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The Dutch alliance on data and tax on wages

The financial and data lifeline in the Netherlands for work and income

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Preface

The Dutch alliance on data and tax on wages is the financial and data lifeline in the Netherlands for work and income, and fulfils a vital financial, economic and social role. It is one of the largest information alliances of the government. A whopping 156 billion Euros (2017) in tax and contributions revenue is generated from payroll tax forms submitted by employers, benefits agencies and pension insurers, representing 60% of all tax revenue. Over 20 billion pieces of data are directed to hundreds of users per annum. Cooperation between the IRS, Statistics Netherlands (CBS) and the Social Security Agency (SSA) is based on the concept of: one request for data to serve many purposes.

Benefits, allowances and many other income-dependent schemes are determined based on data from the Dutch alliance on data and tax on wages. The CBS's analysis of the macro-economic situation of the Netherlands is also in part based on these data. Citizens can use prefilled data when filling their income tax return and during the electronic intake or income calculation when applying for unemployment benefit. Thus, the Dutch alliance on data and tax on wages simplifies things for Dutch citizens, entrepreneurs and executive organisations in their dealings with the government.

"The Dutch alliance on data and tax on wages provides the unique opportunity to enable the users of our data, both government and semi-government organisations, to make things easier for citizens", says José Lazeroms, member of the board of the SSA, Z-card loonaangifteketen.nl, September 2014

The SSA, the IRS and the CBS have worked in close cooperation with withholding agents, payroll administrators, software developers, fiscal service providers, users and scientific institutes to develop the Dutch alliance on data and tax on wages these past years. They were initially supported by external regulators, such as PBLQ (formerly known as The Centre of Expertise (HEC)) and the Work and Income Inspectorate (IWI).

The Dutch alliance on data and tax on wages serves a great purpose and in this past decade has developed from a stagnating to an operational information alliance and finally into an ecosystem, in which more parties cooperate than initially planned. With this publication, we wish to bring the Dutch alliance on data and tax on wages and our lessons learned to the attention of a wider audience. We have learned a lot these past years. In 2017, the Dutch alliance on data and tax on wages even received a prestigious international award for being a shining example in the area of supra-organisational cooperation in the public sector. Not a single large organisation has a certain future without cooperation in alliances and networks. This is why we want to share our experiences with you.

Quote Maria Olson van Netapp: "You have a duty to understand your true potential. If you don't, you are cheating yourself and stealing from the world."

Diantha Croese

Key alliance manager

The Dutch alliance on data and tax on wages

Patty Heemskerk

Director

PBLQ

Reading guide

In the first chapter, you will get acquainted with the Dutch alliance on data and tax on wages. Chapter 2 describes the origins and complexity of the alliance, the problems encountered at the start and the integral problem analysis which gave rise to achieving a fully operational alliance. Chapter 3 focuses on the phased approach taken in the improvement process and on the division of responsibility and the reporting line. Chapter 4 describes the improvements achieved in alliance cooperation and alliance management. Chapter 5 provides insight into the developments in the area of data quality. Chapter 6 explicates the alliance's development from an alliance into an ecosystem. The final chapter sketches several scenarios of the alliance. An additional feature consists of two interviews with representatives of the software developers and employers.

Chapter 1

An introduction to the Dutch alliance on data and tax on wages

In this chapter, you will get acquainted with the Dutch alliance on data and tax on wages: what exactly is the Dutch alliance on data and tax on wages, what is its purpose and which parties are involved?

"The Dutch alliance on data and tax on wages is the Netherlands' best kept secret," says Peter Veld, former director-general of the IRS.

What is the Dutch alliance on data and tax on wages?

Without realising it, everybody in the Netherlands comes into contact with the Dutch alliance on data and tax on wages on a near-daily basis. The alliance is a set of public and private organisations, which exchange a multitude of information and data, so that the parties can carry out their work efficiently, assisting citizens without placing unnecessary burdens on them.

The heart of the Dutch alliance on data and tax on wages is applying the principle of 'one request for data to serve many purposes'. The withholding agents (employers, benefits agencies and pension funds) periodically file PAYE tax returns and employee insurance contributions via the IRS desk. The SSA receives the nominative PAYE tax return details (data on individual citizens) from the IRS, enters them in the employment history and benefit entitlement database and is the point of contact for making the data available to users.

Thanks to the 'one request for data to serve many purposes' policy, employers no longer have to submit the same information to different government bodies. Organisations tasked with carrying out statutory tasks now have one source with information required for the execution of their tasks, instead of first having to request them from citizens or employers. Statistics Netherlands, for instance, has stopped conducting periodic surveys of all employers into wages and working hours, while the SSA no longer requests information from employers to determine daily wages and the IRS have started using data from the employment history and benefit entitlement database for the pre-completed income levy tax return form. The Dutch alliance on data and tax on wages thus contributes to ease of use for citizens and to the aim of reducing the administrative burden and administration costs.

As alliance owners, the IRS and the SSA share responsibility for the logistical process in the Dutch alliance on data and tax on wages. The IRS, the SSA and Statistics Netherlands are the co-owners of the data set. From its expertise, Statistics Netherlands plays a role - together with the other owners - in the area of data quality and open data.

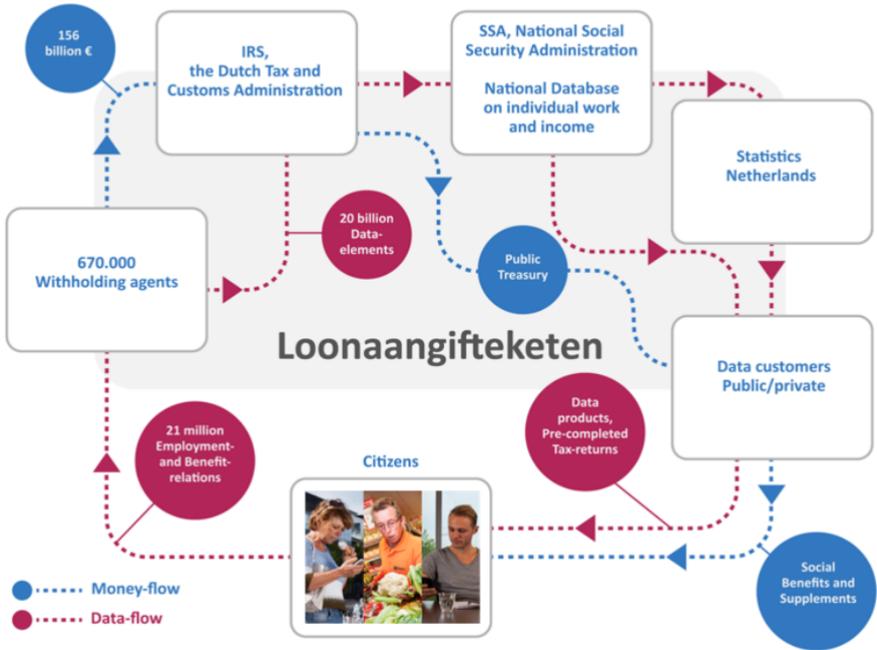


Figure 1: Diagram of the Dutch alliance on data and tax on wages

The Dutch alliance on data and tax on wages in figures

In the Netherlands, over 670,000 withholding agents file more than eight million PAYE forms per year. With these forms, the withholding agents periodically submit data to the IRS on who they employ or to whom they pay out benefits. The forms also provide insight into the nature and amount of salary or benefit that has been paid out, and how much and which employed persons' insurance contributions and PAYE tax must be paid. But also, for example, data on the employment relationship, contributions discount schemes (as of 2018: allowances), tax rebates, paid hours and the division of employees into different risk premium groups.

The IRS forward the nominative data to the SSA, which culminates annually in the registration of over 20 billion pieces of data in the employment history and benefit entitlement database. The employment history and benefit entitlement database has since become a reliable and efficient database with a wealth of information. It contains up-to-date information on more than 12 million citizens pertaining to employment relationships and benefits.

Initially, the Dutch alliance on data and tax on wages was mainly geared towards serving the IRS, the SSA and Statistics Netherlands. However, as the alliance developed and the quality of the data in the employment history and benefit entitlement database grew

Accordingly, a great many other public and private organisations had an interest in having access to the data. In response, the interests of the other public and private organisations has been given more weight since 2014. As users of the data, they have been involved more, which means they have had some influence over the data set requested.

The diagram below gives an overview of the parties involved in the Dutch alliance on data and tax on wages. The various ministries, and their subordinate executive organisations, have an interest in data from the Dutch alliance on data and tax on wages being made available for the tasks they are encumbered with. This also applies to the area of enforcement and control. It is no longer the case that only the IRS, the SSA and Statistics Netherlands make use of the data.

The SSA receives around two million times online requests for data on current employment relationships from public organisations per month. Citizens also request information online from the SSA, about their wages or employment history, so that they can send it to their mortgage lender when applying for a mortgage. Around 80,000 such requests are made by citizens per month.

Alliance Ecosystem

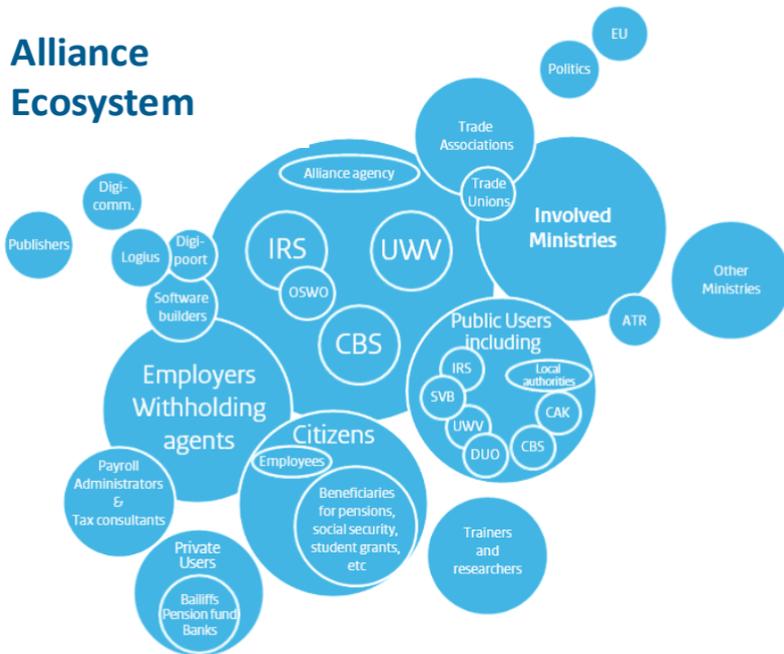


Figure 2: Diagram of parties in the Dutch alliance on data and tax on wages

Users of the Dutch alliance on data and tax on wages

Many public and private organisations have started to use the data collected by the Dutch alliance on data and tax on wages, and therefore stand to benefit from a properly functioning alliance. The alliance partners have created a database, 'Relevance of data', which clarifies regarding a number of users which data they use and for what purpose. Experience has shown that if withholding agents are aware of the relevance of the data, the quality of the data 'automatically' increases.

