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Real-time taxation via decentralised ledger technologies

A practical reimagining of taxation workflows for secure and compliant administration

Belastingdienst

real-time taxation   bookkeeping

In our increasingly digital society, the way we exchange information is constantly evolving. New payment and cloud services are growing rapidly, and existing solution providers are innovating with new technologies. The need for the Netherlands Tax Administration to evolve with the market grows every week.

The Tax Administration's vision is to create a future in which tax assessment and collection is performed automatically and in real-time. Citizens and entrepreneurs would therefore be completely unburdened and always know where they stand fiscally.

- No more need for businesses and entrepreneurs to spend precious hours on tax calculations and payments.
- No more need for individuals to have to pay back large sums of money a year and a half later due to errors in the tax return.
- And no more need for tax authorities to have to employ expensive staff to check returns.

In that future, which could be nearer than it might seem, we also envision collected taxes going directly to the public agencies that use the money. Furthermore, this automatic and real-time taxation would save precious hours for the Administration's staff, leading to a more efficient use of public funds.

In short, real-time levying and collection unburdens both citizens and businesses while also increasing compliance and trust in government. Additionally, this also helps cope with the Tax Administration's growing staff shortage without compromising the services being offered – a real gamechanger!
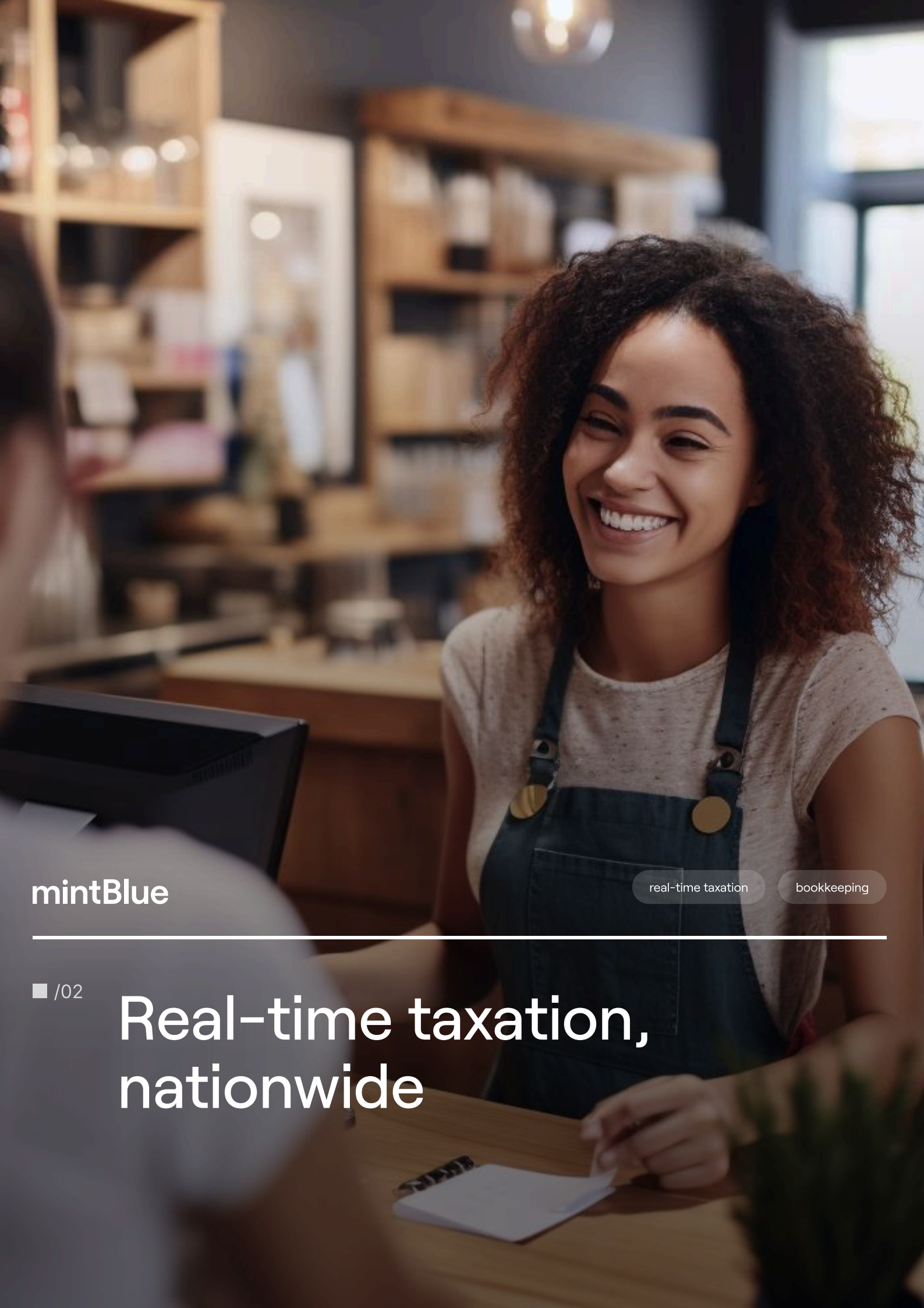
Niels van den Bergh

