

TECHNOLOGY AND TAX ADMINISTRATION: THE CASE OF SUMA

Ramón Andarias, Head of Technology Department at Suma, the supramunicipal tax administration authority in the province of Alicante, Spain. ramon.andarias@suma.es

Abstract

Suma is a public organisation that provides tax administration services to 140 town councils in the province of Alicante.

In recent years, Suma has implemented an efficient system of tax administration which has enabled us to (1) increase the accessibility of information and proximity to citizens, either by means of an efficient network of offices, both permanent and mobile, or through access to the Internet Virtual Office for tax-payers and town councils; (2) improve efficiency ratios in tax collection; (3) improve the quality of work for employees, by providing technological tools for the autonomous and complete solution of tax-payers' problems.

Suma's success is due in large part to our integrated software for all municipal taxes with a single database integrating alphanumeric and cartographic information, and which makes provision for all proceedings related to taxable assets and tax-payers. A complete system for the monitoring of results has enabled us to achieve levels of excellence in the quality of our service

In October 2005 this vision about the technology applied to tax administration received the "Best Use of Technology" Award by the Institute of Revenues Rating and Valuation, London. <http://www.irrv.net/annualconference/awards.asp>

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1 INTRODUCTION: THE TAX ADMINISTRATION ACTIVITY IN THE PROVINCE OF ALICANTE

The introduction of Information and Communications Technologies allows increasing the efficiency in public organisations, as they reduce cost and time (Tat-Kei, 2002). The public sector is information intensive, so it needs more than others these technologies to process all the information that is the essence of its work. This paper presents the application of the Information and Communications Technologies in the case of Suma.

Suma¹ is a public, province-based organisation that provides tax administration services to the municipal councils in the province of Alicante, Southeast of Spain. It operates independently of other state and municipal bodies and its foundation in 1990 was the product of previous "tax-collection services" in the province.

¹ <http://www.suma.es>

Tax revenue in Spain represents approximately 50% of the total income of town councils, and therefore good management is vital for local finances. Suma is a pioneer in the establishment of an efficient and high-quality style of resource management in Spain. It has created a model based on the pillars of organisation, human resources and technology which in coordination have enabled it to achieve levels of excellence in its results and quality of service. In recent times this model has awoken great interest in other councils and organisations both inside and outside Spain.

In the province of Alicante a local tax-payer generates an average of 100 data base entries every year, which include tax identification data, property dimension references, payment records, applications and procedures follow-up, etc. Therefore technology has become essential to its work.

2 WHAT TECHNOLOGY PRINCIPLES SHOULD APPLY TO TAX ADMINISTRATION

Technology is an efficient tool when used properly; otherwise it may become a problem that needs solving, rather than the solution. Technology is only efficient when handled by well-trained personnel and embedded in the workflow of the organisation (Venkatraman, 1994). In the opinion of Suma, technology should only be applied if it satisfies one of the following criteria or basic principles:



Figure 1. Suma customer service centre in the City of Alicante

That it reduce the “life-time of the tax”, in other words the time period between the date a property or service becomes liable for taxation and the payment of this tax or rate. All technological advances in automatic processing, mass data processing and elimination of administrative bottlenecks fall in this category.

That it improve efficiency and the reduction of errors in procedures, gathering of data automatically, avoidance of duplication, storage of images of documents, integration of aerial photography and digital plans with identification data of property etc.

That it increase the multitask-level of personnel, as the integration of all procedures in a single information system and the design of appropriate software enables any employee to provide all service at a “single counter”.

That it facilitate the task of the tax-payers in complying with their tax obligations, by increasing accessibility of information, by widening range of means of payment, by reducing need for tax-payers to visit tax office, and by cutting waiting for tax-payers requiring assistance. To this end we have developed advanced Internet options of self-assessment, payment via electronic banking services and by virtual data phone

Finally that it give an image of modernity. This criterion must be treated carefully in order to place it at the right level in accordance with the activity. It has been shown that image helps the taxpayer to trust the system and even to feel a certain pride in the image of efficiency of the public tax management facilities.

