Global XML Standards for Tax Matters Will Benefit Developers

The Internet standards group OASIS has set up a technical committee to develop international XML specifications for taxation matters. This initiative should help developers add value to a wide range of applications.

Event: On 9 December 2002, the Organization for the Advancement of Structured Information Standards (OASIS) announced the Tax XML Technical Committee to develop standard vocabularies to cover corporate and personal taxation matters. OASIS said the committee would have the backing of tax authorities in Canada, Germany, the Netherlands, the United Kingdom and the United States as well as leading IT companies, including IBM, Oracle and SAP.

First Take: Many governments now accept tax filings submitted electronically using government-designed forms and templates. However, there are no standard definitions, formats and schemas that governments and businesses can use when creating, sending, receiving, maintaining, storing and retrieving data in documents relevant to the life cycle of a tax case. Any one of the tax authorities might have developed its own standards, but an international set will save duplicating work.

Tax XML standards will ultimately make enterprises more interested in extended tax and financial supply chains, supported by real-time tax information that can be called and managed in real-time government applications. Thus, all parties should benefit:

- Having standard definitions for taxation terms that apply across international communities and multiple languages should enable software vendors to harmonize their offerings for many markets.

- Tax authorities should have more choice of packages.

- Intermediaries and tax professionals should be able to exchange tax-related data in a more coherent way.

- Taxation matters in multinational enterprises should become more amenable to computer processing both by enterprises and authorities.

The announcement of the technical committee on taxation comes shortly after the formation of a broader, e-Government Technical Committee within OASIS. This committee has the wide responsibility of identifying and organizing plans for new standards. Both committees show that governments have started to realize the potential for standards within the context of delivering Web services.

Governments, tax professionals, enterprises and others should watch developments in these committees. In particular, the work on tax specifications for XML will develop quickly in its early stages until different concepts in taxation have to be reconciled. But by the end of 2007, more than half the tax filings (by

revenue) in countries in the Organization for Economic Cooperation and Development will use Tax XML or other XML-based standards.

Analytical Sources: Charles Abrams and Andrea Di Maio, Gartner Research

Recommended Reading and Related Research

- "Good News for U.S. Taxpayers: IRS Signs Up Intermediaries" — The U.S. Internal Revenue Service has left the tasks of electronic filing of tax data to the private sector. **By Andrea Di Maio**

- "GAO Report on XML Adoption Challenges Breeds Confusion" — The U.S. government's General Accounting Office identified some challenges in adopting XML. But it incorrectly identified reasons and remedies, so Gartner has developed an alternative view. **By Rita Knox**

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