CEO mintBlue

The views expressed in this report are at the account of mintBlue and are part of an ongoing exploration of the substantive items covered herein.

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Simplified taxation in a smarter, greener ecosystem

Real-time taxation, nationwide

The Netherlands Tax Administration strives to relieve businesses of administrative burden.

The Netherlands Tax Administration has the enormous task to process and audit tax reports by all businesses, individuals, and entrepreneurs throughout the entire country of the Netherlands. The classic method of quarterly tax filing makes it a challenge for both the authorities to maintain control, as well as for business owners to have to process three months worth of transactions in a single go.

Powered by mintBlue, the Tax Administration is experimenting with implementing a plugin that connects bookkeeping systems and POS devices to an encrypted distributed ledger. This enables business owners to share transactions in real-time, making tax reports as effortless as possible.

At the highest level of compliance

mintBlue's UTXO-based approach to decentralised ledger technologies is the only way the scale of transactions throughout the Netherlands can be sufficiently handled. Not only that, but it also enables real-time taxation with the highest level of resilience, security, and compliance.

Decentralised, peer-to-peer, encrypted

The Tax Administration wants to avoid the risks associated with having all financial transactions stored in one centralised database. Transparency and maintaining trust are key however, which is why business owners stay in full control of their data.

Foundations that are future-proofed

The mintBlue solution enables the Tax Administration to significantly increase efficiency. The audit trail gives the authorities immediate insights into transactions and transaction data, while simultaneously tracking unauthorised access or data leaks.

Benefits of decentralised ledger technologies for taxation

Integrating decentralised ledger technologies into real-time taxation systems represents a transformative leap forward. It brings several key advantages, each contributing to a more efficient, transparent, and reliable taxation process.

Enhanced security

Decentralised technologies ensure secure, tamper-proof transaction records, which are crucial for the accuracy and integrity of financial data in taxation.
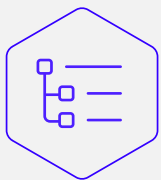
Streamlined processes