The 'owners' as users

The IRS, the SSA and Statistics Netherlands are the biggest users of the Dutch alliance on data and tax on wages. Statistics Netherlands uses data for their statistics on wages, economic cycles and the labour market. Data from the alliance is also used to comply with EU directives and for the National Account.

"Thanks to the Dutch alliance on data and tax on wages, Statistics Netherlands now regularly produces statistics in an innovative manner", says Tjark Tjin-A-Tsoi, Director-General of Statistics.

Z-card loonaangifteketen.nl, September 2014.

The SSA uses the data to gain insight into the obligation to insure, to calculate entitlement to and the level and duration of benefits - based on employee insurance schemes and income calculation and to prefill benefit applications, income forms and work permits. The SSA uses the data to provide accountability information and to give citizens access to their information via the Digital Insurance Notice.

Based on wage data, the IRS levy income and wage tax and contributions. The data is also used by the IRS as a basis for issuing housing, healthcare and childcare allowance, decisions on child-related benefits and in the context of income-related contributions under the Healthcare Insurance Act and equitable distribution of contributions. The data is also important for controlling purposes.

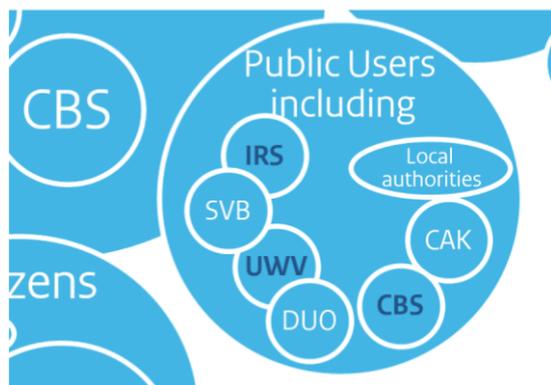


Figure 3: 'Owners' of the Dutch alliance on data and tax on wages

Public users

Other users have increasingly been using the alliance. The ways in which several of the public users make use of the alliance is described below.

Public users	Use of data
Municipalities' Benefits Offices	Calculating social assistance benefits and waiving municipal taxes.
Social Insurance Bank (SVB)	Determining whether a person is covered by national insurances and for calculating income based on employment relationships registered in the employment history and benefit entitlement database.
National Maintenance Collection Agency (LBIO)	Determining income for the benefit of collecting child and spousal support.
Education Executive Agency (DUO)	Continuous screening of childcare costs.
Immigration and Naturalisation Service (IND)	Means test for assessing residence permits.
Central Administration Office (CAK)	Determining personal contribution under the Social Support Act and the Long-Term Healthcare Act and imposing administrative fines.
Social and Economic Council (SER)	Levying Works Council premiums, via the IRS, in the context of the Works Council Act.
Fiscal Intelligence and Investigation Service (FIOD), Regional Notification and Coordination Centre (RMC), Netherlands Enterprise Agency (RVO) and virtually all EU countries	Carrying out audits and inspections.

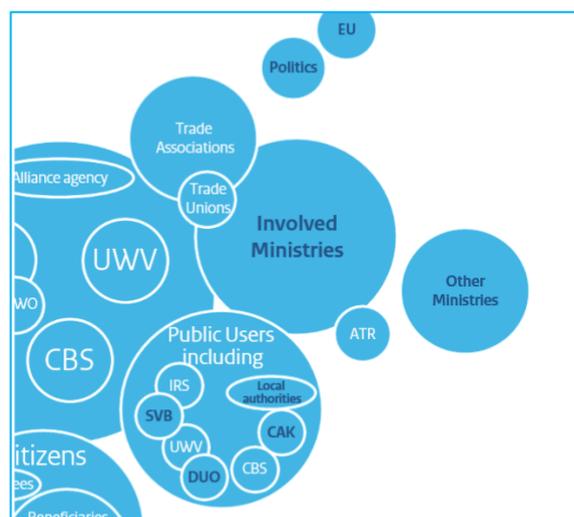


Figure 4: Public users

Private users

There are also private users who make intensive use of the alliance. The Hospitality Pension Fund uses the data from the Dutch alliance on data and tax on wages to implement its pension scheme. In addition, some 350 bailiffs use the data to collect fines and payment arrears. This category of users in particular shows growth potential.

Citizens can also request data on their wages and employment history via the SSA. In 2016, a pilot was launched to accelerate the mortgage application process for citizens. Together with IG&H Consulting & Interim, several key mortgage lenders and the Association of (Prospective) Homeowners, the pilot 'Handig!' was launched. Citizens can now download the necessary employment history details in a matter of seconds via 'My UWV', which has replaced the traditional employer's statement. This has saved citizens weeks of time, avoids a lengthy, bureaucratic process and thus improves user-friendliness. The result is that now 15 mortgages are taken out per week based on information from the Dutch alliance on data and tax on wages.

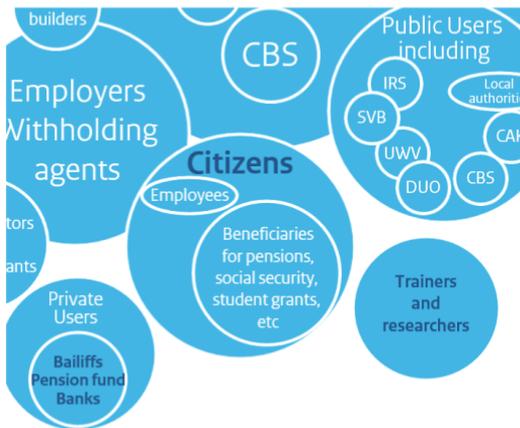


Figure 5: Private users

Chapter 2

Start and initial hiccups

Several major events that took place in 2002 gave rise to the creation of the Dutch alliance on data and tax on wages. The period 2002 -2006 was furthermore characterised by several other developments, which would later have an impact on the start of the Dutch alliance on data and tax on wages.

First of all, the Social Insurance (Reduction of Administrative Burden and Simplification) Act (Walvis) was introduced, allowing more parties to make use of the Dutch alliance on data and tax on wages. The act was intended to relieve the administrative burden on withholding agents and to lower the execution costs for the government.

Secondly, it was decided to transfer the national insurance contributions from then newly established the SSA to the IRS. This step was a refinement of the introduction of Walvis, whose aim was a further simplification and cost reduction. These developments firmly set in motion the establishment of the Dutch alliance on data and tax on wages, as described in chapter 1. The implementation date was set at 1 January 2006.

The Dutch alliance on data and tax on wages could only attain success through a close cooperation between the IRS and the SSA. On paper, this was officially arranged with the introduction of the Social Insurance (Funding) Act (Wfsv). The act was based on an agreement concluded by the IRS and the SSA. The agreement stipulated that the IRS would set up one desk for employers, where the tax returns would be filed, taxes and contributions would be levied, decisions would be created and feedback would be supplied as regards errors. The desk for users would be set up at the SSA. The nominative information from the income tax returns would be forwarded to the employment history and benefit entitlement database and made available to users.

The SSA would also be responsible for the differentiated national insurance contribution percentages per employer, which the IRS would send to the employers in a decision. The agreement also laid down information about managing the collaborative alliance of the IRS and the SSA. A steering group, a programme office and project management with representatives from both organisations were set up. A basic principle of managing the alliance was that the IRS and the SSA were each responsible for the results in their respective organisations.

The SSA was established on 1 January 2002 with the amalgamation of the five administrative agencies (GAK, Cadans, SFB, GUO and USZO) with the National Institute for Social Insurance. This complicated process had not been completed at the time of the introduction of the Dutch alliance on data and tax on wages. When in 2006 the levy of national insurance contributions was transferred from the SSA to the IRS, it

created a huge burden for the Employers.

Division of the SSA, which was responsible for setting up the benefit entitlements database. The division was faced with the transfer of 800 employees to the IRS as well as with the redundancy of 700 of its staff. This development also had a major impact on the IRS, as it was burdened with a new task and a large number of new employees from another organisational culture. In addition to this, in 2006 the IRS were also assigned the role of desk where citizens can apply for benefits, such as housing benefit and healthcare benefit, based on an income-related scheme. This means that both organisations faced drastic changes in more than one area. Problems were, therefore, unavoidable. And problems arose...

Stagnating data exchange and the attendant consequences

As of 1 January 2006, the IRS and the SSA were expected to work closely together. But the fact of the matter was that there was little insight into the potential risks that could ensue from working together and even less insight into the potential attendant consequences. Also because it had been agreed that the SSA and IRS were each responsible for their own systems and results. No facilities had been created for situations in which errors, mainly in data exchange, could occur. The result was that the Dutch alliance on data and tax on wages had glitches soon after it was launched, stagnating the exchange of information.

In 2007, 108,000 employers were forced to re-submit the annual wage details over 2006. And the SSA remained dependent on the employers for determining benefits. In the fourth quarter of 2006, Statistics Netherlands was unable to produce reliable statistics on work and income, and the IRS was only able to determine the benefits for 2006 at a very late stage. Moreover, users including the Social Insurance Bank, the Central Administration Office, municipalities' benefits offices and pension funds did not have access to the necessary data. The overall result was unrest among the public and companies.

Solving the problem together: it starts with an integral problem analysis (IPA)

Due to the unrest, politicians could not remain on the sidelines. They took action in June 2007. The Minister of Social Affairs and Employment (SZW) and the State Secretary for Finances decided that an integral problem analysis had to be made.

The analysis identified six main reasons for the poor performance of the Dutch alliance on data and tax on wages:

- The underestimation of the technical and organisational complexity, in particular the transfer moment between the two organisations.
- The huge scale and dynamics of the process. People had failed to anticipate the billions of data that would be involved, and which would also be later corrected.

- A failure to consider the very different categories of withholding agents. An employer with staff on permanent contracts, a pension provider, a temping agency; they all had their unique points for attention.
- The division of responsibilities between the IRS and the SSA. The IRS were geared towards levying taxes and national insurance contributions while the SSA focused on issuing benefits. This also had a direct impact on the design of their automation systems, which consequently could not be linked up.
- The plethora of legislation and regulations that entered into force in 2006 (Walvis, levy of national insurance contributions transferred to the IRS, the introduction of the Healthcare Act with the attendant healthcare benefit system, the life-course savings plan). It simply was too much in too short a time frame.
- The software specially developed for the Dutch alliance on data and tax on wages was provided late, so that it could not undergo sufficient testing rounds and the wishes of the software developers could not be considered.

