GBBC

BLOCKCHAIN FOR TAXATION #2 [1]

Jurisdictions can benefit from **increased tax collections** and reliability

- Revenue to develop economies, supporting **functional and inclusive societies**
- Blockchain to improve **efficiencies**
- Transparency and accountability to foster
  - **Better rules, policy & decision making**
  - **Trust in government**

Digital Identity is Key!

1. **Enables** increased transparency
2. **Issued** by a government authority
3. **Represents** an external entity (e.g., individual, organization, asset)

COMPONENTS OF A BLOCKCHAIN-BASED TAX SYSTEM

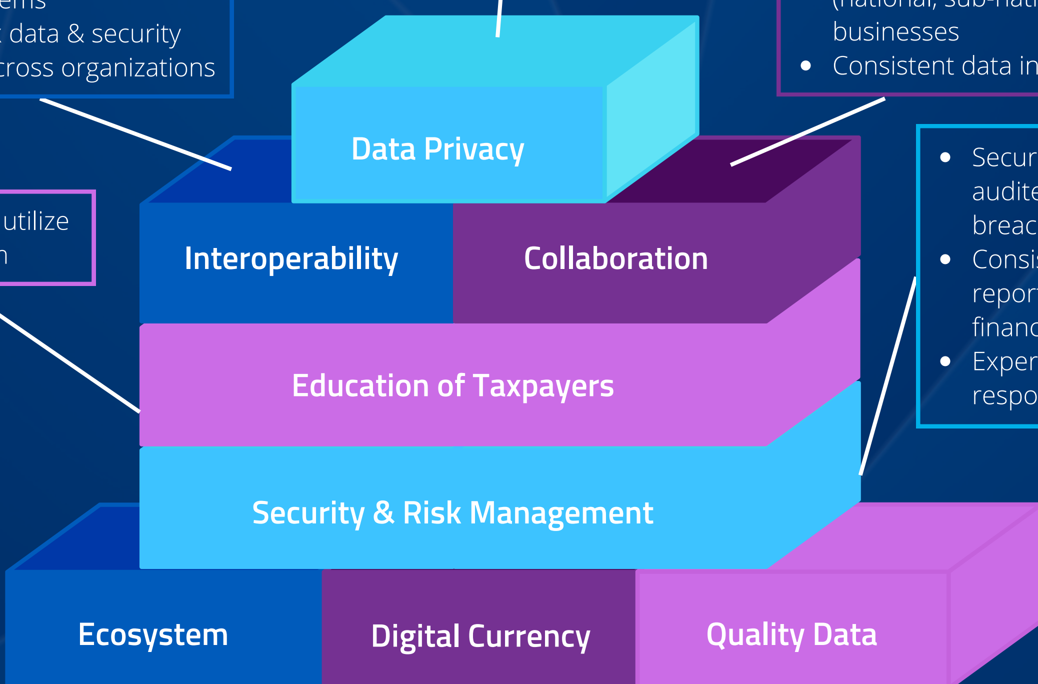
Data Privacy
- Confidential data not stored in central repositories or recorded directly on the blockchain
- Cryptography & zero-knowledge proofs (ZKPs) to prove a value without conveying sensitive data

Interoperability
- Compatibility between new & existing systems
- Accurate tax data & security measures across organizations

Collaboration
- Partnerships across governments (national, sub-national, municipal) & businesses
- Consistent data ingestion & processes

Education of Taxpayers
- Training to utilize new system

Security & Risk Management
- Secure technology and audited code to prevent data breaches and other risks
- Consistent risk analytics & reporting, with KYC used in financial services
- Expert security analysis and responsive systems



Ecosystem
- Stakeholder participation in governance & design to enhance long term viability
- Governance & board frameworks to define roles & incentive mechanisms
- Shared principles as guidelines that reflect participants' aspirations

Digital Currency
- Enables taxable events and a targeted approach to them
- Can be tokenized currency

Quality Data
- Data security, integrity, and availability, with adequate consensus protocols for validation
- Data sourced from existing intermediaries with KYC programs
- Legal responsibility & adherence to due diligence and information sharing standards

1 GBBC GSMI 2.0 Report (November 2021)