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Data-Driven Tax Compliance Monitoring in Public Revenue Systems

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Abstract: This study presents evidence-based analysis of data-driven tax compliance monitoring within public revenue systems, emphasizing rigorous methodology, transparent reporting, and measurable outcomes. Emerging trends in the digitalization of the economy and public service delivery increasingly motivate the use of big data analytics by tax authorities for efficient revenue collection, including compliance monitoring. Political pressure or judicial rulings often push decision-making and applied analytics into unsafe territories. In contrast, peer-reviewed modelling and analysis support legitimate and transparent data-driven compliance monitoring. Digital economy taxation gap analytics is one area gaining widespread research and implementation attention. Another core aspect of tax compliance risk assessment is the detection of tacit and explicit noncompliance. Risk-assessment support for audit selection or the identification of high-risk sectors and segments is increasingly provided by data-analytical methods.

While demonstrated in a financial-supply-chain context, the approach is transferable beyond the scope and context of any one implementation. Empirical examinations validate the proposed concepts, metrics, and models, establishing the methodological foundation for a broader application across public revenue systems. Supply-side data companies maintain data about every firm across digital supply chains. Cross-jurisdictional public-sector data-sharing silos constitute uncontested evidence of tax gap size and sector non-compliance risk or willingness summaries. Non-participation in regulatory audits, data-feedback mechanisms, and information-exchange strategies results in an ever-increasing compliance gap. Tax administrations and regulators have decision responsibility and operational authority for compliance governance, yet any failure to embrace any one of the risk-and-remediation strategies should also be held to account.

Keywords: Data; Tax compliance monitoring; Public revenue systems; Decision support; Policy evaluation; Policy design; Administration arrangements; Policy instruments; Tax gaps; Revenue risk.

1. INTRODUCTION

Tax noncompliance is widely recognized as a threat to public revenue systems because it undermines the reliable revenue collection needed for wealth redistribution and government service provision. Risk-based monitoring systems are therefore developed and deployed to profile taxpayers, detect noncompliance, and promote compliance. Evidence-based analysis of these systems requires clearly defined analytical architecture. Theoretical articulation drives the identification of data-driven compliance monitoring capabilities, such as risk scoring, compliance gap measurement, and tax gap estimation.

The analysis develops a taxonomy that encompasses data-driven monitoring capabilities in support of public revenue systems. This taxonomy is informed by economic theory and implements concepts of compliance, risk, and behavior in the context of government service. Three classes of capabilities emerge: detection of potential noncompliance patterns, measurement of compliance gaps, and assessment of revenue risk. These three classes are further elaborated and articulated in relation to the policy goals of public revenue systems. The analytical architecture guides future empirical investigations that apply the capabilities in support of data-driven compliance monitoring.Tax compliance monitoring motivation shifts from simply using external data sources, for disclosure of omitted income and gain or transaction reconciliation, to detecting new noncompliance behaviors—especially difficult-to-catch evaders.

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Fig 1: Tax data management solutions

2. THEORETICAL FOUNDATIONS OF DATA-DRIVEN COMPLIANCE MONITORING

Positioning data analytics within existing tax administration theories clarifies the concepts of compliance, risk, and behavior. A framework covering detection of noncompliance patterns and estimation of the tax gap is developed, leading to testable hypotheses. Data analytics are increasingly being used to improve compliance behavior, supported by data science skills and advanced computing power; yet, a systematic integration of data analytics into the models of tax compliance may enhance their critical appraisal and further guide any implementation efforts. The behavioral model of tax compliance describes the social environment as a key determinant of taxpayers' decision-making, while the risk-based approach emphasizes uncertainty and enforcement tactics of the agencies. Positioned at the intersection of these two schools, the concepts of risk-based behavioral compliance and risk-based behavioral detection have emerged. The strategic goal is to adopt a full-cycle approach: define the tax gap and its components; map the risk of revenue loss across compliance and noncompliance behaviors; monitor detected patterns; improve behavioral responses toward increased voluntary compliance; and reduce the tax gap.

Data-driven tax compliance monitoring focuses on identifying and measuring the components of the tax gap, employing noncompliance detection patterns and risk scoring methods derived from the data. In this context, a pattern indicates the recognition of a compliance and/or noncompliance behavior associated with potential tax revenue loss. Such patterns can assume four types: outlier (comparison across similar taxpayers); anomaly (internal detection, e.g. unused VAT credit); behavioral (e.g. sudden transaction omission in a known related business); and network (shows link with noncomplying companies, e.g. vendors without CNPJ or inactive).