The key alliance manager begins working

After the problems were analysed and identified, the next step was to solve them. The politicians involved appointed an independent key alliance manager, who was tasked with managing the restoration of the alliance. The key alliance manager did not answer to the two implementing agencies and was only accountable to the politicians.

The key alliance manager had sufficient authority and set to work in a transparent fashion. He set up an alliance agency in which specialists of the SSA and the IRS supported him. Under his watch, both organisations implemented the measures set out in the integral problem analysis.

"Failure is a success if we learn from it" Malcom Forbes

Interview with Jan Wouda - Knowledge manager legislation and regulations at Raet

"The alliance is fully functional, but there are some points for improvement"

Raet is a service provider in the area of IT applications for Human Resource Management and payroll processing. It is also the largest income processing agency in the Netherlands. Jan Wouda works at Raet as an intermediary between the regulators and Raet. He is responsible for ensuring that regulations are implemented in the software in time and properly. The periodic PAYE forms filed by Raet involve 2.5 million income relationships (on a total of about 24 million in the Netherlands).

Wouda states that most employers know that the PAYE form exists, but that they are clueless as to what it looks like. Although employers check the forms at a collective level to see whether the amounts in the tax return correspond with the financial administration numbers, they do not perform a check on employee level. Employers only notice something is wrong if the tax return is blocked by the IRS, if they receive a notification as a result of a submitted PAYE form or when one of their employees has trouble applying for a benefit.

Wouda has been working in the Dutch alliance on data and tax on wages since 2003 and witnessed the problems of 2006 first-hand. "Fortunately, there have been some changes since then," says Wouda. Both the government and the software providers have learned their lessons. It started with the IPA report. Wouda welcomed the results in the report: "Finally, all my objections were confirmed." The entire improvement process took many years, but Wouda is adamant that it could not have been speeded up: "You are dealing with a sluggish organisation known as BV the Netherlands, and that is entails more than just the government."

"A major improvement," claims Wouda, "is that the realisation people now have is that the alliance does not spring into action when a PAYE form is filed, but already at the withholding agent, who documents data in his HR application. If you run certain checks in his HR application, it saves time, ranging from one (blocking checks) to three months (identifying checks)! Software developers and wage service provider agencies have also taken steps towards improvement. This allows them to take action against what they believe is unfeasible legislation and regulations. A good example of this practice is not implementing the uniform PAYE form. There have also been consultations between 13 representatives of software providers and the IRS and the SSA about changes in legislation and regulations. It is a world of difference and we are now involved much earlier in new developments, even aside from the fact what else is done with our views." Wouda indicates that their opinion does matter: some elements of the work-related expenses scheme were adjusted early on in the process. Meetings are not easy per se, because the government and software companies sometimes pursue diverging interests.

Software companies prefer to have as little as possible exceptions in regulations, whereas politicians are very keen on them.

"The alliance is fully functional," says Wouda, "but there are some points for improvement." Wouda gives as an example the verification of the accuracy of data by employers based on a person's citizen service number (BSN). "Many errors could be prevented if employers had the option of checking the accuracy of data via the Persons Database (BRP). But this is not allowed for reasons of privacy.

Now, software suppliers advocate a check that is limited to 'correct' or 'incorrect'. Wouda warns against having a blocking check of citizen service numbers at the gate of the IRS: "Everything would fall apart, because every employer at least has one or two errors in their BSNs." Another area of improvement Wouda has identified is a quicker feedback of errors in employee data. Such a feedback currently takes place six weeks after the end of the month, because the tax return term is linked to the payment term of the income tax. Wouda believes this situation would be much improved if that link was removed and the tax return term would be shortened by one period. This means that the tax return over January would have to take place at the end of January instead of at the end of February. Overall, Wouda thinks that the Dutch alliance on data and tax on wages is working swimmingly. He hopes that the government will continue to cooperate with commercial parties.

Chapter 3

The development of the alliance

The IPA clarified the problems and stipulated a path for improvement. Taking a phased approach has proved to be vital. Three stages were initially identified: the operational, the stable and the robust alliance. Each stage defined the goals that had to be attained and which measures were required for reaching the goal.

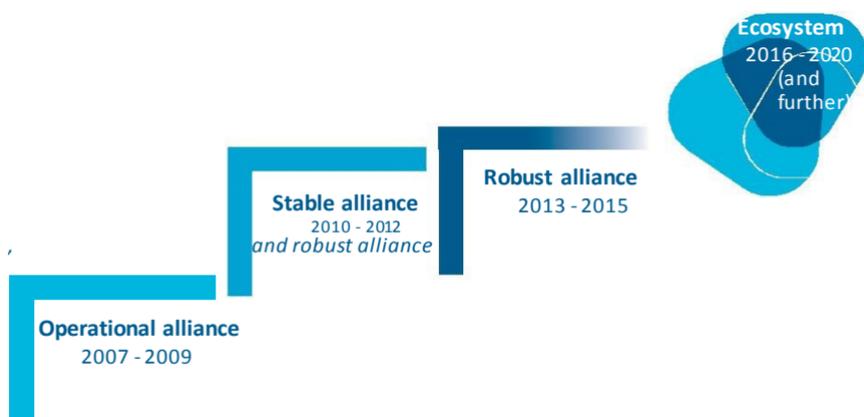


Figure 6: Operational, stable and robust alliance

Tight monitoring, from top to bottom

Based on the IPA, measures were identified for each problem. People were appointed as persons responsible at both the IRS and the SSA. Together, they held joint responsibility for the correct and timely implementation of the measures, and they reported to the directors of the SSA, the IRS and the key alliance manager every two weeks. The key alliance manager reported to the politician in charge every month, managed the progress of the measures and monitored the contents of the reports. By order of the politicians involved, PBLQ was hired to supervise the progress of the measures and the attendant reports. The IWI and the audit services of the IRS and the SSA also paid extra attention to the Dutch alliance on data and tax on wages as part of their regular tasks. Transparent communication to the directors ensured that they were always informed about any bottlenecks in the implementation, so that they could make informed choices. This created mutual trust. Trust not only between the politicians and implementing agencies, but also between the directors and staff of both organisations and in general between all the organisations involved. It showed that cooperation is dependent on an open and transparent communication between all parties, from top to bottom. It all starts at the top.

Level one: the alliance in operation

The main thing initially was to solve the most acute problems in order to get the alliance moving again. Based on carefully selected measurable indicators (the system of standards) it was established when an operational alliance was deemed to exist. It turned out that this was the case as soon as the supply, check and processing of data from the PAYE forms were such that the (additional) request for annual wage information from employers would be at a minimum. But also that the users of data would receive their information at the agreed time and with the agreed quality. A structural solution was not deemed to be necessary at this stage. It was enough of a challenge to get the ball rolling again. Based on 40 formulated and concrete measures, solutions were identified and implemented.

The first milestone was reached: the alliance became operational in 2008.

In early 2009, it was the moment of truth. It had to be established whether the alliance actually met the standards following the measures for improvement over 2008 and whether the operational alliance had been achieved. In addition to the performance of the alliance, assessments were also made of the structure of the management organisation, responses to alerts, quality of the measures for improvement and the supervision.

	Description of standards	Standard
1	Initially, annual call to withholding agents in the Return to Work (Partially Disabled Persons) alliance to file their tax returns with a tax return letter.	95%
2	Data on withholding agents in the employers administration of the IRS transferred to the employers administration database of the SSA.	95%
3	Data entered into the Dutch alliance on data and tax on wages (via the income tax return notices) do not lose their informational value during their progression through the alliance and are saved, unaltered, in the policy domain and tax levy administration.	95%
4	All tax return letters, except those rejected and being processed, are saved in the policy domain and are accessible to users of tax return data (at the employer level) in a timely fashion.	95%
5	Users of the policy domain, identified in the IPA, receive the information in accordance with the concluded agreements.	95%
6	Maximum additional request for annual wage data.	5%
7	Withholding agents receive feedback and a request to correct an error if they have made a mistake in their employees' details.	95%

Figure 7: The original system of standards

The overall picture was positive: six out of seven standards had been achieved. The directors of the IRS and the SSA, the key alliance manager and also the supervisors PBLQ and IWI believed that the alliance was operational in 2008. This continued into 2009 and 2010, so that the goal of an operational alliance was definitely achieved. In the autumn of 2010, MPs reported in the House of Representatives that the alliance partners could look back on their efforts to achieve an operational alliance with pride.

Level two: the stable alliance

After the alliance had been declared operational in early 2009, it was time for more structural improvements. The alliance not only had to work, but also had to be stable. Clear agreements were laid down beforehand about the concept of the stable alliance. The temporary solutions from the operational alliance period had to be transformed into structural solutions. Over 50 measures were identified in this stage.

They culminated in the following results and successes:

- As of mid-2009, the SSA slowly transitioned into daily wage determination based on data from the employment history and benefit entitlement database instead of via requests for data from employers. The investigative report 'Use, usability and recognisability of policy information', submitted to the House of Representatives on 1 December 2010, established that the employment history and benefit entitlement database could be used for determining daily wages.
- In 2010, it was decided to increasingly allow both line organisations to take control of the alliance via the line managers meetings. One result was that the core team of the Dutch alliance on data and tax on wages, which had hitherto provided operational and tactical management, took a step back and only managed at the strategic level.
- For the first time ever, all standards were met in 2010.
- The additional annual wage requests (standard 6) had dropped from 19% in 2006 to 0.8% in 2010.
- The number of cases in which a national insurance contribution decision could not be provided in time was drastically reduced from about 70,000 in 2007 to 6,500 in 2010. This was based on a total of over 300,000 decisions per year.
- The number of correction notices submitted by the withholding agents was down 33% in 2010 on 112% in 2007.
- The percentage of usable income relationships for the VIA increased to 88.8% in 2010.
- The users concluded that the quality and usability of information had improved in 2010. But attention was focused on the request for the timeliness of information provisions and communications regarding disruptions.
- In 2010, the Hospitality Pension Fund decided to no longer check their data with the employers, choosing instead to rely on the information from the employment history and benefit entitlement database of the SSA.
- A new key alliance manager from the IRS was appointed on 1 January 2011. This highlighted the trust that had developed between the two organisations.

- The emergency facility that had been introduced when Statistics Netherlands stopped receiving correct information was gradually phased out as of 2011.

The second milestone was reached: a stable alliance in 2010

In April 2011, the directors of the IRS and the SSA and the key alliance manager concluded that the stable alliance stage was reached in 2010. The main successes listed by PBLQ in its role as supervisor included attaining business as usual status with respect to the technical management of the employment history and benefit entitlement database and the properly functioning pre-filled tax return form (VIA).

