

## Jean-François Clocheau and DAGTVA



Born on February 1950 and of French nationality, Mr. Jean-François Clocheau is retired after a lifetime devoted to mechanics, shipbuilding and his last 25 years of professional activities working on big IT systems in public transport in Bordeaux.

He has created in September 2011 an automatic VAT levy system which no longer allows any fraud but also completely modifies, by a single process, the paradigm of levying all taxes on consumption, system usable in all tax situations. This may open the way towards a Global Single Market system.

June 2012 - To know the value of his idea, Jean-François Clocheau filed a patent in France at the National Institute of Industrial Property under the name of 'DAGTVA'<sup>(A)</sup> acronym for « Dispositif Automatique de Gestion de la Taxe à la Valeur Ajoutée »<sup>(B)</sup> that can be translated in: "Automatic Value Added Tax Management System". After international research by this Institute, the patent will be granted for him in November 2013 and confirmed in February 2014, attesting that no world precedence, in this domain, tainted his creation.

September 2012 - Jean-François Clocheau published on Internet, at the disposal of the States and the knowledge of all in the world, the modalities of the creation of his technical and automatic device for levying the VAT that can be applied for other forms of indirect tax systems without modification. This property authorises the mixing, in a single process, of different tax systems applied throughout the world.

May 2015 Jean-François Clocheau is auditioned at the request of the Finance Committee of the French Senate<sup>(1)</sup> in the context of a study on the collaborative economy: "Proposals for a simple, fair and efficient taxation" with a published report by the French Senate in September 2015<sup>(1b)</sup>.

At this date, his work draws the attention of Mr. Stephen Dale<sup>(2)</sup>, President of the *International VAT Association*<sup>(3)</sup>, during a meeting on the sidelines of a conference on the VAT laws organised in Germany by the Academy of European Law (ERA)<sup>(4)</sup>.

October 2015 – First private presentation of DAGTVA at the initiative of Mr. Stephen Dale to an internationally renowned committee of experts on VAT, gathered in Paris, with Mr.: Stephen Dale, Jean Claude Bouchard<sup>(5)</sup> and Marc Wolf<sup>(6)</sup>. The welcome given to DAGTVA is very positive but, at first glance, presents a solution that is too futuristic for it to see a quick application.

February 2016 - The UNSA Union of the French Ministry of Finance & Industry and Services of the Prime Minister publish in its bimonthly magazine ECOFINANCES N ° 57<sup>(7)</sup> of January-February 2016 "A proposal for a perfect VAT Withdrawal with DAGTVA". The website DAGTVA is also registered at the request of the *National Library of France*.

March 2016 - Following a private presentation at the initiative of Mr. Stephen Dale, the international tax solution of the technical device DAGTVA draws the attention of the OECD by Mr. Piet Battiau<sup>(8)</sup> at the head of the Unit of Taxes on Consumption of the Center for Tax Policy and Administration (CPAF) of the OECD<sup>(9)</sup>. A presentation of DAGTVA is scheduled in plenary session at OECD WP9 headquarters in Paris<sup>(10)</sup> in November 2016.

May 2016 - Jean-François Clocheau presents DAGTVA during the annual VAT day in Paris at PwC France<sup>(11)</sup> with the presence of hundred of its customers (all CAC40 and MEDEF).

May 2016 - Jean-François Clocheau presents DAGTVA at the *International VAT Association* Spring Austria Conference in Vienna<sup>(12)</sup>, in front of a hundred tax firms from 28 nations with the presence of Mr. Donato Raponi<sup>(13)</sup> Director Tax Office of the European Commission.

November 2016 - Jean-François Clocheau presents DAGTVA at the OECD plenary conference, attended by 45 government delegations, at the 36th meeting of WP9 - Indirect Taxation <sup>(9)</sup>. Presentation oriented towards the social part of DAGTVA:

- In the fight against fraud,
- In the fight against poverty and the reduction of wealth disparities between poor and rich,
- In the context of the future universal payment by telephone and the progressive disappearance of cash in Sweden and Denmark from 2020,

His OECD presentation <sup>(14)</sup> proposed a technical solution to counter the possible payment of employees over the telephone with peer-to-peer links, which can turn them into modern slaves.

