

- OECD -
36th Meeting of Working Party N°9
On Consumption Taxes
8-9 November 2016

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Thanks (slide 1).

Ladies and gentlemen good morning.

Thank you for your presentation and this invitation. It's an honour for me to present in this international meeting "DAGTVA", my automatic system for levying indirect taxes.

Recently, this system was presented, at the request of the Finance Committee of the French Senate and it was mentioned in its report on e-commerce.

It was also presented at two conferences: in PwC Paris and at the International VAT Association where I have exposed the B2B cross-border transaction payment by credit-card used in e-commerce.

All of these conferences focused on the fight against fraud on taxation and turnover.

Today at the OECD, I want to show you another aspect of DAGTVA.

That I present today is a happy hazard.

This aspect is the fruit of serendipity.

In fact, when I began to work on taxation and found a possible solution on VAT carousel in 2011, I see instantly these other economic and social aspects of my process, and my presentation, today, wants to be in line with the aims of OECD "better policies for better lives".

One of many problems of what brings us here today is summarised in the following sentence said by Mr Angel Gurría OECD Secretary-General in May 2015.

I quote "We have reached a tipping point. Inequality in OECD countries is at its highest since records began". And I add, it is certainly worse today.

(Slide 2).

Following this analysis, I will show you where inside a B2C or C2C transaction it is possible, with my tax system: to move, to slide, all, or a significant part of the indirect tax included inside the payment, from the rich seller toward the poor consumer.

You know that the indirect taxation is not in favour of the poor persons and there is an increasing gap between rich and poor.

My system attempts to reduce this gap with several economic consequences.

The context: (Slide 37).

The environment is the payment by phone. The future universal means used for the payment around the world. And you know the success in many countries of such payment system as M-Pesa in Kenya or EVC-plus in Somalia at the top of the state of the art in the use with this device.

(Slide 3).

In Europe different systems as M-Pesa are already used today in Sweden with “Swish” and in Denmark with “Mobile Pay” and “Swipp”.

All these systems will be generalised when the cash disappears in these two countries in 2020, and you know the problems with the cash.

But in all these payment systems by phone used today, the taxation is not included in the treatment of these transactions. They are not under control by the tax administration and cause many problems and can also increase the disruptive society.

Now my proposition, the slideshow.

(Slide 2).

The “Tax Clearance” is the heart of DAGTVA. Without this Tax Clearance the payment in and by the banking system is impossible.

And with DAGTVA the levying of the tax is complete and done on each transaction on a real time.

All global treatment of the indirect tax disappears.

(Slide 4).

On top the part Registrants and Tax authority.

In this part you have the declarative system.

(Slide 5).

The lower part of the screen will be used for the payments inside the banking system.

(Slide 6).

DAGTVA uses these two secured environments to create a third new inviolable system for levying the tax.

(Slide 7).

First the on-line declarative system.

(Slide 8).

The stakeholders: the Purchaser ultimate consumer and the seller the company B2 liable to the indirect tax.

(Slide 9).

The Tax authority on the both sides.

(Slide 10).

The means of payment today is by phone.

(Slide 11).

The databases in tax authorities. You can see the same IT organisation on the both sides.

(Slide 12).

There is a purchase between UC and B2.

(Slide 13).

When all purchased products are registered, the validate amount in the cash register activate automatically the e-filed tax-return toward the tax authority, with the detail of this purchase. *In seller side, it is instantly, the tax-return on indirect tax and turnover for this transaction is done. No paper, no lost time, no cost.*

(Slide 14).

The payment is by phone in this case by NFC communication. The phone sends and records the same tax-return toward its tax authority on purchaser side.

(Slide 15).

We have the same tax-returns in the two databases.

(Slide 16).

When a tax authority receives a purchased tax-return, this administration matches automatically if the same tax-return earlier exists on seller side.

(Slide 17).

If there is a difference the sale is refused.
The tax authorities have a look on this problem.

(Slide 18).