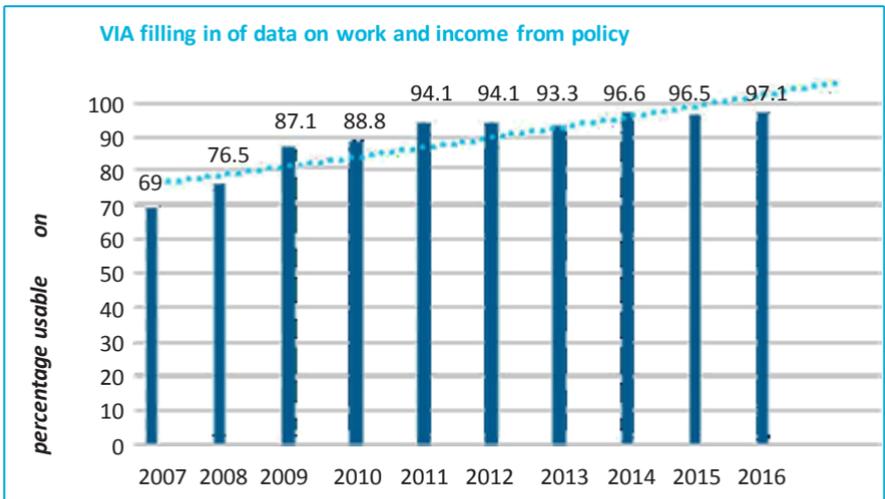


Figure 8: Development of usable policy information for VIA

Lessons learned: the do's and don'ts

In the period 2006-2010, the alliance learned a lot about cooperation. Since partners in the Dutch alliance on data and tax on wages started to realise that alliance cooperation was becoming increasingly important, it was decided to compile these lessons in the publication 'Guidelines for alliance cooperation; experiences from the Dutch alliance on data and tax on wages'. The do's and don'ts contained in these guidelines constituted input for a small symposium organised in 2010 for administrators of public organisations.

Do's

Ensure there is administrative focus and an appropriate mandate

Alliance cooperation in the public sector is often dependent on political decisions, and is in a way enforced. Seeing as cooperation is not an automatic process, it is important that there is political and administrative focus. Any decision made has to be supported by an adequate mandate so that they can also be implemented. The independence and perseverance of the key alliance manager are decisive.

Ensure the alliance organisation is independent or neutral

The structure of the alliance agency as an independent, accelerating and managing party has proved to be pivotal in the alliance's success. The alliance agency has been neutral in establishing ties between the alliance partners. The link has provided the alliance partners with transparency and has ensured that 'own' interests of one of the organisations involved have not prevailed over those of the alliance.

Formulate a clear alliance objective

Having a clear objective helps in maintaining focus. It commits the alliance partners involved and provides a support base from where solutions can be sought in case of problems. The objective for the Dutch alliance on data and tax on wages is to ensure that the provision, check and processing of data are such that requests for annual wage data are kept at a minimum, and that the users of said data receive them at the agreed times and at the requested quality level.

Be aware of complexity

A state-of-the-art solution is not always necessary. Getting the system operational is often challenging enough. Be aware that not every unit of the organisation has to adapt in the same tempo as the rest. It would be nice to work with digital tax returns, but if the organisation is not ready for such returns, it is best to stick to the old ways. Tax returns can be printed out. In period of relative calm, this process could be improved at a leisurely pace.

Set up a clear alliance of command

In order to obtain the aforementioned goal, a basic network planning system was created which covered the IPA measures. It was stated who the primary alliance partner responsible was for a particular measure. The responsible employee in the alliance agency was also identified as were the persons responsible and drivers further up the alliance of command. The line managers reported to the alliance agency about the IPA measures. This reporting cycle formed the basis for determining the status of the Dutch alliance on data and tax on wages and for informing the core team.

Establish a horizontal management framework

Alliance cooperation requires a horizontal management framework in order to establish a link with the vertically organised line organisations. The document

‘Controlling the alliance’ describes the horizontal management model for the Dutch alliance on data and tax on wages. Alliances traverse many autonomous areas within organisations. This requires leadership, management and attention for communication so that mutual trust among the alliance partners may grow. It is important to set up horizontal consultative structures throughout the alliance at all levels.

Ensure that the right person is in the right position

A key alliance manager should not pursue his own interests, but should work for the alliance partners. They are the centre of attention. In meetings, the alliance partners indicate how they would like to approach things. To the outside world, the key alliance manager is responsible for creating the preconditions in which the alliance is able to operate. In order to enable the key alliance manager to do his job, the alliance agency must consist of staff with specific capabilities. Managing cooperation in the Dutch alliance on data and tax on wages requires people who are driven, tenacious, transparent and perfectionist. They also have to be knowledgeable about the Dutch alliance on data and tax on wages, and have to be willing to prioritise the importance of the alliance, rather than his or her own organisation.

Be transparent

Open and honest communication is necessary for cultivating trust and understanding, and therefore is an important key to success. That, however, is easier said than done. Strictly enforcing the reporting cycle forces all executive parties involved to describe progress openly and transparently, which bottlenecks have come up and how the organisations have coordinated their activities. The alliance agency ensures that the reports describe reality and not the desired situation.

Hold regular meetings

A space was rented for the alliance agency at a central location in Amersfoort, in between the offices of the IRS and headquarters of the SSA in Amsterdam. The infrastructure of both organisations was created and workspaces of the SSA and IRS were structured in blocks. The goal was to physically place staff of both organisations in each other's vicinity. Staff of the alliance agency have made it clear that they enjoyed working as two organisations under one roof. The identity of one's own organisation is subordinate in the alliance agency. It is very clearly promoted that the alliance agency is there for the alliance. The central location of the alliance agency created the right conditions for meetings between the alliance partners. It increased contact among staff of the alliance.

Address the issue of contributions to the alliance

Cooperation is a verb not a noun, meaning that you have to put effort into it. Cooperation was initially systematically 'enforced' to kickstart the process. This was enforced via the reporting and meeting structures for as long as it was necessary and had been made possible by the administrative mandate. A strict enforcement of this process helped the line organisations with the learning how to cooperate, thereby establishing contact between staff of the IRS and the SSA.

Be understanding

The alliance agency is able to focus fulltime on the Dutch alliance on data and tax on wages. But the line organisations also have other obligations. Priorities may clash with the agendas of individual alliance partners. This dual situation constitutes a hindrance in establishing a natural form of cooperation. Understanding and taking account of this area of tension can contribute to a better relationship with and cooperation between the alliance and the alliance agency on the one hand and the line organisation on the other hand. With respect to management, it is therefore important to understand the natural tension experienced by the line organisations between the alliance priorities and line priorities. The extent to which you make it clear that you understand the situation of the line organisations influences the effectiveness of the alliance agency and, by extension, the alliance .

Formulate an integral problem analysis following a crisis

A proper alliance design should prevent a crisis from happening. Having an integral problem analysis could help clarify problems in the case of an acute crisis. Choosing to have an integral problem analysis ensures that the underlying issue is revealed and prevents a situation of muddling along at small units of the alliance .

The IPA served as a blueprint for identifying and tackling problems in the Dutch alliance on data and tax on wages.

Don'ts

Alienate your own organisation

Staff of the alliance agency first and foremost focus on their work for the alliance , but at the same time are on the payroll of their own organisations. It is in the interest of the alliance to retain ties with these organisations to prevent the alliance agency from developing its own business culture. If staff do not have ties with their own organisations, there is a risk of an organisation within an organisation developing.

Be invisible

Communication about an alliance process is a vital aspect because it creates clarity about who is responsible for what, thereby creating a support base for the role of the alliance agency. Communication is also important for conveying and celebrating successes, so that staff members are more inclined to identify with the alliance.

Failure to include middle management

On the evaluation day, staff of the alliance agency wondered whether middle management was communicating the right message to staff at the operational level. This remark also begs the question whether middle management had been sufficiently included in the process. It is pivotal to include middle management in alliance processes, because they are the ones who will translate the decisions from top management to staff at the operational level. Directors obviously also have a role to play in conveying the philosophy of the alliance to the managers.

Insufficient attention for embedding measures

When the IPA measures had been prepared, they were discharged and delegated to the line. In order to ensure that discharged measures gain a permanent foothold in the line organisation, the embedding process has to be monitored.

Inability to relinquish

Each phase of alliance cooperation comes with specific requirements for the structure and organisation of the process. Staff of the alliance agency have contributed to ensuring that the Dutch alliance on data and tax on wages became operational from a crisis situation. The Dutch alliance on data and tax on wages has since been declared operational and stable. Management during a crisis requires a firmer approach than during the current phase. The alliance agency has developed more and more from a managing party to a facilitating party that support cooperation and initiates the required developments.

Level three: the robust alliance

The idea was that this stage would be achieved when the Dutch alliance on data and tax on wages was able to adequately anticipate changes in legislation and regulations on the one hand and the changing needs of users on the other, so that they would be able to carry out their new primary tasks. And this would all have to be achieved without endangering the functioning of the Dutch alliance on data and tax on wages. Several lines of action were identified in the programme plan for the robust alliance, with a main focus on simplifying and deregulating legislation, setting up the data processing system and how the alliance partners cooperated to attain the required quality in the Dutch alliance on data and tax on wages. A final, major line of action revolved around a permanent focus on a collaborative culture.

It has since become apparent that not all issues concerning the systems and organisations in the Dutch alliance on data and tax on wages can be solved, but that other avenues need to be explored. The Dutch alliance on data and tax on wages could develop further by simplifying and adjusting legislation and regulations and by actively involving other internal and external alliance (and other) partners. 'Anticipating changes in legislation and regulations' from the description of the robust alliance warrants attention. Changes in legislation and regulations are bound to happen, but the nature of these changes and the attendant consequences are obviously unknown at this time.

Ecosystem instead of robust alliance

While initially the view was held that a robust alliance would be firm, watertight complex of systems, processes and organisations, over the years it has become clear that a robust alliance is, in fact, a fluid entity that can easily adapt to changing circumstances, in other words: an ecosystem. This has made it clear that a robust alliance no longer is a predetermined outcome, but rather a continuous process in a fluctuating environment of the ecosystem, in which it constantly jointly evaluates which follow-up steps and adjustments are required.

In 2012, the vision and mission of the Dutch alliance on data and tax on wages was updated.

Vision

The alliance on data and tax on wages is the financial and data lifeline in the Netherlands and fulfils a social role in the execution of several statutory (income-dependent) tasks. The outside world views the Dutch alliance on data and tax on wages as an authority in the area of data management and alliance cooperation. The alliance is the expert/partner in the field of data on employment relationships, wages and the obligation to insure and to pay contributions. By reusing the registered data, the government saves on execution costs and citizens and companies are supported in meeting their statutory obligations and exercising their legal rights. The Dutch alliance on data and tax on wages simplifies things for the Dutch government and Dutch citizens.

