

Abstract

- The development of Internationally Agreed Tax Standards (IATS) for Exchange of Information on Requests (EOIR) aims at providing tax administrations with a tool to combat tax avoidance and tax evasion.
- According to the standard developed by the OECD, a request for international exchange of information for tax purposes should be responded within 90 days from the date it is received.
- However, in the peer review assessment in 2014, less than 40% of the requests were responded within the standard time in 2010 to 2012.
- This study aims in applying Case Management System for Exchange of Information (CMS-EOI) in IRBM to overcome this issue.
- This study employs the action research method.
- Both quantitative and qualitative are used for data collection and analysis procedure .
- The results revealed that after introducing the CMS-EOI, an increase in percentage of requests were responded within the stipulated timeframe.
- This study benefits IRBM in finding effective solution to a real timeliness problem within an organization and improving work efficiency and effectiveness in managing the international exchange of tax information.

Problem Statement

- Tracking and monitoring of the EOIR cases are more difficult and require considerable time for the EOIR cases to reach the audit officers to take the action.



APPLYING A CASE MANAGEMENT SYSTEM TO SOLVE TIMELINESS PROBLEM IN INTERNATIONAL EXCHANGE OF TAX INFORMATION

- In 2017, the work process of managing the EOIR cases was reviewed from sending physical letters to sending scanned copies of requests through encrypted emails, but the timeliness problem still persists.
- In summary, the full response within 90 days on average for the period from 2010-2012, 2014-2016 and 2017-2018 has been declining from 38% to 23% and 16% respectively

Research Questions

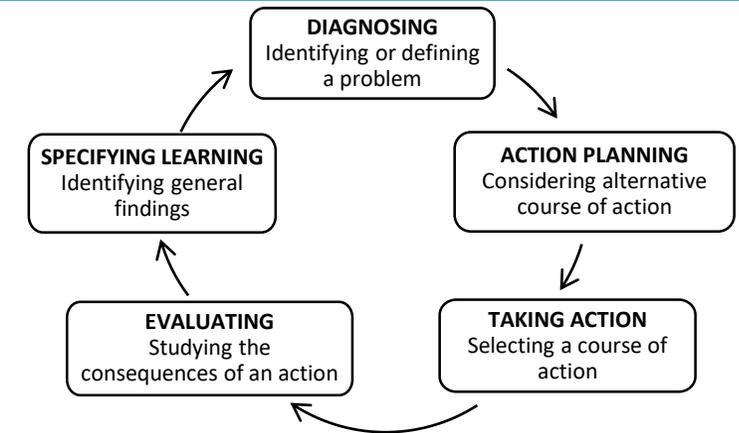
- What are the features needed for the CMS-EOI to improve the timeliness in responding to international request?
- What type of training is needed by users to operate the CMS-EOI?
- What is the impact of the CMS-EOI on timeliness in responding to international request for tax information?

Objectives

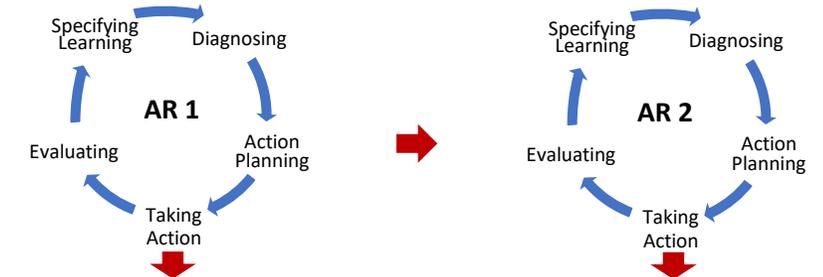
- Understand what features are needed for the CMS-EOI to improve timeliness of response to the EOIR cases.
- Contribute to the development of the features of the CMS-EOI
- Highlight training needed by user of the CMS-EOI
- Observe feedback from users of the CMS-EOI
- Reflect on the feedback of the users of the CMS-EOI

Framework

Research Methodology: Susman Action Research Model (1983)