The tax-returns are certainly good, the sale is accepted and the tax authorities check and calculate the "Tax Clearance" to apply on this transaction.

(Slide 19).

An accepted transaction and payment is returned on the both sides.

(Slide 20).

The invoice is created, the Tax Clearance is ready, and you have on seller side the Output Tax and the Deductible Tax on purchaser side.

(Slide 21).

It is the end of the on-line declarative system.

All is ready for the banking payment in the second party.

(Slide 22).

To summarise, we are in this situation.
All is clean in tax authorities.
The Tax Clearance is ready.
There is a request directly arrives for the payment all taxes in the purchaser's bank.

(Slide 23). (Slide 24).

Without Tax Clearance the bank puts the payment in standby.

(Slide 25).

The bank requests automatically the Tax Clearance.
The payment is always in standby.

(Slide 26).

The ready Tax Clearance is instantly returned by the Tax authority.
And with this, the bank knows how to execute this payment.
Before, the purchaser's bank account is debited all taxes.

(Slide 27).

An advice for all taxes payment is sent toward the buyer.
And also, in real time, the account balance toward the phone and this person can follow;
purchase by purchase, his financial means.

(Slide 28).

With the Tax Clearance (certainly the value of the tax), the bank split the payment in Net and Tax.

(Slide 29).

The Output Tax is instantly credited to the Public Treasury.

The tax is directly extracted inside the payment present in a "dummy". It's a transit memory in the IT registered memories of the bank accounting software.

You have no intermediary between the liable to the Tax and the Public Treasury.
The tax not transit into a bank account.

The purchaser tax authority is informed.

You can see the output tax is levied on the purchaser side.
It's the side of consumption, including completion of the transition to the destination principle in accordance of European and OECD guidelines.

In this domestic transaction by phone is not important, all stakeholders are in the same country.

The tax authority can inform, if necessary, the seller's tax authority.

You can see also that with DAGTVA, the output tax never returns in the seller's bank account.

The principal consequence: we never have the amount of the tax due to the Public Treasury in the pocket of the possible missing trader.

In other cases, it's the end of VAT carousel!

And to conclude with a laugh in this slide, the Treasury can say, "My money in first, and if you have no money for paying the NET it's not my problem, you can see that with your bank"!

(Slide 30).

The credit of the tax is verified in purchaser tax authority.

The tax authority gives an order to the purchaser's bank to pay the NET balance.

It's also at this moment where the tax authority pays the bank for the job (use of 1% to 5% of the tax present in the invoice). This payment is deducted on the amount of recovered fraud, not in the present tax.

In the same time, with this NET payment, the "Tax Clearance" is joined as information toward the seller's bank.

It's also the second security key for the bank B2 to accept this transfer on behalf the seller account. No tax clearance, no credit in seller's bank account.

(Slide 31).

On purchaser side, there is a payment all taxes with a tax extraction on behalf the Public Treasury.

On seller side, a credit NET balances with the "Tax Clearance".

In this case, the "TCE" is debit information for the seller.

(Slide 32).

The NET is credited.

(Slide 33).

A credit advice is addressed to the seller, stipulating that the output tax was previously levied on the transaction.

With this advice, you have the right balance in the seller's account software.

(Slide 34).

The balance of the payments.

(Slide 35).

Now, on purchaser side, the tax authority orders the reimbursement of all, or a part, of the deductible tax on behalf this ultimate purchaser if he is poor.

(Slide 36).

With this balance you can see, is not an allowance on behalf this poor but it's the result of an economic action.

End of process.

Before, let me present some important comments in line with OECD aims, but out of my presentation today.

(Slide 20).

For this I must return on this slide:

To comply with OECD and the EU guidelines, which are demanding that indirect taxation have a treatment in the consumption side, in DAGTVA environment, we have systematically the "Tax Clearance" and the levying of the tax on the purchaser's side.