January 2017 - The work on indirect taxation of Jean-François Clocheau is validated by the executive board of the prestigious *International VAT Association* <sup>(3)</sup> of which he becomes a member.

June 2017 - Participation at the OECD - Paris Global Forum on June 5th - 6th with many contacts in tax research, notably with representatives of India by Doc. J.D. Agarwal <sup>(15)</sup> founder and director of the Indian Institute of Finance in New Delhi <sup>(16)</sup>. India has adopted with the *Gulf Cooperation Council* <sup>(17)</sup> in 2018 the principle of the DAGTVA's declarative system <sup>(18)</sup> with the mutual control of the digital declarations of invoices, thus creating the first two international systems of indirect taxation, with an impact on companies from states that have nearly 20% of the world's population.

January 2017 - The new indirect tax collection system DAGTVA being independent of the indirect taxation system used (GST, RST or VAT), Jean-François Clocheau proposes an adaptation of DAGTVA in the context of the "Blue Print tax reform" in United States with the possibility of bringing USA into a system of indirect taxation, with comparable advantages of the VAT <sup>(19)</sup> used in Europe and in many countries, without having to amend the US Constitution, with an approval of the 52 States that could not be achieved in this taxation's domain.

October 2017 - Participation in Brussels with many international tax specialists at the *International VAT Association's* autumn conference <sup>(18)</sup>.

May 2018 - Participation at the spring conference of the *International VAT Association* <sup>(20)</sup>, in Nice with many international tax experts.

May 2018 - It is on the sidelines of this conference that Jean-François Clocheau creates the new version of DAGTVA <sup>(21)</sup>, (finalised version in 2019 in the context of Brexit), which no longer modifies interbank transactions and SEPA payments. It allows the transmission of all NET and VAT included in the payment. This disposition renders the new technical device immediately usable in the internationalised banking system. As a result, there is only one tax process for companies subject to VAT and ultimate consumers. The quality of this clause makes it possible to protect the poorest in front of an increasingly disruptive economy <sup>(22)</sup> by offering them the same opportunities as businesses (partly explained below).

From June 2017 to June 2018, Jean-François Clocheau contributes to the HMRC on the modernisation of the indirect taxation in United Kingdom by participating and proposing, in call for evidences: alternatives in the fight against fraud, the levying of indirect taxes and on split payment. His studies and proposals have supported the implementation of "Making Digital Tax" <sup>(21)</sup> applied in UK since April 2019, with a digital declarative system for the invoices as it was described in DAGTVA in 2012, creating the third internationalised system of tax returns after India and Gulf Cooperation Council <sup>(16)</sup>.

June 2018 - With the characteristics of this new version of DAGTVA, Jean-François Clocheau proposes a solution adapted to the exceptional circumstances of Brexit where DAGTVA automatically moves the customs controls at the level of invoice' creations <sup>(18)</sup>.

The quality of this possibility is to make obsolete any land borders which are for many defined by the indirect taxation with the associated customs duties.

Since the decision of the United Kingdom to leave the European Union in June 2016, Jean-François Clocheau has focused on showing the future of VAT in the context of Brexit which, with DAGTVA can lead to have in Europe 27 a single market more efficient than the current European single market. In this context he has focused his efforts on the problem of peace in Ireland by showing that DAGTVA moves the land borders onto the invoices <sup>(18)</sup> and, in this situation, that it then becomes unnecessary to renegotiate the "Agreement" <sup>(23)</sup>, "Good Friday accord" signed <sup>(24)</sup> in Belfast in 1998, ending thirty years of fratricidal war.

DAGTVA removes the possible boundary, the master point of contention, between the two Ireland by maintaining peace <sup>(18)</sup> on the island, without altering transactions in interstate goods and services. This proposition has been effective recently the 20 May 2020.