Automation capabilities in decentralised ledger technologies reduce manual data entry and calculation errors, leading to more precise tax records and consistent compliance.
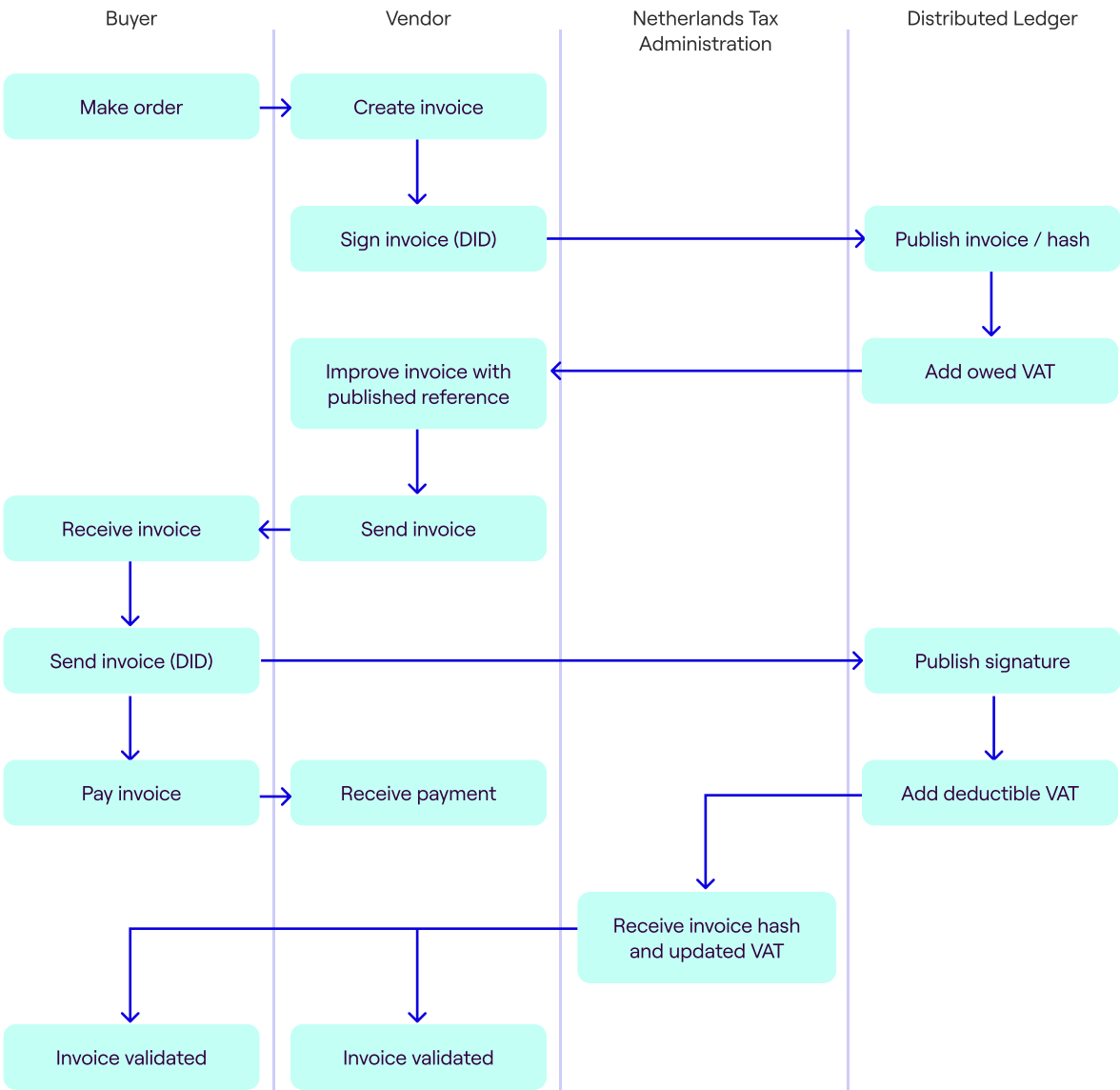
Real-time data access

Immediate access to financial and tax data enables timely decision-making and compliance, reducing the risk of penalties associated with delayed reporting.

Programmable agreements

Compliance by design: Programmable agreements, often called smart contracts, automatically execute a predefined action or set of actions once certain conditions are met. This allows for audits and compliance checks that avoid disclosing sensitive information.

Real-time taxation with automated VAT calculation

In Phase 1 of the proposed real-time taxation workflow, basic information is exchanged between all stakeholders, with each party only having access to the data relevant for them. In Phase 2, as depicted by the above diagram, automated VAT calculation is added to the workflow. In Phase 3, VAT is automatically processed, for example, by means of a Central Bank Digital Currency (CBDC) such as the digital euro.

While this case study explores a real-time taxation system for the Netherlands, the underlying workflow can be easily adapted to different national or regional taxation systems. The technology could support a worldwide rollout, allowing for streamlined and interoperable taxation on a global scale.