Equation 1: Tax gap (taxpayer-level → total)

Step-by-step

1. Let T_i^* = theoretical (true) tax liability for taxpayer i
2. Let T_i = tax paid / declared (observed)
3. **Tax gap (loss)**

$$G_i = T_i^* - T_i$$

4. **Total tax gap**

$$G = \sum_i G_i = \sum_i (T_i^* - T_i) = \left(\sum_i T_i^*\right) - \left(\sum_i T_i\right)$$

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Useful derived rates:

- **Compliance rate** $C = \frac{\sum_i T_i}{\sum_i T_i^*}$
- **Gap rate** $= 1 - C = \frac{G}{\sum_i T_i^*}$

3. DATA INFRASTRUCTURE FOR PUBLIC REVENUE SYSTEMS

Data from multiple sources are required to assess tax compliance, govern public revenue systems, detect tax fraud and evasion, and evaluate tax policy effectiveness. Primary data comprise tax returns, audits, and payments. Secondary sources include third-party information disclosures (e.g., from banks or employers), administrative data from statistical bureaus, flows of funds, transactions, prices, economic activity indicators, and data from previous investigations. Data lineage, compatibility (understanding source schemas), and the capability to merge data across sources and jurisdictions enable advanced data analytics and pattern detection.
Data preparation involves cleansing, treating missing values, enriching, filtering, de-biasing, structuring, and aggregating data to generate new features that support predictive and prescriptive analytics. Feature engineering creates domain-relevant features that enhance the performance of general-purpose models. Data-quality constraints can derive data-quality dimensions, determine appropriate actors and processes, and enforce a privacy-by-design philosophy that addresses privacy and data-protection concerns throughout the data life cycle. Data-access privileges support the principles of least privilege and need to know.

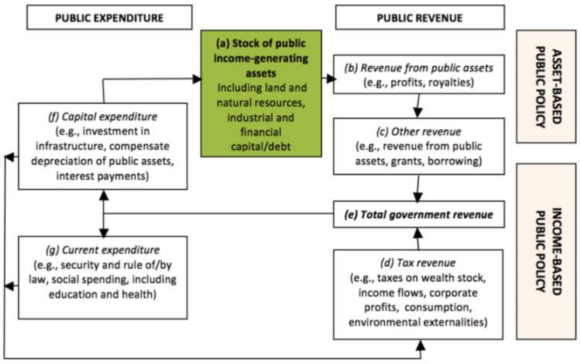

Fig 2: Public revenue-expenditure cycle

3.1. Data Sources and Integration: Public revenue systems generate and utilize large volumes of administrative and other sources of data. Secondary data from non-public sources have increased over the years but remain underutilized. A comprehensive view on data sources, lineage, interoperability requirements, and integration architecture is paramount for assuring ethical and efficient use of data. Data lineage—a set of maps showing where the data come from, how they connect to other datasets, and how they flow within the data architecture—helps identify potential inefficiencies, duplications, and redundancies; indicates dependencies; and facilitates integration across data silos. Such transparency about why and how such data are generated helps ease citizens' concerns about data privacy.
Data lineage concepts are combined with a data-integration architecture to articulate end-to-end processes for transforming and integrating diverse data from multiple sources (primary and secondary). Their union enables identification of the data required for a specific data-analytics task or use case, helps evidence that the data are ethically generated, and transforms the data within the data lake. End-to-end data flow is explained using the Extract-, Transform-, and Load (ETL) approach; this is intended to assure that validated and high-quality information is stored in the final data product. The ETL processes are aligned with transparency, accountability, and privacy-by-design requirements.

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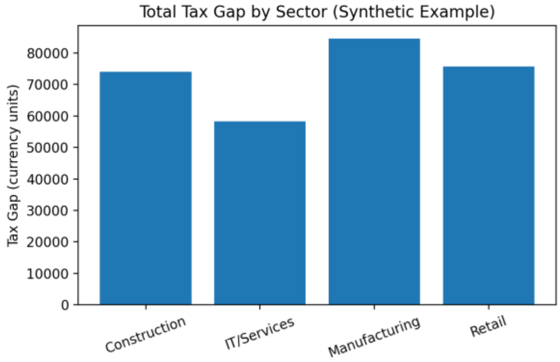

3.2. Data Quality, Governance, and Privacy: Compliance monitoring relies on high-quality data that is protected and governed throughout its life cycle. A data quality dimension framework assesses fitness for use; quality responsibility maps domains to custodians, ensuring quality management. Data stewardship allocates day-to-day operations and access permissions to individuals entrusted by the custodians. The privacy-by-design paradigm incorporates privacy safeguards in all data uses. Data access is controlled by a role-based access mechanism, creating records of data access and modifications.