October 2018 - In Stockholm during the International VAT Association's fall conference, - Mrs. Michaela Merz <sup>(25)</sup> of PwC Switzerland presents the use of digital tax returns of invoices in the World, as they have were described in DAGTVA in 2012, showing the particularly rapid application of digital declarative billing systems in just seven years.

Mr. Patrick Ngabonziza-Gordon <sup>(26)</sup> explains, as for him, the split payment which separates the NET amount from the purchase, of the taxes which are applied. This is the second key element of DAGTVA, with a different splitting used with MobiVat in Rwanda and soon in many countries.

His work on UK taxation is rewarded with a nomination to the British Accountancy Awards <sup>(27)</sup> in June 2019 under the item "Innovation and Transformation of the Year - Accountants in Industry".

At the same time, following a *de facto* technical validation of his work by members of the *International VAT Association*, the work by Jean-François Clocheau receives two university validations and DAGTVA is widely accepted as one of the only credible alternative to fight against VAT fraud and bring the tax certainty that all states expect, as explained by Dr. Damien Falco <sup>(28)</sup> Professor of Tax Law at the University of Toulouse in his thesis: "La Fraude à la TVA" (The VAT Fraud) which received the Prize of Theses 2018 official French editions DALLOZ <sup>(29)</sup> which publish the: Civil Code, Labor Code, Commercial Code, Penal Code, Labor Law, etc. For the same thesis, Dr. Damien Falco also received in Paris the 2019 Thesis Award from the French Court of Auditors <sup>(30)</sup> for the same book where he highlights the DAGTVA tax system as a solution for the future.

The work on taxation by Jean-François Clocheau is registered <sup>(39)</sup> on the French Ministry of Higher Education to explore the world of French Research and Innovation.

Following his work on the taxation applied for the United States in 2017 <sup>(18)</sup> and a decision of the US Supreme Court in June 2018 <sup>(31)</sup>, Jean-François Clocheau shows with this latest decision leads and the new IT technologies, the creation of a Global Single Market, comparable we seen in the current Europe but with a simpler and more efficient working. This new Global Single Market <sup>(32)</sup> would fit perfectly with the exceptional situation of Brexit, which served as a technical support for its development.

May 2019 - Like the process DAGTVA shows; during a meeting in the French Senate on May 29, on the fight against cross-border VAT fraud, the Minister of Action and Public Accounts, Gérald Darmanin, set out the possibility of making mandatory the electronic billing in the relations between VAT taxable persons.

This announcement was endorsed by the Government in the Finance Draft Legislation for 2020, which provides, in Article 56, that "invoices for transactions involving value added tax shall be issued in electronic form and the data therein appearing to the administration for their exploitation for the purposes, in particular, of modernising the collection and control procedures of the Value Added Tax".

The mandatory of electronic billing will soon effective in: Bolivia, Egypt, Portugal, Serbia and Uzbekistan.

June 2019 - Jean-François Clocheau makes available on Internet all the study about the Global Single Market and proposes the project to the OECD which was entrusted at the G20 in Fukuoka<sup>(33)</sup> to find a consensual solution on digital taxation.

June 2019 - DAGTVA it is also the levy of taxes by the tax authorities, but not for the online sales platforms or intermediaries of digital payment<sup>(34)</sup>.

With DAGTVA the sale taxes are directly levied by order the tax authorities. Other decisions are already decided or being implemented for: Vietnam, Colombia, Argentina, Mexico, Nigeria and Thailand. Otherwise, the majority US states, the European Union and countries such as New Zealand, India and Malaysia have adopted or are considering passing laws requiring online market platforms, and not payment providers, to enforce their tax obligations - Solution recommended by the OECD but not retained by the DAGTVA solution.

June 2019 - The French Finance Draft Legislation for 2020, which provides, in Article 56, the French government is considering using banks to collect VAT<sup>(35)</sup>. Gérald Darmanin, Minister of Action and Public Accounts, will commission the General Inspectorate of Finance to study the implementation of a "split VAT"(in fact the payment would be splitted and the VAT extracted). For banks, such a project could potentially lead them to collect this tax at the time of payment transactions as described in DAGTVA in 2012 and shown by Jean-François Clocheau in Paris at PwC in June 2016 and at each international conference.