As you can see, before the payment, the tax authorities have all informations about the indirect taxes applied on this transaction, and also the local turnover or income for these one or two stakeholders. With DAGTVA it's the same thing in all transactions.

The fiscal evasion and optimized fiscal policies are now impossible to implement.

And if this is into another B2B cross-border transaction, inside in a group with head office and their branches, their subsidiaries or inside a holding, the international games are over! (For example: on transfer pricing policies or double Irish, all practices ended inside the G.A.F.A. and others companies etc.).

This is in straight-line with the request of the recent G20 to the OECD in order to get a better tax certainty for states, with today an ongoing survey to find possible solutions.

Another thing:

In this part of my on-line declarative system, nothing changes.

No rules are modified in domestic or cross-border transactions, nothing is necessary to renegotiate as for example in the European VAT directive.

Only the global tax-returns and some items of this directive became useless in the next.

In a far next it's also possible to use this same process for levying automatically the income taxes, but it's not the subject today.

In a separate comment of this, it is also possible, in the same time, to withhold the social taxes in the net balance payment. The majority trade union federation UNSA Finance Ministry and P.M. Service at Bercy/Paris presented DAGTVA as a "perfect system for withholding the VAT" and also, in the far next, the income taxes.

Return to the process

To return in the process, during all my presentation, I don't speak about VAT-RST-GST-TPS because my process is independent from the taxation system in DAGTVA environment.

I can swap from different tax systems GST/TPS (slides 33-34) to VAT/RST (slides 35-36) and is unnecessary to modify something to do that.

It's this open door toward a possible universal tax system for levying all indirect taxes and announcing, may be, the beginning of the unique world taxation system.

And how easily with, we will have the international exchanges.

I explain this in details, last May at the International VAT Association conference in Vienna.

(Slide 34).

Like in VAT tax system, there is no difference between you, me and a company liable to the tax, all use the same taxation environment (*slide 11*), the same rules, and the separate world, today, between business and consumers no longer exists.

It's very important for the next management inside the companies, where the status of each worker of this company is himself the owner of his job inside his owner company, where the social burdens slide on charge of this worker.

It is the definition of the "social model" applied now in the Uber's company with an unlawful respect of local labour laws.

It is not exactly the same model in the collaborative economy where these workers bring together these independent economic structures for the benefit of all.

In all cases, DAGTVA can be used to secure the collaborative economy and give these social guaranties for all workers.

(Slide 37).

In the actual M-pesa system, the previous taxation structure not exists.

(Slide 35).

And like in a VAT environment, where the deductible tax is refunded to the companies, it is possible to refund, toward this final consumer, all or a part of this tax present in the payment

It's the possible reverse-charge also applied on behalf of this poor final consumer reserved today for companies liable to indirect taxes on VAT tax system.

In this B2C transaction, the rich seller is paid net balance.

Today the output indirect tax is levied on seller environment. In this domestic transaction is not a problem.

With DAGTVA, as you can see; this output tax is levied from the purchaser's side.

It's this aspect which makes possible the refunded tax by the tax authorities in this same side, because is **this** tax authority which follows the consumption of **this** poor person.

It's not intrusive, only the sums are in tax authorities. *(Slide 20)*

(Slide 35).

In fact, this wealth sliding to behalf of the poor is strictly based on the consumption and we have with each banking transfer, a possible increased consumption with the growth as a gift.

(Slide 39).

I show you now an hybrid example with an additional allowance on the wage, it's the original situation.

In France and in many countries, the poorest population receives an "allocation", (it is a generic term), to have the minimum to live.

Today, when the housing is paid, all remains of this allocation are spent in the consumption and the tax authorities levy the taxes here. It's very hard, arbitrary and unfair for the poor.

(Slide 40).

And the virtuous circle with DAGTVA.

You haven't exactly the same scheme in the paper documents and all the areas presented between theses two slides are in a real proportion of the numbers and attended economical consequences.

(Slide 39) then (Slide 40)

The difference with my system, the allocation can be less important and in addition is on the tax refunded on the real consumption of this person.