Your solution, your way

Build your technical foundation with mintBlue

mintBlue's SDK makes decentralised ledger technologies easy to customise, implement, and monitor — a tailor-made solution for your use case, all managed on a single, simple dashboard.
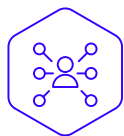
Discover your benefits

The safest way to handle data

Eliminate fraud and data breaches with decentralised storage and identity authentication.
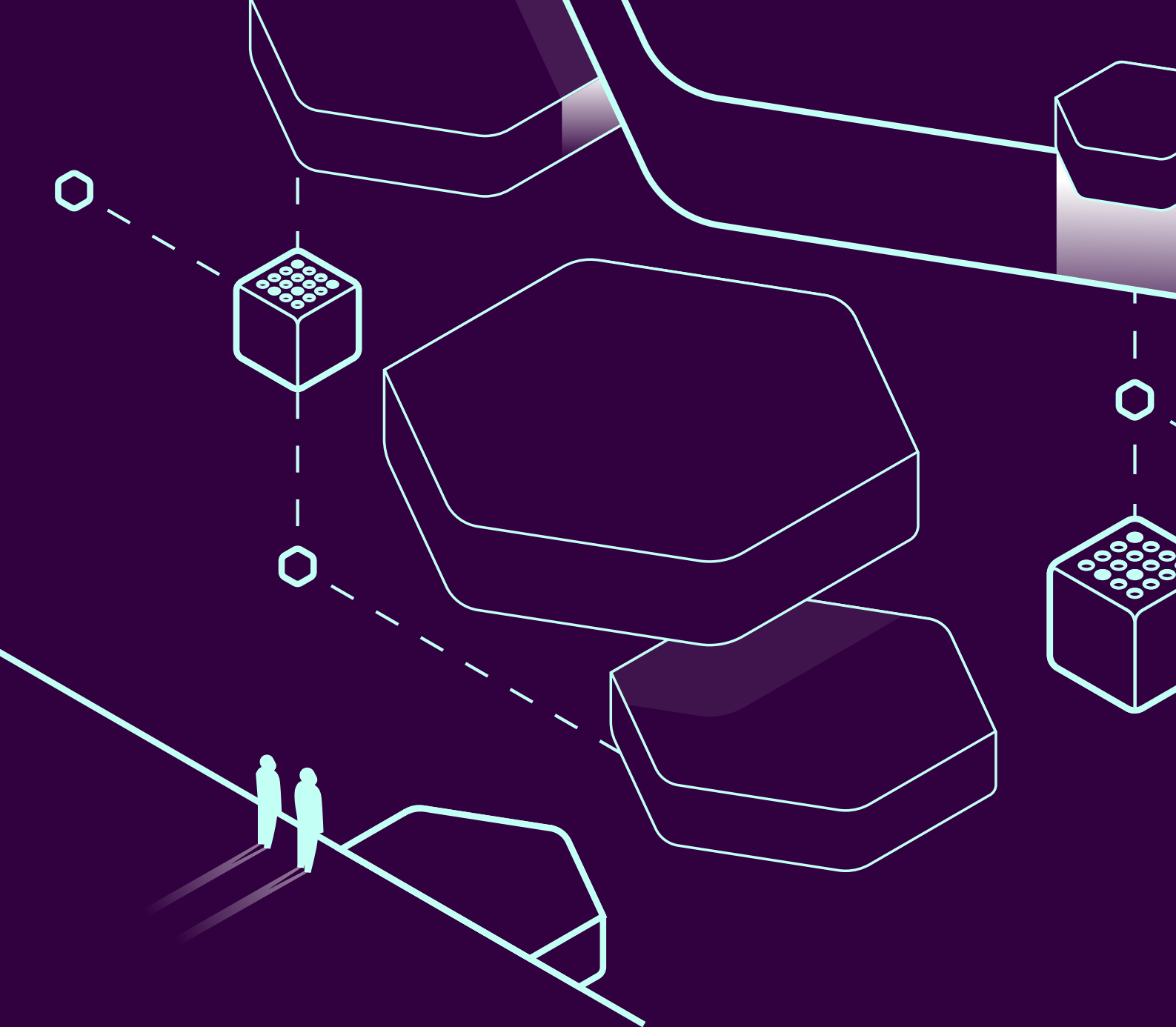
Future-proofed data governance

Stay ahead of evolving data regulations and consumer expectations regarding privacy and data portability.