Mission

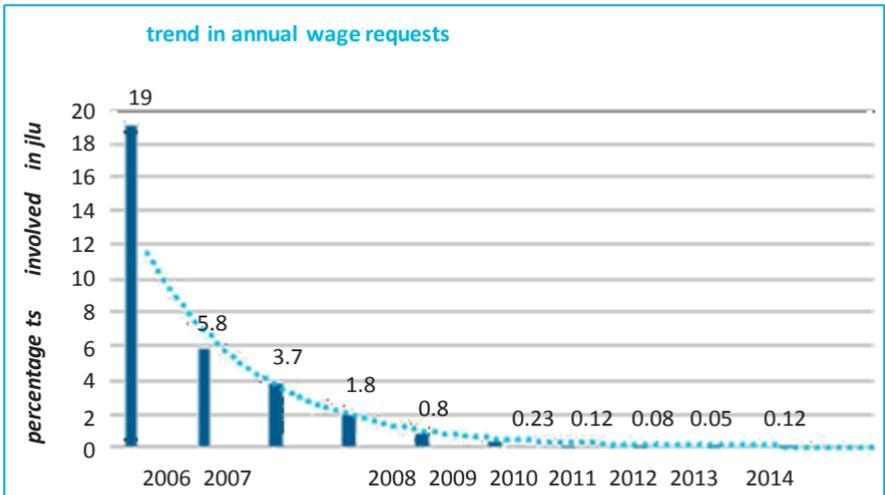
The SSA, the IRS and Statistics Netherlands strive to make the financial and data lifeline of the Netherlands even more robust. This means on the one hand that the Dutch alliance on data and tax on wages must increase its ability to adapt to future developments and legislative and other changes, and on the other hand maximising the ambition of multiple usage of data from the Dutch alliance on data and tax on wages in order to achieve maximum social efficiency and added value. Realising that the alliance is a cog in a machine, the Dutch alliance on data and tax on wages strives to increase its cooperation with the various stakeholders, including citizens and companies, software developers, intermediaries and users, but also other registration databases. Based on its expertise and experience, the Dutch alliance on data and tax on wages wants to be a centre of expertise for alliance-wide

data management and alliance cooperation. It wants to contribute to the further development of these areas of knowledge and thus to a reliable, safe and affordable digital government.

Which results has the alliance achieved in this phase?

- In 2013, TNO ran a pilot programme in the Dutch alliance on data and tax on wages involving an IT Capability Maturity Framework (IT-CMF) with the purpose of establishing the maturity of IT management of the alliance. The outcome was that it was fairly mature with room for improvement in two areas: 1. The ability to achieve a joint and harmonised objective and strategy for the entire IV alliance; 2 Cost and benefit management for investments. This has resulted in a new approach.
- A new key alliance manager, from the SSA, was appointed on 1 October 2014.
- At the end of 2014, the Dutch alliance on data and tax on wages launched its own website: www.loonaangifteketen.nl.
- Also in 2014, a working group was established together with payroll administrators and the key players in the alliance. One of the results was that an online platform for this target group, the Salary Forum (FSA), went live in 2016.
- On 1 January 2015, several standard values from the system of standards were raised. The raised values were attained in the years that followed.
- In the year 2015 saw a 80% drop in BSN errors.
- The additional annual wage requests to withholding agents (standard 6) were reduced to 0.13% in 2016. This constant decrease resulted in the statutory abolishment of annual wage requests as of 1 January 2017.

Figure 9: Trend in annual wage requests in percentage of withholding agents involved



- The number of cases in which a national insurance contribution decision could not be provided in time was limited to 283 incidents in 2016 on a total of 400.000 decisions per year.
- The percentage of usable income relationships for the VIA increased to 97.1% in 2016.
- Prof. Ard Pieter de Man of VU/Sioo researched the development of the Dutch alliance on data and tax on wages towards an ecosystem in 2015 and 2016. The study was set up with the contribution of internal and external partners and resulted in a final report with conclusions and recommendations, published in February 2016.
- In 2016, a study was conducted into the impact of developments in the area of open data in the Dutch alliance on data and tax on wages, in cooperation with Dr René Matthijsse RE, lecturer at Fontys University of Applied Sciences. A publication of the study was released in early 2017.
- At the end of 2016, the Dutch alliance on data and tax on wages was nominated for the Individual Excellence Award of the Association of Strategic Alliance Professionals (ASAP). On 28 February 2017, it was announced that the Dutch alliance on data and tax on wages had won the award.

Chapter 4

Vertical management, horizontal link

This chapter describes how alliance cooperation is managed. Alliances are characterised by cooperation between equivalent parties which do not have a hierarchical relationship. None of the parties is in charge of the others. There is a risk that decision-making takes longer, because own interests are weighed. Organisations also have the tendency to retreat into their respective environments in the event of pressure or if things do not run as smoothly as they should. It is important to anticipate.

“If we can overcome [the competitive mindset], we can fulfill something that’s bigger than ourselves and bigger than our organization’s goals.” Celine Schillinger of Sanofi Pasteur

The Dutch alliance on data and tax on wages has opted for joint management. Horizontal agreement was reached about the alliance at all levels and within the vertical line organisations. Consultative structures were set up at the strategic, tactical and operational level.

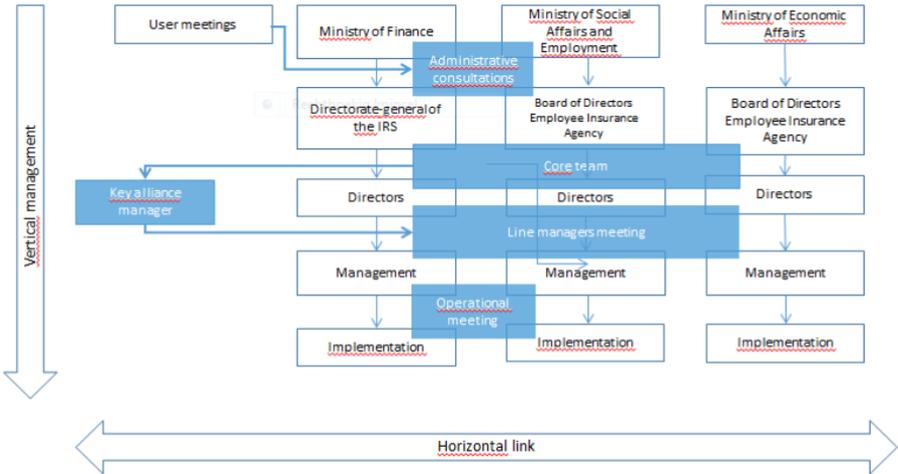


Figure 10: Current governance model; vertical management, horizontal connection

Role of the key alliance manager and alliance agency

The key alliance manager

An independent key alliance manager was appointed during the crisis period. He had overriding authority and short lines of communication with the responsible government officials at the Ministries of Finance and Social Affairs and Employment. It is unusual for a key alliance manager to have overriding authority, but in view of the situation (crisis situation), quick and bold steps needed to be taken. Based on this overriding authority, the key alliance manager managed the alliance in its day-to-day operations and in its process of improvement, but he also had the power to intervene in the actions and operations of the SSA and the IRS. He was in close contact with the Director-General of the IRS and the Chairman of the Board of Directors of the SSA. During the monthly administrative consultations, he also reported directly to the responsible government officials of the Ministries of Social Affairs and Employment and Finances.

It was a logical consequence of the crisis situation that the focus of daily management was initially placed in the hands of the key alliance manager. But after the alliance was demonstrably operational and the problems had been largely solved, the focus of management was gradually placed back with the responsible line managers at both organisations.

Although the key alliance manager has retained the overriding authority, he no longer has a direct relationship with the government officials involved. But if the IRS or the SSA were to make a decision that would compromise the continuity or stability of the alliance, the key alliance manager has the power to contact the responsible officials directly. Moreover, the key alliance manager has never used his overriding authority since his appointment.

Alliance agency

The key alliance manager is supported by the alliance agency. Staff at the alliance agency either come from the SSA or the IRS. They have the advantage that they have access to the right people and have an intimate knowledge of the company culture. Staff at the alliance agency have been completely freed up for the tasks at the agency. Two alliance coordinators have been appointed to support the horizontal management framework: one at the IRS and the other at the SSA. The alliance coordinators promote and facilitate the exchange of information by the alliance, and inform and advise the tactical management. They report to the key alliance manager. The nature of the role of staff of the alliance agency has shifted from a managing and coordinating one to a monitoring, detecting and facilitating one. The installation of the key alliance manager and the alliance agency was initially meant as a temporary support tool. But now people are convinced that such an independent body is an absolute necessity for guarding the interests of the alliance.

Core team

The core team is made up of the directors of the SSA, the IRS and Statistics Netherlands, the responsible line directors of the SSA and the IRS, representatives of the Ministries of Finance and Social Affairs and Employment and the independent key alliance manager.

The core team had biweekly consultations. After the operational alliance was declared operational, the meetings were held every four weeks and now the core team meets every eight weeks. The focus of management shifted to correlation and cooperation within the alliance and to further development. Starting at the end of 2014, the chairman of the users meetings also became a member of the core team.

"Cooperation is dependent on human chemistry at the top" - Steven Luitjens

Line managers' meetings (LMO)

The focus of management is now placed on the strategic/tactical level in both organisations. Meetings are scheduled at this level, in which the responsible executive directors from the line organisations also participate. They initially managed the daily operations and were jointly responsible for the development of the alliance together with the key alliance manager. But the managers of the production processes also take part in this meeting. In light of the current situation, a process has been started by which the tactical and operational consultations receive more responsibility for the going concern so that the LMO can focus more on strategic subjects and developments.

The LMO convenes every four weeks and reports to the core team. Since the measures from the IPA have been achieved and the Dutch alliance on data and tax on wages has achieved stability, the continuity and further development of the Dutch alliance on data and tax on wages is managed on the basis of annual plans. The annual plans are the result of intensive cooperation between the organisations involved at the operational, tactical and strategic level, and are drawn up and submitted by the LMO to the directors of the core team for adoption.

Tactical and operational meetings

Staff of both organisations hold a key role. They implement the new developments and are responsible for the going concern. A tactical and operational meeting (TOP) has been established for the daily control and management of the process. There is also a tactical development meeting (TOO), which focuses on the implementation process. Both types of meetings report to the LMO.

User meetings (AOL)

The users of the alliance have organised themselves in the user meetings, which is populated by the directors of the users. The AOL strives to pool the interests of the current and potential users, and is involved in the decision-making process in the Dutch alliance on data and tax on wages, which affects the composition, stability and quality of data supply. The AOL also promotes the use of data from the alliance.

