

# How can fintech solutions help governments tackle fraud, error and debt?

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## PANELLISTS



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# **Harnessing technology and data to tackle fraud and error in UK Government grants**

**Ivana Gordon**

Head of Expert Service and C-19 Response -  
Government Grants Management Function

# Fraud, error and debt a real challenge for government

Despite progress, systematic weaknesses in the detection and prevention of fraud and error and management of debt, exacerbated by C-19, is exposing UK Government to:



Significant fraud and error - fraud losses relating to C-19 are estimated to be in excess of £5bn - £18bn in FY20/21



Policy outcomes are not maximised and Value for Money targets missed



Increasing levels of overdue government debt - C-19 has seen levels rise by c.125%



Reputational risk - lack of cross government co-ordination and ineffective use of data and technology



Government grants  
faces its own  
challenges – better  
use of data and  
technology offers a  
solution...

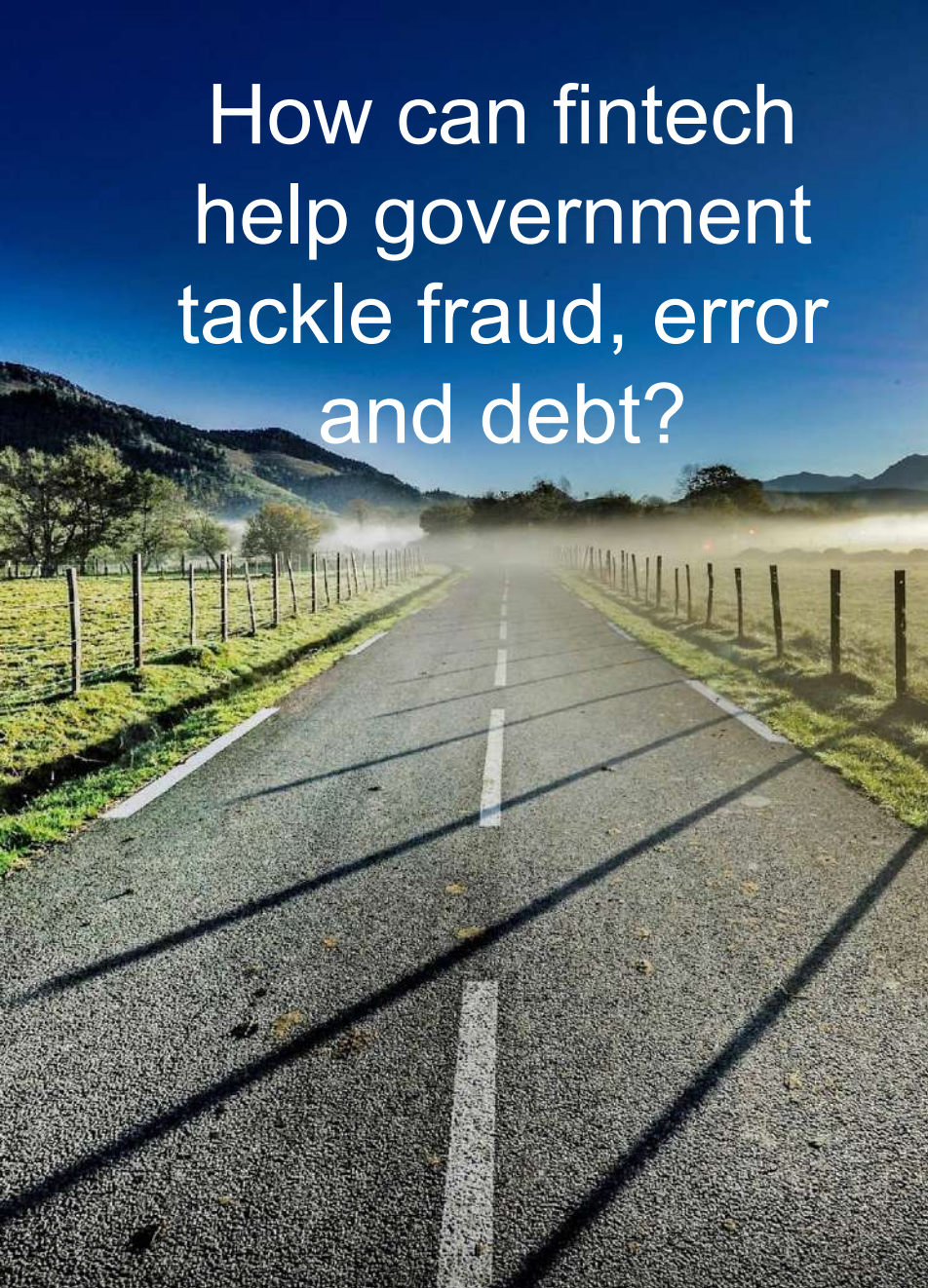
**Grants are a vital tool for UK Government**, representing c.13% of all government spending, to delivery critical policy objectives.

The importance of grants as a policy lever has never been clearer than during **C-19**, with General Grants **spend increasing by over 400%**.

