Role of Digitalization in Tax Transparency

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Declaration

As the author of this paper, I declare that this thesis presented for the degree of Master of Business Administration is an original report of my research and has been written by me. Due references have been provided on all supporting literatures and resources. I also confirm that this work has not been submitted for any other degree or professional qualification.

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Abstract

Tax transparency has been an issue for countries since the 1980s, when the European Union attempted to create a single market among the states in order to allow free movement of people, products, services and capital. However, this arose new challenges for governments as people started taking advantage of lower tax rates in other member states. Issues like offshores and tax evasions went up to the surface and made the governments seek solutions.

The digital era that is the XXI century gave the tax authorities ways to find solutions and work towards transparency. The development of Artificial Intelligence which resulted in machine learning and robotic process automation started a new era – the digitalization of tax transparency.

This thesis explores the correlation between the evolution of technology and tax transparency within the existing literature and looks for solutions with the help of quantitative research to answer the following questions:

- Does digitalization have an impact on tax transparency?
- What is the citizens' attitude toward taxation?
- Do the citizens have knowledge about international taxation and how they can use the digital services provided by their countries?

The literature review includes the key concepts regarding taxation and tax transparency, as well as digitalization and development of technologies. Moreover, it covers the history of tax transparency and the international agreements that are in force to avoid offshore accounts and tax evasion. The literature review gives us the scope into the history of how tax transparency started in the world, how the governments are handling it and what kind of contemporary technology is used for it.