

Innovative Revenue Collection Practices in South European Countries and the Case of Hellenic Independent Authority for Public Revenue

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ABSTRACT

Developed country governments have sought ways to offer a better service and some of them have already turned to a form of semi-autonomous service in order to achieve improvements in tax collection, better service to taxpayers and businesses, as well as more flexible human resource management options. The South European countries have faced the most severe consequences from the recent economic crisis. Therefore, the need for reformation has been highlighted as imperative in these cases. These reformations were designed in order to emend previous pathologies, aiming to intensify efficiently the collection of public revenues and reduce operating costs. Nevertheless, the outcome of these restructures appears to offer a significant service to the citizens and facilitates conduction of business.

KEYWORDS

Business Efficiency, Economic Crisis, Independent Revenue Authorities, Tax Revenues

INTRODUCTION

Tax models during recent history can largely be interpreted under the prism of administrative considerations regarding the ability to locate and collect the taxable material. The economic environment evolved from a primitive system which covered basic human needs to a more complicated mechanism with countless variables and functions. The complexity of the tax network as well as

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the evolution of the structures designed for their collection were also moving towards an innovating direction. The evolutionary trend of tax recovery systems is progressively expanding and continues to intensify to an extent that, a research attempting to examine the current situation risks to become out of date in a very short time. For this reason, the examination of current data is linked to the historical path followed up to nowadays. Therefore, this research attempts to gain as much as possible deeper understanding of modern structures, to highlight any pathogens and to make predictions about how they could react in the near future. In addition, an attempt is being made to understand whether the independence of tax authorities arises as a mean to facilitate the operation of businesses and avoid political interference and bureaucracy, while at the same time to operate digital mechanisms for optimal interaction with the Central Administration. This examination can be considered important for two main reasons. The first one is the fact that the existing literature generally focuses on the evolution of taxes, without focusing on the parallel reshaping of the mechanisms required for their collection. The second reason is the need to highlight the individual factors that led to the independence of Greek tax authorities, under the pressure of the intense events triggered by the outbreak of the recent economic crisis. The tax collection mechanisms relating to the organizational structure, the responsibilities, and the degree of independence of the departments responsible for the collection of public revenues around the world are of special interest (Katsampoxakis, 2021). An extensive analysis of these data provides the information needed to highlight the diversity of the structures that have been developed, as well as the undeniable trend towards the independence of these services (McNabb & LeMay-Boucher, 2014; Mumford, 2017).

In 2013, a report published by the International Monetary Fund addressed that the restructuring of the Government's operation has been a constant topic of discussion since the 1980s, as governments made continuous efforts to provide services more efficiently and at a lower cost to citizens and businesses. In some cases, traditional Government Structures (e.g., an organized Government Ministry along hierarchical lines) were considered too rigid to respond rapidly to evolving public needs and to challenges shaped by modern society. The reforms have been described as "evolutionary and not revolutionary", while noticeably mentioned that Greece launched the largest sovereign debt restructuring in history. Although, the developmental tendency has been for the government to delegate power to organizations or appointed bodies acting on their behalf (IMF, 2013). Therefore, public revenue collection structures, could not be completely immune to this trend. Developed country governments have sought ways to offer a better service and some of them have already turned to a form of semi-autonomous service in order to achieve improvements in tax collection, better service to taxpayers and businesses as well as more flexible human resource management options (Jang & Eger, 2019). These reformations have resulted in the development of a variety of institutional arrangements for the management of tax structures whereas in some cases they include responsibility for collecting social contributions and customs administration (Heath, 2018).

It is evident that the tendency for the independence of public revenue collection services was widespread worldwide since 2007. Moreover, the countries of the European South presented a set of reformations concerning the structure of their services, with Portugal and Cyprus consolidating multiple directorates in a single directorate within the Ministry of Finance. While, Spain assigning the management of the semi-autonomous body to an administrative council, Italy creating a unified semi-autonomous institution, replacing the multiple directorates within the Ministry of Finance. Greece had to select the longest route in the race of independence, within the decade 2007 - 2017 going through from the multiple directorates within the Ministry of Finance to a unified semi-autonomous Institution named Independent Authority of Public Revenue (Karaman & Pamuk, 2013; Zamora-Kapoor & Collier, 2014; Gopinath, et. al., 2017; Mourre & Reut, 2019).

This practice reflects a broader tendency of creating a special, separate institution for the Tax Administration, which is charged with the collection of all taxes and sometimes the Customs Administration, exempting the Ministry of Finance from this administrative power, while at the same time having a wide range of autonomous forces, it is often described as an 'executive agency model'.

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