These principles, as a whole, have been the driving force of Suma technological projects in the last 15 years. Suma has implemented a wide range of technology applications that have made things easier to employees and customers. The most notable are developed below.

3 INTEGRATED TAX ADMINISTRATION SOFTWARE.

One of the pillars of taxation activity is to have a single database which covers all proceedings in relation to taxable properties or activities and taxpayers, that is, valuation, billing, collection and enforcement. Suma database holds 800 million records, has 4,000 programmes and there are 650 screen formats. The main advantage of the high level of integration is that all those inter-related taxes (for example Real Estate, increase in the value of urban land, and Rubbish Collection taxes in the Spanish system) are managed within the same single administrative procedure and all the taxes owing from a single taxpayer are grouped together thereby reducing administrative costs. The most important features are:

- Common functions: carrying out searches for tax-payers, tax bills and enforcement files using a number of criteria (name, cadastral reference, ID number, taxable assets), maintenance of personal details, management of forms, monitoring notification delivery.
- Real Property Tax: Cadastral Valuation, maintenance of files exchanged with the Cadastre for new registrations, deregistration and modifications to taxable assets, simulation of Property Tax calculation, application of benefits, billing and collection.
- For the range of taxes and rates -Economic Activities Tax, Motor Vehicle Tax, Increase in the Value of Urban Land, rubbish collection, traffic fines, building permits and construction & works taxes- Registrations, deregistration, modifications, change of ownership, updating of street names, fraud inspections, fiscal benefits, as well as billing and collection.
- Management of enforcement procedures: from notification to seizures of current accounts, salaries and income, to auctions.
- Monitoring of income. Accounts, monitoring of income in payment periods, inter-annual statistics, advances to municipalities based on projected collection.
- Tools for supervision of results. Enterprise Information System for follow-up of targets with different selection criteria (by years, by tax, by months, by period of default on debt).

4 THE OFFICE NETWORK

The office network of Suma in the province of Alicante has 44 centres offering assistance to the taxpayer. Each deals primarily with its own area, although the centralised database enables us to resolve taxpayer issues anywhere in the province. The offices are permanently connected to the central office by leased lines at a speed ranging between 64 and 512 Kbps. The network has an automatic broadband back-up system that operates in case of breakdown at any of the access points.

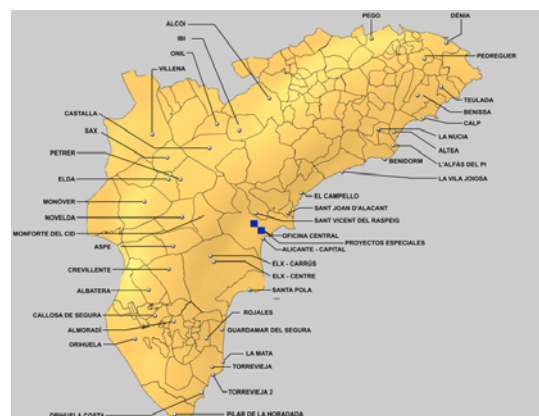


Figure 2. Suma has a network of 44 branch offices throughout the province

In addition to the network of 44 permanent offices, Suma has 25 mobile units that continually visit the more remote municipal areas and those where there are problems of access. These offices enjoy the same operational facilities as the other offices, in other words each post in a mobile office is able to perform the same tasks as any other point in the network. It has a laptop computer, a printer and a broadband connection via modem, which allows a safe connection to the central database.

5 INTEGRATION OF DIGITAL CARTOGRAPHY IN THE SOFTWARE

One the most remarkable feature of the software is the inclusion of visualisation options of digital cartography integrated with alphanumeric information. The universal visor integrated in the software is capable of showing aerial photography, photos of the property façade or plot, digital cartography, scanned maps and any other information concerning the geography of the property.

An innovative option of the double visor enables us to compare visually the digital cartography of registered properties and aerial photograph information and to carry out antifraud inspections. The technical innovation is that the cartography is stored in the central database and is sent to each terminal in contextualised form. In this way CAD systems -normally connected to skilled technical departments- can be used by non-specialists.