Data incursions, unauthorized access to data stores, and data breaches are major catalysts undermining citizens' trust in government. Data minimization—collecting only data actually required and using it only for authorized purposes—addresses these concerns. Nevertheless, some uses may conflict with legal frameworks governing civil liberties; these require extra scrutiny before being implemented. Moreover, citizens may expect a public authority to ask for consent before using their data. Data access controls and audit trails of actual data usage can fulfill these demands, provided that the data are de-identified and linked to a participant-only identifier not accessible by the public.

4. INDICATORS AND METRICS FOR COMPLIANCE ASSESSMENT

The structure presented in previous sections furnishes the foundation for the detailed specification of indicators and metrics required to support data-driven compliance monitoring. The implementation of such controls encompasses the detection of patterns indicating noncompliance and the measurement of tax gap components combined with their risk weighting. Various types of noncompliance detection patterns can be defined on the basis of a classification that incorporates data-type considerations: outlier patterns targeting entities whose reported behavior statistically deviates from established norms; anomaly patterns focused on unexpected changes in the dynamics of operational behavior; behavioral-pattern-based analysis of the quality of agent actions (such as behavior over time or predictive agents); and network-pattern analysis of interaction networks for households and businesses. Modelling, particularly feature engineering, clearly plays a fundamental role in constituting the independent variables used for these types of detectors. However, although data-driven approaches—such as machine-learning (ML) models—arguably provide the best solutions, a model-agnostic rule-based detection methodology also remains highly effective within the realm of data analytics.

Appropriate components of the tax gap should be specified first in order to measure it successfully alongside its sources. The direct definition of the tax gap constitutes a source-based approach; however, a source-of-income approach is also applicable. For tax-risk assessment purposes, three factors affecting the revenue-take risk of a given revenue authority can be established: the direct tax risk, which may be considered a high-level proxy for the tax gap; the tax-risk score, based on the expected revenue take and the risk-weighted tax gap; and the registered-entity density, which relates revenue agencies and any concerned jurisdiction. The fulfilment of these components can provide valuable indications of risks associated with revenue systems. Tax-gap measurement thus supplies an essential indicator of compliance status for revenue service decision-makers, and the introduction of risk-weighted estimation allows for the intended integration of risk-scoring techniques.

4.1. Detection of Noncompliance Patterns: Tax administrations deploy risk-based compliance approaches, aiming resources at taxpayers with greatest potential to incur tax gap. Increasingly, they detect noncompliance patterns that flag such risk, providing a fourth technique to support taxpayer compliance assurance and strengthen public confidence in the fairness of tax systems. These techniques, distinct from conventional methods that infer responses to risk treatments or focus only on the effect of individual treatments, expand the ability of compliance models to define treatment conditions. Four noncompliance pattern types are commonly used, categorized by whether they directly detect noncompliance incidents, failure to detect those incidents, or characterize network relationships: outlier patterns involve single taxpayers

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and relate primarily to businesses; anomaly patterns tend to encompass all taxpayers within a data source and relate to product tax incidence; behavioral patterns characterize an entire taxpayer cohort; and network patterns assess related entities or agents. Noncompliance detection relies on feature engineering complemented by a model-agnostic rule-based approach, encompassing a repository of condition specifications tailored for machine learning resources.

Equation 2: Risk-weighted tax gap

Step-by-step

1. Define a risk weight $w_i \in [0,1]$ representing evidence strength / likelihood that the gap is real/actionable.
2. **Risk-weighted gap (taxpayer)**

$$wG_i = w_i \cdot G_i$$

3. **Risk-weighted gap (total)**

$$wG = \sum_i w_i \, G_i$$

4.2. Measurement of Tax Gap and Revenue Risk: Taxes are a substantial part of the income from which the governments of various countries fund their daily activities. Some citizens and companies are either taxpayers or tax evaders. Tax evasion results in hiding from tax administration some or all parts of their income, and thereby misrepresenting it, or manipulating the accounts for tax reporting purposes to get tax deductions or credits that are not due. A tool that allows the economy to use the taxes declared by the taxpayers as a measure of the entire economy is named the tax gap.
A tax gap measure provides an estimate of the theoretical tax revenue and may therefore be used to calculate the loss of revenue for the government. Changes in the tax gap over time represent an indication of the effectiveness of compliance measures. Furthermore, and this is particularly relevant for countries unable to make use of more sophisticated detection and prediction techniques, the tax gap measure is an indirect model for the success of compliance strategies. A low and stable level suggests a successful compliance policy. The estimation of the tax gap is not just a way for governments to assess their tax revenue. If it is done in a transparent way, it can be an important tool for governments, societies, and researchers to understand how effectively tax revenues are collected.

