



Factsheets on Existing Tools to Address Undeclared Work

Title of the tool in English (Title in original language)	Redditometro online tool
Country / geographical coverage	Italy
Type of tool	Online tool: Electronic system, Register, Database, Service
Scope of the tool	Nationwide tool
Short description	
<ul style="list-style-type: none">• Key objectives and intended use (content, membership, topic coverage)	<p>Redditometro (Income Meter) is a software tools, aimed at improving tax compliance and tax collection in Italy, introduced after 2009. The Redditometro, is a risk assessment tool for guiding the inspections of the Agenzia delle Entrate (Italian Revenue Agency) which juxtaposes households' tax returns to predefined consumption group models, based on data of the actual spending patterns of the Italian households.</p>
<ul style="list-style-type: none">• How the tool operates in practice - key practical takeaways for other Platform members	<p>The Redditometro is based on the use of specific income assessment elements, not only actual but also figurative, which are considered to be indicative of a person's contribution capacity and are identified by special ministerial decree. The Redditometro is one of the tools used by the Italian tax authorities to assess the risk of tax evasion and to guide their inspection work. Synthetic income, estimated by the tool, must be higher than the one declared, by at least 1/5, or 20% (the so-called income threshold) to trigger further inspection. The starting point to check the deviation is the declared income.</p> <p>The tool juxtaposes data from households' income declarations, purchases of certain goods, and pre-defined standard of living household groups to assess whether a household is likely to have evaded taxes by declaring lower income. The household expenditures are controlled through data available in the tax register on purchases of large-scale items and the average expenditure for this type of family unit. If the identified discrepancy is too high, this triggers a financial inspection. The controlled items of expenditure include larger items, like houses, cars, and investments but also any kind of expenditure, which defines the lifestyle of the whole family involved such as clothes, beverages, groceries, power consumptions, health costs, entertainment, education, insurance, and major expenses of various kinds such as</p>

	<p>art, gifts, jewellery and other valuables. The items have to be matched with the whole family income.</p> <p>Taxpayers can always prove, even before the notice of assessment is delivered to them, that the highest determined or determinable income is in whole or in part constituted by income other than those received during the taxable period.</p> <p>This tool has been strongly used in the first years of implementation but since 2015 the investigations have declined to only 2812 (compared to 37 191 in 2012). Indeed, the Redditometro is deemed costly and lengthy, not least due to the safeguards that need to be offered to the compliant taxpayers. In the last years, the Italian Revenue Agency has introduced new strategies to discover tax evasion, less invasive for the taxpayers' privacy, and based on automated verifications. In particular, the recent controls are based on an analytical assessment that takes into account both corporate and individual income.</p>
Background	
<ul style="list-style-type: none"> • Authorities/bodies/organisations involved in its elaboration 	Agenzia delle Entrate (Revenue Agency)
<ul style="list-style-type: none"> • Targeted groups or institutions 	Legal and natural persons
<ul style="list-style-type: none"> • Start date and duration 	Redditometro - 2010, ongoing
<ul style="list-style-type: none"> • Short assessment of transferability potential in the EU 	A highly transferable practice, which however requires highly sophisticated statistical modelling as well as privacy protection laws. The aim of Redditometro is to tackle tax evasion, and thus indirectly it can lead to uncovering undeclared worker.
Sources (provide links if available online)	<p>http://www.ilsole24ore.com/art/norme-e-tributi/2017-07-06/il-fisco-dice-addio-redditometro-pochi-controlli-e-incassi-210850.shtml?uuid=AEb1d3sB</p> <p>https://it.wikipedia.org/wiki/Redditometro</p> <p>http://www.nytimes.com/2013/01/28/world/europe/italy-s-new-tool-for-tax-cheats-the-redditometro.html</p> <p>http://firstonline.info/News/2017/07/07/redditometro-addio-il-fisco-lo-abbandona/MzFfMjAxNy0wNy0wN19GT0w</p>
Metadata and key words for online search	Italy, online tool; inspection risk assessment, voluntary compliance, big data modelling.