

Fighting Economic Crime Through ICT Adoption. Albanian Experience in Tax Administration



Law

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ABSTRACT

For the importance that taxes and fee have in providing public revenues, the total budget of a country, the source of the financial activity, and fulfillment of the citizen's needs, a special attention is given to them in the legal aspect.

Frauds to avoid paying taxes, as a form of economic crime directly give negative effects to the possibilities of a country to fulfill its duties in offering public services and in its own existence.

ICT application in financial field is considered as a good tool in fighting corruption and different types of economic crimes. Its role is present at the tax administration processes by facilitating the process of tax collection by being more effective and efficient in the right moment, from the right person and at the right amount of taxes

This paper try to emphasis the importance of ICT use as a new way to fight economic crime.

INTRODUCTION

ICT application is becoming more and more present to the business environment as a good tool to meet strategic and operational needs of the business. The reason why businesses are using ICT in financial matters is due to the continuing changes and innovations. That means information become the key to the success for any company, the most vital resource to internal and external operations, service delivery, dissemination of the results. Governments are aware of the benefits on using ICT especially to the taxes administration. It has a great potential in collecting revenues efficiently and effectively. This becomes possible by automating processes, better servicing to the taxpayers and increasing compliance. At the same time other benefits are listed like minimizing time, costs, human and financial resources. The results are reflected to the more convenience, transparency and trust towards public during the process of public service delivery. The positive impact that ICT application has in tax administration is reflected in its role as a tool for to combat economic crime, and especially one of its forms, tax evasion. ICT application results to a reduced human error, readily accessible data for tax officers, promoting voluntary compliance which results in less tax evasion and helping tax authorities in making better decisions.

TAX EVASION AS A FORM OF ECONOMIC CRIME⁵

There a lot of researches made in the field of tax evasion. Differ authors have discussed about the "costs and benefits" analyze from the perspective of the tax offenders engage in such activities. Some of them have tried to analyze the effectiveness of penalties again tax evasion in changing behavior. It has been difficult to understand whether it was the effect of penalties that decreases the level of tax evasion or there are other factor affecting it? They all agree to the fact that detection of tax evasion is improving, rather than tax evasion is increasing. The most frequent topics in research in this field are determination and deterrents of tax crime and the variables used in such research are penalties and discovery of tax evasion which goes together with tax authorities tools, monitoring and punishment. Differ researchers agree that audit is an effective tool that can be used in the deterring phase. They are not yet convinced on the effectiveness of the penalties. Research results show that fines have little impact on behavior. Over 30 years ago, Pontell noted that doubt was starting to be cast on the classical assumption that certainty and severity of punishment were important factors in deterring criminal behavior (Marriot, L., 2012).

For example, research results by Devos in the Australian context investigates whether tax compliance levels are influenced by penalties, shows that there is no significant changes in taxpayer compliance over the 20-year period investigated, despite penalties increasing significantly during the time period (Marriot, L., 2012). Devos conducted other researches, focusing in a more

in-depth analysis of the punishments awarded to the specific offences, and the results shows that tax offences are viewed in a less serious light than more traditional forms of crime (Marriot, L., 2012). Other researches have tried to investigate the perception of the seriousness of tax evasion, when compared to other forms of crimes and violations. Forms of crimes included in the research varied from traditional forms of crime like murder to those which are often thought of as more acceptable such as failing to stop a vehicle at a red traffic light (Marriot, L., 2012). The same research was carried out in other countries too, and the research results were the same, tax evasion was perceived to be less serious than other white-collar crimes such as accounting fraud and welfare fraud (Marriot, L., 2012).

ICT APPLICATION IN TAX ADMINISTRATION

When ICT was applied for the first time in tax administration system the aim was to facilitate the process of collecting relevant information and processing returns and payments. Apart of this, today it continues to provide support for these tasks, enabling the tax administration to move away from heavy manual processing and to direct its resources to facilitating, monitoring, and enforcing compliance. The other impact of its use today is the increase of the voluntary compliance by opening multiple interactive and electronic channels with taxpayers. This system also provides support for the tax administration in audit process and information collection. The impact is seen to the process of decision making by managers in the right moment.

E-FILLING OF THE TAXES IN ALBANIA²

Albanian government has made considerable efforts to strengthen the tax system. E- filling of the taxes system was founded by USAID. The aim was to facilitate the process of declaration and tax payment by businesses or individuals giving them the possibility to make then electronically and at the same time facilitate the process of control for the General Directorate of Taxation. From January 2010, these procedures were made only electronically, because this was provided for in the article 65 of the Law No. 9920. Dated 19.05.2008 "On Tax Procedures". The declaration of taxes, only through electronic form, includes:

Tax declarations, which consist in:

- forms of the declaration and payment of the VAT;
- forms of the declaration and payment of the tax on income from employment;
- forms of the declaration and payment of the profit tax;
- forms of the declaration and payment of the personal income tax on small business;
- forms of the personal income declaration
- forms of the declaration and payment of social and health insurance ;
- payroll declaration forms.

Tax documents, which consist of purchases and sales books.

E-filing is a portal where each taxpayer enters in the system with his credentials (username / password), where can obtain information and can go to each subsystem for other actions such as:

- Books;
- VAT - the value added tax;
- Profit Tax;
- Payroll;
- Personal income tax, social and health insurance;
- Declaration of personal income.

"E-filing" is implemented in accordance with Law No. 9887, dated 10.3.2008, "Protection of Personal Data".

E-Payment System (Electronic Payment) enables electronic payment of taxes. E-Payment system allows taxpayers to make tax payments electronically through two main methods: Direct Payment and E-Banking.

CONCLUDING REMARKS

The strengthening of the tax administration would contribute to increased revenue collection, with a subsequent positive impact on Albanian economic sustainability.

ICT applications have evolved from tools to increase policy effectiveness, cut costs and realize efficiencies, to being more interactive and stakeholder focused (Snellen, 2005).

ICT in the tax administration is used to facilitate services provision for both organizations and individuals, offering them the possibility to make electronic registration, filing, and payment. Some of the benefits are significantly reduction of the cost of tax administration, easy collected and disseminated information and at the same time the possibility for right reports are provided to managers in the right moment. But the most important benefit is the assistance it gives in increasing transparency and fighting corruption, giving on real time information on sale and purchases that each category of tax payer provide during electronic declaration. The result is tax evasion reduction.

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