Endless opportunities

Power worldwide transactions at the highest speed with the lowest cost, all while making minimal carbon impact.

Data retrieved

899 MB

During year 2024

mintBlue

Dashboard

Dashboard

Calculator

Documentation

Metrics

Data | Requests | Fees

3.4 GB

Data published in 2024
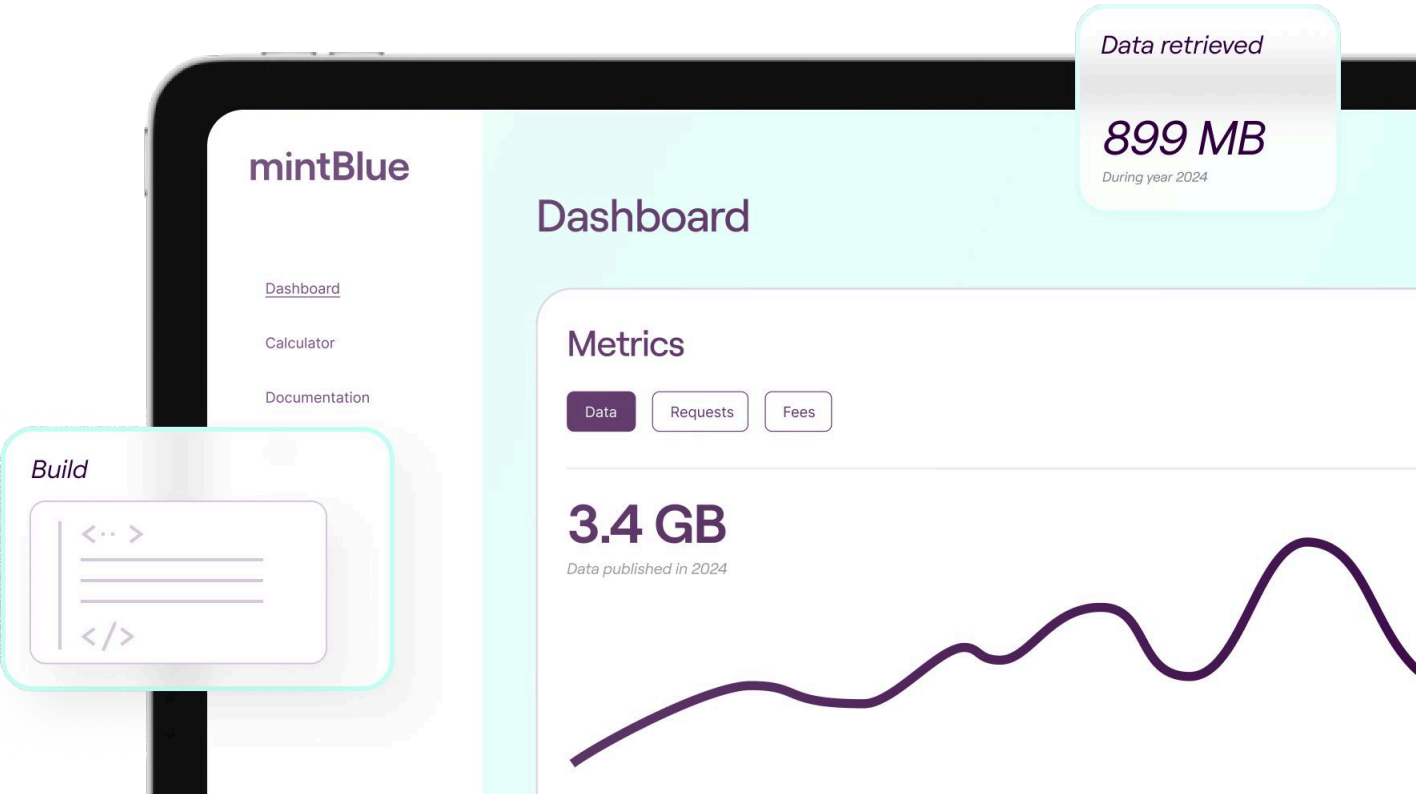
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Ready to upgrade taxation for the 21st century?

Our team of experts is here to explore the possibilities with you.

Learn more at mintblue.com

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