The AOL forms part of the regular consultative structure of the Dutch alliance on data and tax on wages and has a permanent representative in the core team. The AOL can request the LMO to detail the effect of change requested by the users in a predetermined procedure. Conversely, the organisational units responsible for the intake and processing process inform the AOL actively and timely about any changes in the Dutch alliance on data and tax on wages which could impact data output. The core team and the core managers can also submit requests for advice directly to the AOL.

Horizontal link

Many rehabilitation activities were initially handled in projects by the organisations. Other rehabilitation activities formed part of the regular workflow. Contributing to the restoration of the Dutch alliance on data and tax on wages was often perceived as additional work. Consequently, there was a risk of tension as a result of the different priorities. It proved to be of crucial importance for all levels to have horizontal links. Knowing and meeting each other in person fosters an understanding of each other's situation (priority, responsibility) and is key to a good cooperation.

In all consultative structures described above, attention is focused on cooperation through evaluations and learning cycles, but matters that do not directly affect the Dutch alliance on data and tax on wages but could impact cooperation are also discussed. In addition, a 24-hour conference is held every year in which all members of the consultative structures participate.

The development in cooperation thus detailed is reflected in the manner in which the cooperation agreement has developed. The agreement initially focused on laying down the intent to cooperate, but now that cooperation has professionalised, the agreement has been abbreviated and reduced to a legal, brief document listing tasks and responsibilities. Laying down the intent to cooperate no longer has to be emphasised in the agreement.

"Cooperation also means granting each other things, even though at first you are not expecting anything back," Mart Driessen, former Key alliance manager

Interview with Wouter-Jan Brookman - Secretary of policy agency VNO-NCW and MKB Netherlands

"A further intensifying cooperation is warmly welcomed"

Wouter-Jan Brookman is the secretary of the payroll tax working group. Specialists in the area of payroll tax from among members of VNO-OCW and MKB-Netherlands are represented in this working group. They convene about four times a year. The main subject is the new legislation in the area of payroll tax and related subjects. Special attention is currently paid to the Salary Costs (Incentive Allowances) Act, Assessment of Employment Relationships (Deregulation) Act, the 30% scheme and the work-related expenses scheme. In the past, they focused on the bottlenecks in the alliance, the simplified payroll tax deduction and the simplified PAYE form.

We discuss the developments in the Dutch alliance on data and tax on wages of the past few years with Brookman. The problems appear to have been solved and the alliance is no longer on the agenda. But once in a while, subjects come up that are related to the alliance. The Salary Costs (Incentive Allowances) Act, for instance, is the focus of much attention. This act intends to replace the current contributions reductions with allowances. The manner in which the implementation appears to be arranged is worrying. Brookman: "Information provision on paper, for example, is an administrative nightmare, especially for employers that will be very much affected by the Salary Costs (Incentive Allowances) Act, such as entrepreneurs in the employment agency industry."

VNO-OCW and MKB-Netherlands are proponents of simplifying the wage domain. Brookman: "A review of the system is welcome, but you first have to envision the process. If you take as the starting point that no one should suffer financially from it, it will never work. You will have to compensate certain groups. A review is costly, so you have to be prepared to pay for the consequences.

The main benchmark for employers is that a review will really result in a simplification." In this context, Brookman refers to his comment several years ago: "Employees are principally responsible for paying income tax, not employers. But the government requires certainty about the income and the employers are willing to oblige. But it shouldn't lead to employers footing the bill!"

Brookman also notes that in many areas the business community and the government cooperate well. The lines of communication are short. A further intensifying cooperation is therefore warmly welcomed. A prime example of this cooperation is the involvement of all parties in the rough draft of the vision for the Dutch alliance on data and tax on wages.

And the manner in which cooperation was sought with employers to extract data from the Dutch alliance on data and tax on wages sooner also deserves emulation. This voluntary cooperation has had a positive effect. Brookman:

“It is so much more exciting to be challenged to participate instead of being made to participate. Creating sufficient room for manoeuvre and calling upon personal responsibility increases willingness to participate.”

Brookman concludes the interview with the comment that for employers the Dutch alliance on data and tax on wages has become a self-evidence. But making required information available, such as the ready reckoners at the end of the year, remain a point of attention. "Cooperation on the whole is good, relationships have improved and the willingness to participate and contribute has increased," says Brookman.

Chapter 5

Increasing data quality

After the logistics of the alliance was properly embedded, thus ensuring continuity, the relevance of the employment history and benefit entitlement database for users had increased dramatically. More and more users are starting to use information from the employment history and benefit entitlement database for their statutory tasks. Whereas the information was first only used as a means for testing, the data are increasingly forming the basis for executing primary processes. This increasing relevance has resulted in more attention being afforded in recent years to the further increase of data quality. At the same time, the increased use has resulted in more quality indicators. This has created an interplay that has had a quality-enhancing effect. The enhanced quality of the data has also given rise to more data-oriented legislation (Quota Act, Salary Costs (Incentive Allowances) Act). In other words, the choice for a qualitative further development of the Dutch alliance on data and tax on wages has borne fruit. As a natural consequence of this choice, cooperation with the various external stakeholders, such as citizens and companies, software developers, payroll administrators, fiscal and financial intermediaries, data users and other (basic) registrations has increased. Thanks to this cooperation, it has become possible to develop data quality even further.

"By pooling the strengths of all links in the alliance, we can give a major impulse to the improvement of data quality, which in the end benefits all," says Diantha Croese, key alliance manager of the Z-card alliance for data and tax on wages .nl, September 2014.

Data quality is defined as follows: 'the extent to which data are suitable for the purpose for which the users want to use them'. The users of the chain, united in the AOL, are aware of this and together with the IRS, the SSA and Statistics Netherlands are working to improve the quality. Incidentally, different quality requirements apply for each user. Initially, accuracy and completeness were the main criteria. Since results have been achieved in these areas and in view of the increased use in primary processes, the need for as up-to-date as possible information, this quality requirement has been moved to the foreground. The research into BLAU (Basic registration of wages, employment relationships and benefits) conducted in cooperation with the users in the AOL yielded the insight that the substantive accuracy of the data is very high, but that the topicality can stand to be improved.

In a number of areas, very specific steps have been taken to improve the topicality. The SSA and the IRS conducted a pilot programme in 2014/2015 in order to investigate whether employers would be able to submit their PAYE forms earlier, preferably at the same time or shortly after the payslip. As a result of this pilot program, the request for submitting the PAYE form quicker was communicated via different channels to all

withholding agents. The end result was a significant rise in the number of quick submissions since 2016.

Further developing the employment history and benefit entitlement database

In 2012, a substantial programme for the further development of the employment history and benefit entitlement database was started and executed in two phases. The programme was intended to make the employment history and benefit entitlement database future-proof and introduce a number of major quality improvements.

The 'foreign eyes' was applied. To make this huge programme manageable and executable, a gateway review was conducted into the future-proofness of the employment history and benefit entitlement database. A gateway review is a collegial, confidential assessment of a programme (start), project or organisation at the request of an administrator responsible. The gateway review is executed by a gateway review team of four persons working in similar positions as the client. The review yielded several recommendations, which were implemented so that the programme was afforded a solid base.

Further developing the employment history and benefit entitlement database also yielded several quality improvements besides the significant process and structural improvements, such as sending a quality signal when certain data are supplied by the users as well as realising a subscription service, so that only mutations of data can be supplied instead of complete data sets. This responded to the growing wish among users to get connected to the subscription service. The programme was completed in 2017.

Quality monitor

The development of the quality monitor has been an ongoing process since 2016. The monitor gives insight into the technical, connection and context-dependent checks contained in the data fields. This gives users and suppliers insight into the quality of the more than 125 pieces of data of the data set. Based on these insights, they can decide not to repeat the same check, thus preventing the execution of the same checks in several places. The Analysis Team Data Quality Alliance for data and tax on wages (AGL; see framework) developed a method to determine the quality of the contributions data. This method has been operational since 2013 and mainly gives the benefit funds insight into their costs and benefits. This allows reliable contribution percentages to be determined. The accuracy of the contribution details applied by the withholding agents has turned out to be over 98%.

The IRS, the SSA and Statistics Netherlands continue to invest in quality data. The AGL is responsible for analysing and monitoring data quality.

The AGL is composed of analysts and project leaders of the SSA, the IRS and Statistics Netherlands. The AGL analyses the quality of the PAYE form data. This partly takes place on a structural basis, and partly based on the wishes of the data users. In addition to analysing, the AGL is involved in monitoring the development of data quality. Based on the monitoring, the team formulates proposals for error remedy, on which the line managers can take a decision. The AGL also has an advisory function in policy preparation processes and implementation tests of intended legislation and regulations.

Relevance of data

Several years ago, a database named Relevance of data was set up. It provides employees of the alliance for data and tax on wages insight into the relevance of data for users. The database shows which type of data are used by the - largest - clients and for which processes. This helps them interpreting the relevance of the data at the supplier side. This means that the suppliers become aware that information that is provided right in one time can nearly always be automatically used by the organisations that use data from the employment history and benefit entitlement database for the benefit of citizens. This database will eventually become available via an online web application as open data

for citizens and companies. This contributes to the development of further transparency for citizens and companies, and by extension also to the efficiency and ease of use for citizens.

Privacy aspects

Each set of data is statutorily checked for purpose limitation (for which purpose is the set used and is there a statutory basis for it?) and proportionality (are only data supplied which have been requested?). An important new development is the entry into effect of the General Data Protection Regulation (GDPR) on 26 May 2018. This European regulation provides clear rules on the use of data. Citizens are more aware and in more control of their data. As a result, the IRS and the SSA have to take further measures regarding the right to inspection, a rectification option and the erasing of data. Security measures will be further enhanced, and a more critical eye will be cast over purpose limitation and proportionality. The privacy aspect is expected to play a prominent role in the coming years in the further enhancement of data quality.

It is paramount to remain realistic. It is not feasible to achieve 100% accuracy, completeness and timeliness with over 20 billion data sets. But citizens and companies do expect the quality of the data in the alliance for data and tax on wages to continually increase, with the attendant expectation of a further administrative burden reduction, lowering of the execution costs and an increasing ease of use for citizens. Being able to rely on good data quality therefore remains one of the key priorities of the alliance for data and tax on wages.

Chapter 6

The hatches open: the alliance for data and tax on wages as an ecosystem

After the alliance for data and tax on wages attained the operational and then the stable status in the years 2009–2012, there was room for a reorientation on the position of the alliance for data and tax on wages. It soon became apparent that citizens are the heart of the chain and not the IRS, the SSA or Statistics Netherlands. The group 'citizens' is composed of employees, pension and benefit beneficiaries, taxpayers, who are all owners of their data. Attitudes changed. Thanks to the new insights, the IRS, the SSA and Statistics Netherlands realised that they were not the only parties that played a role in this process. Many other parties are involved in it, such as withholding agents, fiscal service providers, software developers, payroll administrators, the scientific community, politics, the EU, the ministries, the Digital Commissioner, Logius the public and private users and many more.