Another example: it is possible that this poor ultimate consumer no receives nothing beyond his wage, and if his wage is very small: 200 \$ each month, all his wage is spent in consumption.

It's impossible for him to store money, and if the tax on consumption is 20%, this poor receives nearly the end of the month, the refunded tax on his purchases of the previous month, whether 40 \$. It's a different timing for the refunding taxes, on this slide is instantly.

This refunded tax is not an allowance, these 20%, 40 \$ is an increased purchasing power of 20%, directly function of: his consumption and his poverty status controlled on each transaction when the tax clearance is defined (*slide 18*).

(Slide 40).

Of course, the consequence of this action is in favour from the growth, by direct injection of this refunded tax into the consumption of this country, and this help and growth can be used to reduce another possible migration of these poor populations, a very big problem today.

It's also a very important possibility for the involvement in the purchasing responsible action for engaging this person to access to better products, if these better products have higher prices but with higher refunded taxes, so they are equivalent in final price as buying bad products with a reduced tax.

Also, if this person wants to buy a more expensive purchase in front of his payment possibilities, the system in place might block it through a customised economic system of control, to limit his debts and allow him the means to leave the poverty in the fight against the over-indebtedness.

In the refunded tax on behalf of the poor, it's a government effort with a total control on each transaction, in function of the status of each purchaser and seller, with a great accuracy.

Of course, this process isn't applied between, companies and rich or between rich, but may be applied between poor.

Today it is impossible to make the same thing in existing phone payment software's, and also in other means of payment, because there is no existing the technical means to have access in the real time of the detail of this transaction with the total knowledge of the qualities of these stakeholders', with the taxation applied and the possible economic action that you can implement and execute instantly in this transaction, in this case.

Probably is the first time where you can see an indirect taxation system that can produce an increased purchasing power for a person.

(Slide 37).

Now, the actual payment by phone causes another big problem because,

(Slide 38).

We have also two big holes in the indirect taxation, the transactions C2B for example with Uber case in this slide and the C2C in AirBnB case.

You see this peer-to-peer transaction with the possible payment also in unlawful virtual moneys. This structure, without laws and control, can also provide the support for paying the clandestine work by a company and with the new IT technologies, these transactions boost the disruptive society, where the governments have many problems with them, where the notion of business workers and work inside a company are modified, compromised by a free wild system without control in laws by authorities, with the instability intended for all and the possible destruction of the better economic strategies.

DAGTVA can give an automatic control to respect the labour and economic laws applied in the country and forbid the possible clandestine work payment toward clandestine workers, people without the most basic and fundamental human rights.

If nothing is done against this, we will have this situation in Sweden and Denmark in 2020 and with the current immigration it will be a large temptation, and this worker became, may be, a possible slave in Europe.

Now to leave this question, since the beginning of my presentation, I have shown you a domestic B2C transaction. That's right?

Yes, but it can be also a C2C transaction.

Why! There is also a C2C transaction?

First, I explain on the *slide 11* the same taxation structure between a company and an ultimate consumer.

Now, if I return on *slide 20* where the invoice is created and in the other *slide 22*, we are in this situation where the tax clearance is ready and the requested payment is in the purchaser's bank.

Now, please, concentrate your attention on right seller side of this slideshow.

(*Slide 20*).

On top, we have only the creation and the automatic tax-return of this invoice.

(*Slide 22*).

And I scroll the slides until the end, where there is the NET payment.

Nothing happens. At any moment, have you seen the taxation system applied in the seller side and the quality of this seller (rich-poor-company-ultimate consumer)? Never.

With this property of DAGTVA, you can mix all taxation systems with all types of stakeholders between the seller and the purchaser, and it is possible that the seller may be also an ultimate consumer. Why not?

If you are in this case, now can you imagine this situation?

(Slide 40).