This software, Latino Server, as been developed with own resources using .NET technology and integrated in Suma software via ActiveX and Visual C++.

6 VIRTUAL OFFICE FOR TAXPAYERS AND MUNICIPALITIES

Internet is a great support for local authorities to provide information and added-value services to citizens or taxpayers (Fu, Farn and Chao, 2006). There are a number of services that need not to be requested and given in person but can be delivered via web services. Some of them are open to the public and no personal identification is required, such as periods for tax payment, branch offices locations and public timetables, municipal regulations, downloadable forms and also detailed information about billing and enforcement procedures.

Other information is confidential and should only be known by the tax payers, such as, visualization of the outstanding debts or historical records of payments. Some useful options offered to digitally identified users are:

- Dispatch applications, claims and written documents.
- Up-date personal details.
- Issue orders for direct debit or standing orders.
- Review procedures pending and resolved.
- Create a “tax shopping-basket” and payment of debts on-line.

The technology supporting these services is diverse. It includes web servers, database management system, J2EE, XML, JSPs, ASP for .NET, Host Integration Server, SSL3

Suma, as a supramunicipal authority that provide services to 140 municipalities in the Province of Alicante, also uses the Internet to give management's tools for the municipality officials. The authorised staff of each municipality can obtained online information about their own customers, as advanced searching options are available. A great variety of reports are downloadable: annual report, monthly progression report, tax census, debtor reports, and exception reports, among others. So, the Web of Suma has completed all the phases proposed by Koh and Balthazard (1997); it is not only and informative web, but is it transactional and operational also.

The keys for web services to be efficient are usability, i.e. simplicity of use, reliability, availability security, adaptability to customers' needs and lastly the information provided must be updated.

7 THE SUMA MODEL: A THREE DIMENSIONAL APPROACH

As mentioned before, technology is not an independent issue, it must be closely related or embedded in the whole set of procedures. The resources the organisation must be arranged adequately to make possible that the entire set can work efficiently. Just like a car engine needs continuous adjusting of their parts - lubrication, fuel and cooling systems - organisations must take measures in three levels -or dimensions if represented in a XYZ framework- : Organisation, Human Resources and Technology.

The concepts behind the organisation axis in a tax administration are specialisation, decision-making capability, correct size, high standards in internal and customer services, simplification and orientation to obtain good results.

In regard to human resources axis, it is crucial that the staff be trained and motivated. The training must be carried out in a cross-disciplinary approach, i.e. both theoretical and enhancing professional skills and management techniques.

Only a combined action of these three driving forces will cause a correct movement. If one of the vectors is not balanced, i.e. if too strong or too weak, the resulting vector can be completely inefficient.

Our vision is that efficacy, cost-efficiency and quality are key values that make customers, municipalities and other organisations obtain high service standards.



Figure 3. Suma model consists of a combined action of three driving forces

8 CONCLUSION

The use of technology is compulsory for the tax administration activity as large sets data must be processed. But the technology must not be considered the objective, quite the opposite it must be regarded as a means to gain efficiency. State-of -the-art technology is usually expensive to purchase and maintain and frequently the results are not so brilliant from the economic point of view.

To achieve the excellence in the tax administration activity, organisations must focus on the customer/taxpayer. As a consequence, the most important concepts are “reducing the time from the tax is generated up to the moment it is paid”, “decreasing the number of the human errors by automating ordinary procedures”, “making possible to pay the tax any time and almost anywhere”, and “allowing any employee to help every customer at the office”.

Bearing these objectives in mind, it is easy to infer that technology in tax administration means integrated software with a one-stop-shop implementation; comprehensive work flow systems where every document or form is included in the information system; easy-to-use internet websites with on-line information and payment options; customer service network connected by fast lines; mobility to allow service in remote areas and real-time process monitoring.

This is the technological field where Suma has tried to be since it was founded in 1990. The high level of payment compliance and the positive customers' opinion about Suma's tax administration activity is the proof that the basic principles and its implementation aim at the right direction.

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