"The outside world will define the government and its actions instead of the government defining the actions of the outside world," said Hans Leijten, then Director-General of the IRS at the symposium held to celebrate the 10th anniversary of the alliance for data and tax on wages in September 2016.

Considerations about an ecosystem

At the conference in the autumn of 2014,

Prof. Ard Pieter de Man of the VU/Sioo presented the considerations in an ecosystem model. This refers to the act of viewing the system of the alliance for data and tax on wages from a wider perspective. From linear chain thinking (sequential correlation) to a holistic approach: viewing from the whole and the synchronous correlation. It culminated in an ambitious annual plan for 2015 entitled 'The hatches open'. The title indicated that the focus was widening and the plan stipulated that thinking in an ecosystem would be explored together with the internal and external chain partners.

In 2015, thinking from the perspective of an ecosystem was explored and detailed further in five sessions. The mutual connections and added values and detracted values were studied in conjunction and mapped out. Levers in the network to increase the alliance's performance were also identified. What are people's roles in the network, what do the roles add to the network, what is gained by the participants in the network and in which areas can all alliance partners work together in order to boost the alliance's value?

With all parties working together, a picture of the ecosystem of the Dutch alliance on data and tax on wages was compiled, with a main focus on mutual connections.

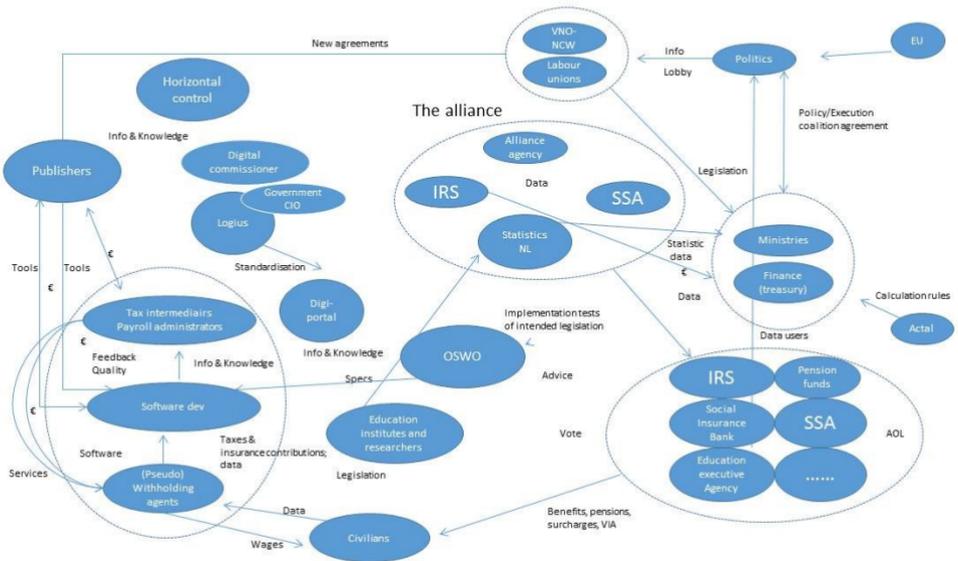


Figure 11: Mutual connections in the ecosystem

The Dutch alliance on data and tax on wages as an ecosystem

Viewing the Dutch alliance on data and tax on wages as an ecosystem has proved to be difficult. Especially when considering that the static picture, produced at any given time, is not static at all. It is a dynamic entity with diverging and converging, attracting and repelling, meandering, expanding and shrinking entities. Those entities need each other or need to find each other in the dynamic ecosystem of the Dutch alliance on data and tax on wages. This looks as follows:

LAK Ecosystem



Figure 12: Diagram of parties in the Dutch alliance on data and tax on wages

The key finding of the joint study was that relationships were actually formed in the ecosystem. Although parties often did not know each other, they were very interested in each other's business and learned something from their talks about the Dutch alliance on data and tax on wages and the ecosystem frame of mind. A beginning was made with adopting a new perspective, which was wider than before. The primary focus was on the holistic level of the ecosystem. This was a new and surprising perspective for all participants.

"Understanding that everybody has to make compromises to achieve a better end result is required," says Prof. Ard Pieter de Man of the VU/Sioo

The yield of the joint study culminated into a final report, published in early 2016, about the ecosystem containing the following recommendations and conclusions:

- The need to have a dialogue with each other (internal and external alliance partners) to foster mutual understanding.
- Strengthening knowledge of the substance and each other's process.
- Where necessary, working together to improve data quality and use.
- Joint lobbying for matters that are of interest to all (privacy laws, wage concepts

and BSN verification).

- The need to promote the Dutch alliance on data and tax on wages and its relevance to the Netherlands to a wider audience.
- Promoting experiments with making more and open data available. This could entice parties to participate in the alliance and/or to develop new services.

The pressure on a better performing and information-driven government is very high. The use of open data has a direct link to the role, position and service provision of government bodies. New opportunities arise to return tasks and responsibilities to society. The serious value is found in alliances. Government bodies will have to cooperate with private parties. The interplay between government and the business community constitutes the true catalyst for open data.



Figure 13: Matthijsse, R.P.H.M.; Open data and alliance information management
From: journal 'iBestuur', March 2015/The Dutch alliance on data and tax on wages and Open data, February 2017

Intensifying cooperation with alliance partners

Since the publication of the final report on the ecosystem, the recommendations have been consistently applied. There is a constant dialogue with the users of the payroll tax return via the AOL, with the suppliers (software developers and payroll administrators) and the key withholding agents. In order to comply with the wider perspective viewpoint, these alliance partners were asked to participate in the development of the Dutch alliance on data and tax on wages towards 2020 by detailing the rough draft for the Dutch alliance on data and tax on wages. It is rough draft that was presented at the conference in the autumn of 2016.

The broadening perspective is also apparent from initiatives to seek out cooperation with private parties and the Dutch alliance on data and tax on wages. This is ultimately done to increase ease of use for citizens. One example is 'Handy', a collaborative effort between IG&H Consulting & Interim, several major mortgage lenders and the SSA based on information in the employment history and benefit entitlement database. Another example is setting up an online platform for and with payroll administrators (Payroll Forum), in order to increase the quality of PAYE forms.

And this could well be the most important lesson of the past: the future is one in which parties work together. If you want to be able to take on the challenges of the future, going at it alone is no longer an option!

Ron Ricci, the Vice President of Cisco, was recently asked: "How do you survive in a world where risk is growing faster than growth?" There is only one answer: "Collaboration".

The crowning achievement: ASAP Individual Alliance Excellence Award

All this led to the Dutch alliance on data and tax on wages receiving an Individual Excellence Award in 2017 at the annual conference of the ASAP (Association of Strategic Alliance Professionals) in San Diego (US). The experiences and insights gained during 11 years of working together and the alliance management in the ecosystem of the Dutch alliance on data and tax on wages were acknowledged, underlined and further enhanced at the conference.

Individual Alliance Excellence

Loonaangifteketen



Belastingdienst



WHY IT ROCKS

- Overcame a difficult start through application of alliance practices
- Continuous renewal in collaborative and ecosystem thinking
- Established a precedent and model for collaboration within Government



Figure 14: Announcement of the winner of the ASAP award

Global recognition of the success of the Dutch alliance on data and tax on wages has only increased ambitions to further develop the concept of alliance cooperation. This is first and foremost apparent from the paper *'The Dutch alliance on data and tax on wages, de aorta van de BV Nederland'*. But the NORA Manual *'Controlling alliances'*, published in collaboration with ICTU, is being updated. In light of the international attention, both publications will also be published in English.

In addition, the alliance agency of the Dutch alliance on data and tax on wages organises many lectures to spread its knowledge. The alliance agency, in conjunction with the Tax Academy, the SSA management development, Statistics Netherlands and Sioo has also developed an introductory programme 'Cooperating in chains'. The programme is targeted at start-up chain alliance internally in the organisation that are involved in the Dutch alliance on data and tax on wages, but also external partners. In addition to sharing experiences through storytelling, the introductory programme provides guidelines before and during the start-up phase of alliances.

*"Coming together is a beginning;
Keeping together is progress;
Working together is success."
-Henry Ford-*

Chapter 7

The future of the Dutch alliance on data and tax on wages

It is a constant challenge for the Dutch alliance on data and tax on wages to ensure continuity and stability in the data and therefore also the financial flows. One of the attendant consequences is that processes and flows need constant improvement. This can be achieved by, on the one hand, technical and substantive improvements in the area of topicality and reliability. And on the other hand by jointly working towards improvements in the alliance with all alliance partners, both internal and external. The results of the study into the ecosystem of the Dutch alliance on data and tax on wages, as described in chapter 6, and the ensuing recommendations are one of the determining factors. Joint discussion and action is tested, among other things, in the area of topicality and data quality. And also in developing a vision of the future of the Dutch alliance on data and tax on wages towards 2020. Theme 'being prepared for developments in open data' constitute a prime subject, especially considering the further digitisation and datafication of society. An intrinsic part of this is the discussion about privacy protection. The primary focus is to ensure the security of data by setting up adequate processes in the interaction between the parties.



Figure 15: Matthijsse, R.P.H.M.; *The Dutch alliance on data and tax on wages and Open data*, February 2017

Rough sketch of the development of the Dutch alliance on data and tax on wages towards 2020

In 2015/2016, a feasibility study was conducted which, in addition to the aforementioned developments, have resulted in a number of insights and issues that will become relevant in the future. The following three developments have a major impact on the ecosystem of the Dutch alliance on data and tax on wages:

- Developments in the field of wage and income concepts.
- Developments in the field of information requirements of new and existing users.
- Adjustments to developments in the field of data and other management and information technology.

A rough draft has been drawn up by the alliance owners of the Dutch alliance on data and tax on wages containing guiding starting points for the future The Dutch alliance on data and tax on wages. It has been shared and discussed with the suppliers and users (see text box). The aim is that withholding agents will be able to meet their obligations quicker and easier and will have insight into their current fiscal situation. Employees, for their part, will be able to access their current data after receiving their payslip on the secured SSA environment. Data will become available quicker (real time) and will be used in the primary processes via fully automatic Straight Through Processing.