October 2019 - In order to fight tax evasion, the Italian government has announced that it plans to reimburse, in the form of a price reduction, part of the purchases that would be paid by digital means. This refund would be at the end of the month or quarterly. This is what advocates by the DAGTVA process in the fight against poverty and that was presented during the OECD WP9 in 2016 to return sale taxes to persons who have weak revenues.

May 2020 - The proposal exposed in June 2018 to suppress the land border in Ireland by Jean-François Clocheau and later in these articles<sup>(36)</sup> has been effective the 20 May 2020, it was presented by Chancellor of the Duchy of Lancaster, Michael Gove, who has made a statement in the House of Commons on the UK's approach to the Northern Ireland Protocol<sup>(37)</sup> in the 'Protocol'<sup>(38)</sup>, where controls are made by new electronic import declaration requirements or electronic processes streamlined and, with this, to move the borders on the invoices or statements and may be preserving the peace in the island.

August 2020 – After more one year of research, Jean-François Clocheau published<sup>(40)</sup> on Internet a solution in accordance of the request by G20 to OECD, decided at the G20 meeting in Osaka in June 2019, to find a consensual tax system that can be applied over the World in 2021 but with not to take exactly the same way advocated by OECD in global taxation.

October 2019 – His work is also in compliance with the aims of European Commission and United Nations in these domains and after information at destination the President of European Commission, the DAGTVA system is in study by the [EUROPEAN COMMISSION DIRECTORATE-GENERAL - TAXATION AND CUSTOMS UNION - Indirect Taxation and Tax administration - Value added tax](#). This solution also improves by only one solution the different applications of the “Wayfair Sale Tax” in United States.

October 2020 – I am proud to announce that DAGTVA is nominated for the second time, after 2019, at the final shortlist in the '*Digital transformation award category in the 2020 Accountancy Age Resilience awards*' in London at the British Accountancy Awards 2020<sup>(41)</sup>! In the role of digital accounting in businesses which involve the process of return sale taxes in market States, in the context of the research of a global tax solution requested by the G20 to OECD.

November 2020 – The French National Assembly after article 46 adopts the amendment N °: II-3211 which establishes in its article 1 the generalization of the use of electronic invoicing in France from 2023 as described in the DAGTVA patent published by the National Institute of Industrial Property<sup>(42)</sup> on November 2013 in its Official Bulletin n °: 46 ref n ° 2990544.

\* \* \* \* Miscellaneous \* \* \* \*

In addition of this saga, the technical device DAGTVA has other advantages among those already mentioned and which are:

- To allow the obligatory access to the banking system of the billion people in the World who do not have access to it today and to prohibit that they are excluded from it,
- To eliminate the difference in tax treatment between a company liable to VAT and an ultimate consumer with the major consequence of allowing the poorest to be tax-exempt, like businesses, of their consumption taxes and to add this refund to the allowances paid by States with a beneficial effect on their consumption to leave poverty.
- This previous advantage transforms, where appropriate, the end consumer into an individual company. It would protect workers in an increasingly disruptive economy and business models like “UBER”, by offering them the same social protections as corporate employees.
- With DAGTVA and the probable disappearance of cash, it is impossible to pay the clandestine work without the tax authorities being informed. In this context without DAGTVA it would be the risk to see the possibility of new modern slaves.

## Conclusion

France in 2020 and Europe in 2021 are on the point, after India, GCC, United Kingdom, to apply the declarative part of the DAGTVA tax system and other States the second part, the split payment. The fact that he made his work available to everyone on the Internet, Jean-François Clocheau has promoted the spreading of his DAGTVA tax system that are now applied in many States and probably soon worldwide. It was the main goal but these researches, by an amazing serendipity, the DAGTVA system also showed that one could completely change the fiscal paradigm by offering the States the tax certainty but also by offering security to workers in the ‘uberisation’ of the economy and the possibility to have in the next years the creation of a Global Single Market inside a Global Single Taxation.

\* \* \* \* Referential \* \* \* \*

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