Summary for non-specialists
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# Improving tax governance in EU Member States: Criteria for successful policies

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An efficient and effective tax collection is a prerequisite for financing European welfare states. Tax administrations have to aim at collecting the full amount of taxes payable in accordance with the law. At the same time, they have to pay due attention to the costs of collecting taxes and the administrative costs businesses and individuals face when paying taxes in additional to the tax payment as such. Achieving higher revenues via higher compliance is certainly preferable to doing so via tax raising measures. Simple and stable tax systems help the tax administrations in their task to collect taxes.

It is clearly important for the tax administration to aim at and to achieve a high share of voluntary compliance among taxpayers. This allows the tax administration to concentrate the efforts on those taxpayers who try to evade taxes. The paper identifies among others the following elements that characterise efficient tax administrations:

- They implement an overall compliance strategy and focus audit efforts on the largest revenue risks.
- They distinguish between providing service to those who voluntarily pay their taxes and comply with the tax law and control measures for those who don't.
- They use information available from third parties (e.g. banks) comprehensively and provide pre-filled tax returns to taxpayers. The latter makes it easy to pay taxes and at the same time limits the taxpayers' ability to evade taxes.

The paper also looks into measures that have proven successful in the fight against the shadow economy. First of all, measures to improve the tax morale can play a key role. Moreover, tracking possibilities of electronic means of payment can prove very useful.