Guiding starting points

- Functionally reconsidering the system landscape alliance-wide.
- Optimising the reuse of data (government and third parties), by setting up more links/less transfer (such as data virtualisation).
- Creating a shared information position (government/citizens/companies).
- Working with (open) (digital) standards, general components and rule management; achieving flexibility by applying business rules.
- Working towards data governance, accountability for the use of data and implementation of applicable rules of and review by the European General Data Protection Regulation.
- Removing process differences or deliberately clarifying them.
- Reducing or absorbing peaks in the process.
- Limiting as far as possible failure of checks early in the process.
- Improving operations in the present by harmonising operations with the interactions of third parties.
- Boosting risk management and enriching services through data analysis.
- Preventing discoordination points and definition differences in legislation and regulations.
- Creating an integral process management and monitoring.
- Making the Dutch alliance on data and tax on wages accessible to other forms of labour income (independent contractors, for instance).

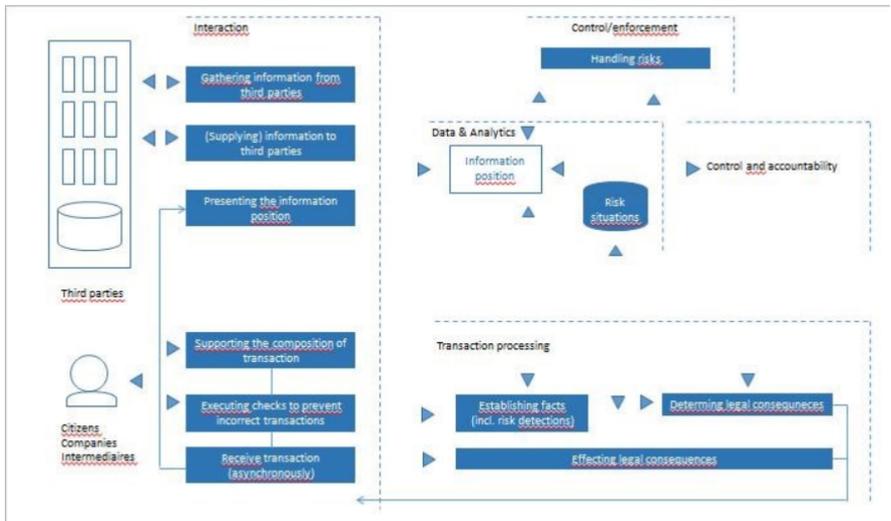


Figure 16: First version of rough draft

Contribution of alliance partners

In detailing the rough draft, the suppliers and users contributed new insights and tightened existing viewpoints. The contribution of the suppliers, besides expanding the number of users and setting up an information desk in the interaction (BSN verification, message box and connection to the digital platform 'My government for entrepreneurs' of the Ministry of Economic Affairs), consisted of the idea of a precompleted PAYE form. They have also identified opportunities for reducing the tax return notifications, the accelerated supply of PAYE forms, new technologies (block alliance) and an optimization of the procedure to change the data set. Finally, the suppliers see that much can be gained from a further cooperation between government bodies (for instance, in the field of control and enforcement), more digitisation and a authorised use of open data.

The users' main interest is the topicality of data, in addition to a high substantive quality. They prefer to receive data immediately after it has been entered into the employment history and benefit entitlement database and through a subscription service in order to minimise data transports. The users furthermore argue for an acceleration of the production processes in the alliance, working with digital standards and a uniformisation of definitions of legislation and regulations. The users also see added value in the option to let citizens correct their data themselves in order to place control back into their hands. Lastly, the users recommend to include independent contractors in the employment history and benefit entitlement database. All of this is supposed to lead to nearly real-time Straight Through Processing.

Which changes will present themselves?

The idea development process builds on from the options to minimise the complexity of the alliance, to improve the quality of data, to reduce the administrative burden on the business community and to lower the execution costs of the government. This makes the alliance even more appealing to users.

European legislation and regulations might increase the complexity. These regulations are relevant for living and working in more European countries, for instance in connection the taxability of income, the old age pension scheme and contributions and the various benefits. Now that working internationally is becoming increasingly frequent, it should be factored in. The new EU directives in the field of privacy, which will have to be integrated in national legislation and regulations by 2018, will have a major impact on a data processing process such as the Dutch alliance on data and tax on wages. Another example of European legislation and regulations is EESSI (Electronic Exchange of Social Security Information). It is an IT system that helps social security bodies in all EU countries to exchange information quicker and safer. The system is expected to have become operational by 2020.

In addition, developments regarding the social welfare state in relation to the flexibilisation of labour have consequences for the Dutch alliance on data and tax on wages. This includes among others (the need for) compulsory insurances for inability, unemployment and pension for the more than one million independent contractors without employees. A study by the European Commission has revealed that many 'new' independent contractors do not generate sufficient income to participate in such insurances. In the long term, this could undermine the durability of the social system.

In this context, a drop in the concept of 'lifetime employment' and the transition to shorter and multiple employment relationships, in combination with entrepreneurship (independent contractors) also result in complexity. Furthermore, potential changes and simplifications in income-dependent schemes, taxes and contributions influence the Dutch alliance on data and tax on wages. Finally, new automation applications influence the structure and functioning of the ecosystem known as 'the Dutch alliance on data and tax on wages'. This includes data available in the cloud or in a block alliance-type environment which are collected if and when the need arises.

How does the Dutch alliance on data and tax on wages respond to these changes?

In order to give shape to these developments, a high data quality is of vital importance. It is crucial for increasing data quality to make short-term investments in a systematic improvement of all data for the future, instead of correcting one of more data after the fact. Structural prevention is much more effective than incidental corrections. Developing and implementing a warning or accelerated feedback system therefore is a crucial solution.

In cooperation with the University of Amsterdam (UvA) a data quality model is being developed based on which better insight can be gained into the quality of data and the options to improve them. If the quality of data increases, the processes and use will become more efficient, both for withholding agents, the IRS, the SSA and Statistics Netherlands, and for all users. In the end, citizens will benefit too. But it is important to strike the right balance between the level of effort and the intended result: the last per cent often requires a disproportionate investment.

Further developing a subscription service, in which withholding agents simply have to supply mutations of the monthly data instead of complete datasets, and the acceleration of the supply of the wage tax return notifications will also result in a reduction of risk of errors and with it an increase in quality.

Monitoring the quality of data by the IRS in the context of its enforcement system will also bring about quality improvement. To this end, a new vision on monitoring payroll tax returns is being developed and, in consultation with the software developers and payroll administrators, more emphasis is placed on providing data in the PAYE forms correctly the first time.

Other major changes relevant to the Dutch alliance on data and tax on wages are mostly geared towards European regulations, the consequences for income certainty and uncertainty in relation to the increase in independent contractors, the wish to simplify income-dependent schemes and major technological developments.

Within the ecosystem of the Dutch alliance on data and tax on wages it is being considered what the impact of these changes will be and the opportunities that technological developments to face these changes. This involves all players in the ecosystem; the alliance owners the SSA, the IRS and Statistics Netherlands, withholding agents, payroll administrators, software developers, tax service-providers, users and scientific institutes. A fine example of this is the development of the rough draft, in which the veil was lifted on the growing population of independent contractors and the necessity to do more for this group in the area of income security. The application of new technologies has also been granted attention.

Studies are also being conducted with private parties and, if opportune, solutions are tried out and transformed into functioning initiatives. A good example is the aforementioned initiative “Handy”. This collaboration between IG&H Consulting & Interim, several major mortgage lenders and the SSA enables users to apply for a mortgage with less fuss by using information from the employment history and benefit entitlement database. Based on the success of this initiative, other opportunities are now being explored to facilitate citizens in a similar way in processes that fall outside the scope of the Dutch alliance on data and tax on wages.

The alliance owners have to start paying more attention to the requirements set by developments in the field of privacy to data governance, in which national and increasingly also European legislation plays a role. The rough draft also focuses explicitly on this aspect. In view of the universal nature, this is one of themes for which cooperation with parties inside and outside the public sector is being sought.

For all these developments, it is important to work in close cooperation with the indirectly and directly involved ministries. It is clear that developments that affect or will affect the Dutch alliance on data and tax on wages extend beyond the segment of income and employment. Working in the cloud and applying block alliance-type principles have to fit or be made to fit in with the privacy aspects which protect the rights of citizens and companies. Smart use of already available information for new legislation, both national and European, could help limit a further increase in complexity by means of legislation and regulations. In doing so, it prevents an administrative burden for companies and lower their execution costs. But this does require an integral approach, intensive cooperation and the courage to work together to search for solutions that serve a wide social interest.

In conclusion

This document describes how the Dutch alliance on data and tax on wages has developed into an ecosystem. It also sketches how the parties involved in the system anticipate social and technological changes. This document is our way of expressing our ambition that the Dutch alliance on data and tax on wages, as the financial and data lifeline in the Netherlands for work and income, will continue to play a major financial, economic and social role in the coming years.

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Acknowledgement

This publication has been compiled in close cooperation between the alliance agency of the Dutch alliance on data and tax on wages and PBLQ. It was our great pleasure to conduct the interviews with several of the alliance partners in the The Dutch alliance on data and tax on wages, and we would like to thank them for their cooperation.

- Wouter-Jan Brookman, Secretary of policy agency VNO-NCW and MKB Netherlands.
- Jan Wouda, Knowledge manager legislation and regulations at Raet.

More information

If after reading this publication you have become interested in the experiences in the field of cooperation within the Dutch alliance on data and tax on wages, please contact: **00316-51369422** (alliance agency of the Dutch alliance on data and tax on wages in Utrecht). Up-to-date information is also available on www.loonaangifteketen.nl.

If after reading this publication you are interested in the options of data extraction from the Dutch alliance on data and tax on wages, please read more on: www.uvw.nl/zakelijk/gegevensdiensten.

PBLQ

PBLQ is the consultancy firm that focuses on change issues in the information society. The Netherlands is rapidly changing into a digital information society, in which the government also plays a crucial role. PBLQ is the specialist in solving change issues with a focus on information management in the public domain. PBLQ supports its clients with recommendations, traineeships and training programmes.

The PBLQ consultants assist directors and programme and project managers and give them recommendations regarding complex (alliance and network) change issues and regarding information management structures.

At the request of the minister of Finance, PBLQ, then known as the Expertise Centre, was involved in the Dutch alliance on data and tax on wages for four years as a watchdog.

In this period, PBLQ conducted the following studies:

- An independent opinion on the problem analysis conducted by the SSA and the IRS.
- An annual update of the stages in the development of the Dutch alliance on data and tax on wages.
- The periodic assessment of the implementation of the improvement measures, control and enforcement of the alliance, the joint system of standards and the plans.
- A monthly report on the quality of the measures, progress and identified risks.

Our specific assignment was to assess the structure, existence and functioning of the Dutch alliance on data and tax on wages. The governance of the Dutch alliance on data and tax on wages was a crucial element. In addition to a specific assessment framework, PBLQ has tested the situation based on experiences from a real practice which PBLQ has gained in many comparable projects in the public sector.