The Action Research (AR) Cycles



- First Phase: Both quantitative data and qualitative data are collected to identify and define the problem
- Second Phase: Consideration of alternative courses to solve the problem
- Third Phase: Selecting the introduction of the CMS-EOI as the proposed solution to the timeliness problem
- Fourth Phase: The consequences of the actions are studied including to observe the feedback of the users
- Fifth Phase: Reflection is made on the feedback to identify the general finding or result of the actions

- First Phase: Reviewing the data to finalise changes to the CMS-EOI features.
- Second Phase: Engaging the working group and the vendor to initiate the improvement.
- Third Phase: Perform user acceptance test to test the improved CMS-EOI if ready for deployment to production environment
- Fourth Phase: Quantitative data from the CMS-EOI after the introduction of the CMS-EOI are collected and analysed. Qualitative feedback by users data through the researcher's observation and feedback from the users are also collected.
- Fifth Phase: Reflect on the quantitative data and the qualitative observation

Methodology

- Susman Action Research Model (1983) is selected for this study as the aim of this study is to continue the cycle until the problem is solved. This model is a circular model using the steps of diagnose, action plan, take action, evaluate and specify learning.
- Pragmatic approach is used in this study which will be directly linked to the purpose and also to the nature of the research questions at hand.
- This study also applies both qualitative and quantitative data on data collection and data analysis procedure to answer the research outcome and specific objectives. The timeliness could be measured by the percentage of improvement in the number of cases responded within 90 days in **quantitative method**, whereas the observation on each of the action stage in answering the specific research questions where human experience needs to be interpreted will be presented in a **qualitative way**.

Findings

- The User Requirement Study (URS) helps the researcher to achieve objective number one, two and three of the study which are to understand and contribute to the development of the CMS-EOI features as well as highlight training for the users.

Features:

- The features of the CMS-EOI is enhanced to improve the work process and ease of use of the system. Three categories of actions needed are the “new feature requirement”, “change in configuration” and just “cosmetic”.

- The features include the capacity to generate alert system, reports for current status of EOIR cases, standard response letters for instance acknowledgement letter.
- Related buttons or features are placed in the same screen, minimising the need to open several screens to complete one function or process. Some of the details in the registration module should not be made mandatory.
- In order to be functional, the CMS-EOI is integrated with other existing systems which include the CMS-AUDIT, CMS-INVESTIGATION, CMS-TRACKING, CMS-INTELLIGENCE, Enterprise Taxpayers Profile (ETP), HASiL International Data Exchange Facility (HiDEF), Data Warehouse (DW) and the User Management System (UMS).

Training:

- Training on Train-of-Trainers (TOT) basis were conducted to the users at the headquarters, EOI officers at the branches and EOI officers at the investigation branches to ensure users good understanding of the system and the new work process.

Feedback:

- Based on the researcher experience in using the system in test environment and the feedback of the users, the CMS-EOI is capable to improve work process and monitoring the EOIR cases.
- Data analysis and observation of the intervention of CMS-EOI to the timeliness problem shows that the EOIR cases are responded in a timelier manner.

Impact on the timeliness:

- The data extracted from the CMS-EOI for January to April 2019 shows that the percentage of cases responded within 90-days standard is 85.71% which marked improvement from previous statistics, before the administration of the

EOIR cases uses the CMS-EOI, 38% (2010-2012) and 14% (2013-2015).

Conclusion

- EOIR contribution to tax compliance and the tax raised is significant.
- This study uses the action research approach in addressing the difficulty in monitoring the EOIR cases sent to the branches by introducing an intervention in the form of a CMS-EOI to administer the EOIR cases. The CMS-EOI went live on 1 January 2019 and from the statistics, it shows improvement in timeliness and OECD Peer Review assessment team has upgrade the preliminary rating of EOIR responses from Partially Compliant to Largely Compliant.
- Audit officers are more responsive to the requests since the EOIR cases are administered and monitored through the CMS-EOI.

Research Gap

- The data collection field was focused only on the IRBM and mainly based on the report of three years period assessed as the comparative data for the period after 2012 were not obtained.
- The number of EOIR cases covered is lower than cases received by other jurisdictions.
- the 2016 new terms of reference on EOIR on the quality of the requests and responses, has not been considered in the study.