(With the collaboration of Mr Battiau)

I am a poor worker and I have no money to buy a car, but I can pay to replace my heavy bicycle used to go to my job every day. I walk on the street, is free-tax, and by chance, I see a marvellous bike with a notice in the frame: “for sale” with a phone number.

I call the owner and after a hard discussion, I obtain a good price: 50 €.

Later I meet the owner and by coincidence is Mr Battiau the seller.

To conclude the sale, we open both on each personal phone the software for sale and buy, type the price and a code of this transaction: “bike”. The two phones are nearly in contact, in this case, with NFC communication, *but another system may be used.*

The automatic tax-returns are made in the both stakeholder’s sides and the transaction is paid and done.

Is a second hand bike and for all C2C transactions, there is a special taxation rate, for example 10 %.

Mr Battiau is not a poor person, he is paid net balance, whether 45 € and 50 € are levied on my bank account.

Later, nearly at the end of the month when I have spent my entire wage, all my taxes are refunded with inside 5 € on this payment. With all, I have some money to end the eight next days.

You can see the wealth sliding of this tax on behalf the poor with an increased purchasing power for him, with many consequences on consumption and growth, where the State can recover this “effort” and transform it into an investment on the next taxation of this growth in companies and the next increased consumption.

It is possible this State has no financial means to do this effort and international structures like IMF and World Bank can take the relay and they can follows, transaction by transaction, € by €, \$ by \$, the increased consumption and growth on behalf of the poor population in this country, without possibilities of fraud and corruption.

Another quality of DAGTVA is inside the companies, the free tax-returns cost (indirect taxation and turnover) without the phone or the network communications used by the stakeholders. Also the tax-returns are completed instantly!

In fact since 1998 all account software’s in businesses have an interface to reconcile all bank accounts. It’s this same process or interface used for the tax-returns. It’s not between the company and a bank but between a company and the tax authorities.

Today the work for managing the indirect tax in the companies and also in the digital payments by cards are very expensive for these companies and banking system with a very small amount. This internal cost of indirect taxation is several billion € each year in E.U. said Mr Donato Raponi in Zurich.

I quote: “With the huge cross-border fraud: EUR 50 billion, the compliances costs to businesses (especially SMEs): 11% higher in cross-border trade”.

And the best in my system, if this transaction is concluded in a far country where you have no tax-authorities, no qualified personnel in taxation, is that two persons are in the same conditions as companies with the same rules, but you can see, it is unnecessary to create a company for the purchaser and the seller, for having automatically a correct transaction with a correct taxation and an invoice is automatically created in all conditions, invoice sent on each phone.

There is the possible structure of collaborative economy without the administrative burdens for all.

With the DAGTVA device and process, all transactions are completed through the banking system, and it's an opportunity to give access to this banking system.

To quote the International Monetary Fund: "In the world, half % of adults have no account with a financial institution (bank, credit union, post office or institution, microfinance). 2.5 billion Adults are "unbanked" and have no safe money savings means. This is a very dangerous situation for these people and probably they have a limited access to the credit".

Without a bank account, it's also more difficult for these poor people to receive a decent wage, transfer or provision from the State.

DAGTVA can bring all these guaranties.

With the payment by phone (in this case), without the benefit of the disappearance of cash, cash that can be used today for buying drugs and guns for killing your family, you have to learn to read to use this phone and when you can read, you have access with this powerful computer to all the general knowledge of the world, for education.

Since the beginning of my presentation, I tried to show you a "better policy for better lives" through only a very, very small part of my taxation system.

And to conclude in the same context, in the fight against poverty, it's unnecessary to go to a far country to see these problems. Behind this building, in France; we have 2.7 Million of poor children and 1 out of 5 have living conditions below the poverty threshold, with many consequences for the future.

Now if you add: the facilities in the management of the indirect taxes, the possibilities to bring a better purchasing power for the consumers, the increased revenues on behalf the banking system and States in the tax certainty with inside to manage a universal taxes system to tackle fraud, DAGTVA is certainly a very amazing tax system!

Thank you for your attention.