Despite the scale of spend, systematic **weaknesses persist in relation to technology and data in the delivery of grants.**

#### **Our response to date:**

- Set clear **data standards**
- Build **digital platforms at the centre** where it makes sense
- Initial focus on detection – **developed a due diligence tool, Spotlight**, to enable data led decision making - processing over £22bn of applications to date
- **Partner** across government and the private sector to accelerate progress



How can fintech  
help government  
tackle fraud, error  
and debt?

Solve the now...  
for the next...  
for the beyond...

- **Detect:** solving today's issues while considering the future
- **Prevent:** asking what is coming next and preventing risks proactively
- **Predict:** looking beyond for fresh ideas



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TAX AND CUSTOMS BOARD



# Estonia – Finland

## Real time exchange of information

Global Government Forum webinar; How can fintech solutions help governments tackle fraud, error and debt?

16.11.2021

Juha Kuusala



# Background





Finland and Estonia, as being neighboring countries, do have lively business connections. In good. Sometimes in bad...



# Digital cooperation between Estonia and Finland



- ✓ The Prime Minister of Estonia and the Prime Minister of Finland agreed on 10, May 2016 on an [initial roadmap for Cross-Border Data Exchange and Digital Services](#) between countries
  - ✓ Trade Register
  - ✓ Population registry data
  - ✓ Tax information
  - ✓ Digital prescriptions



# Objectives





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# New environment. New needs. New challenges

- ✓ **Globalization:** Individuals and enterprises act cross-border, while tax administrations are bound by country borders and can only act within own borders.
- ✓ **Digitalization:** Individuals and companies act in real time, while tax administrations access to information from abroad is mainly retrospective.
- ✓ **Tax Payer Service:** Taxpayers expect modern digital service solutions. Minimize administrative burden for tax payers and tax administrations.
- ✓ **Tax Base:** Ensure tax base in Estonia and Finland, also by preventing and reducing non-compliant activities

# Objective



Real time access for Estonian's and Finland's tax administrations to pre-defined information held in each other's databases

- ✓ Real time = really real time; the response to the data request is received in 2-4 seconds after "pushing the button"
- ✓ In "old days" we used conventional way of requesting tax data which took several days, sometimes even longer
- ✓ Notice: no common IT architecture in cooperative countries needed



# Scope and services



# Services



- ✓ 12/2000 Finland request; tax debt information from Estonia
- ✓ 06/2021 Estonia request; information on salary received from Finland
- ✓ 06/2021 Finland request; information on Estonian VAT returns
- ✓ 11/2021 Estonia request, information on salary paid by Finnish employer
- ✓ 11/2021 Finland request, information on salary paid by Estonian employer
- ✓ Future services will be decided soon



# Benefits





# Benefits: Compliance and Anti-Fraud

- ✓ Anti-Fraud analysis; enables faster and more complete detection
- ✓ To support tax controls/investigations with real time data
- ✓ To support more effective registration and recovery
- ✓ To ensure tax base, by minimizing tax losses
- ✓ Just name them...





# Legal basis for the exchanges





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# Legal basis for the exchanges

- ✓ Legal Base; the Convention on Mutual Administrative Assistance in Tax Matters (OECD)
  - One legal base cover all types of exchanges; Direct Taxation, VAT and recovery
  
- ✓ Competent Authority Agreement extending the scope
  - Special features
    - Exhaustiveness
    - Use for other purposes

# Example on national implementation; User interface - FI VAT response

For Official Use Only



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VAT Registration Response Filter

VAT Number	From	Date To
EE102 [REDACTED]	24.08.2020	

<- Shows response from EE (can have multiple rows in case history information)

Year	Month	Filed	VAT rate 20% (1)	VAT rate 9% (2)	VAT rate 0%, tota	Intra Community :	Intra Community :	Exportation of go	Sales to pas
2020	3	<input type="checkbox"/>	0,00	0,00	0,00	0,00	0,00	0,00	0,00
2020	4	<input type="checkbox"/>	0,00	0,00	0,00	0,00	0,00	0,00	0,00
2020	5	<input type="checkbox"/>	0,00	0,00	0,00	0,00	0,00	0,00	0,00
2020	6	<input type="checkbox"/>	0,00	0,00	0,00	0,00	0,00	0,00	0,00
2020	7	<input type="checkbox"/>	0,00	0,00	0,00	0,00	0,00	0,00	0,00
2020	8	<input checked="" type="checkbox"/>	0,00	0,00	0,00	0,00	0,00	0,00	0,00
2020	9	<input checked="" type="checkbox"/>	10 800,00	0,00	11 016,00	0,00	0,00	11 016,00	
2020	10	<input checked="" type="checkbox"/>	0,00	0,00	0,00	0,00	0,00	0,00	0,00

Box is "checked" = Information has been reported

Corresponding fields (1, 2, etc) are found from EE VAT return (helps officer in FI to determine, what has been reported)



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Thank you for your kind attention

Please remember: is there is a will, there is a way...

Juha Kuusala

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Finland

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