infrastructure to respond quickly to new demands and to changes in the business environment;
- Opportunities for more joint-working across government to enhance services to citizens and reduce burdens, e.g. through the use of digital identity and single portals into government services;
- Opportunities for short-term reductions in burdens on taxpayers and for longer-term elimination of burdens through greater use of compliance-by-design approaches.

Contact

OECD Forum on Tax Administration Secretariat (✉ FTA@oecd.org)

www.oecd.org/tax/forum-on-tax-administration/