5. CASE STUDIES AND EMPIRICAL EVIDENCE

Seven public revenue bodies have established data-driven tax compliance monitoring systems based on self developed data analytics, while many others use commercial solutions based on Derby, Kim, Schiller, and Winer [2016] model. Implementations vary in architecture, data governance, detection capability, promotion of compliance, and detection of fraud and criminal tax evasion. Common architecture comprises a Data Warehouse, Expert Data Analytics Section, Data Engineering Team, and Compliance Promotion Team. Data Sourcing and Engineering Team identifies primary data sources, prepares secondary sources, and resolves data quality issues. Process Owner is responsible for operation of the systems, controls compliance, provides outcome reports, and manages transfer pricing audits.
Three jurisdictions have published ex-ante, ex-post, or retrospective case studies on patterns of detected noncompliance and revenue risk associated with career building, organized crime, and rentals in the home-sharing sector. Others made vulnerable-tax-gap estimates using publicly available literature or detected patterns of noncompliance without formal application of\, Derby, Kim, Schiller, and Winer [2016] detection framework. Reported patterns are often highly local, making identification of generalizable, transferable patterns in disparate countries challenging.

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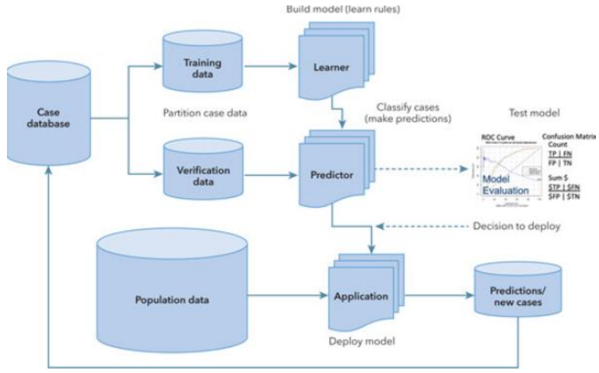

Fig 3: Empirical Evidence of Data-Driven Tax Compliance

5.1. Cross-Jurisdictional Implementations Evidence from different jurisdictions reveals diverse implementations of data---driven tax compliance monitoring. Variations in underlying architecture, governance, and achieved outcomes shed light on transferable lessons and best practices.

A critical success factor is the existence of a single authority with sufficient competencies and data access rights, thereby enabling data integration and infrastructure consolidation. While adjustments are often required to accommodate distinct line ministries, agencies in earlier stages of implementation can adopt a less centralized approach by defining results-oriented targets and responsibilities for policy sectors with their respective controlling units. Such units serve as advisory bodies and testing grounds, subsequent findings being documented and shared. The mapping exercise illustrates that in many jurisdictions, a wealth of publicly accessible, administrative and private sector data remains untapped. The detection of potential noncompliance patterns appears to be particularly sophisticated in the case of behavioral patterns, making significant use of machine-learning techniques.

5.2. Sector-Specific Applications: Probing sector-specific tax compliance risk is important for two reasons. First, a common reason for focusing on particular data sources or industry segments is to improve detection accuracy, be it on outlier, anomaly, behavioral, or network patterns. Modeling compliance dynamics in one industry may yield more precise behavioral risk estimators, which when used for targeting operations in the same industry may enhance detection performance compared to a model not considering industry-specific features. Therefore, tax authorities seem to grant importance to advanced features in compliance risk modeling. Second, these studies indicate the presence of industry-, issuer-, or product-specific data that are likely to correlate with tax compliance dynamics. The willingness of advanced tax administrations to invest resources to establish controls and to allocate compliance attention on specific sectors, issuers, or products appears justified if external supervisory data and sectoral dynamics are available.

Data-mining and machine-learning techniques require a huge amount of observations for estimation. Even though modern computing power allows these techniques to be applied to vast data sets, the anlayzing of industry- or segment-specific data still improves reliability by reducing the intrinsic variance. However, these setups cannot be simply run as a pattern-searching model. Specific front-end analysis, pre- and postprocessing are needed prior to applying any of the data-mining techniques. An operational data-analytics architecture capable of detecting compliance behavior supports sector-specific implementation by providing feature extraction and provide a cross-validation mechanism.

6. GOVERNANCE, ETHICS, AND LEGAL CONSIDERATIONS

The integrity of data-driven tax compliance monitoring hinges on governance structures and practices that safeguard against misuse and prohibit unintended adverse effects. Essentially, outcomes must reflect compliance risk and serve the greater societal goal of revenue generation, not revenue maximization at any cost or through any means. Such objectives necessitate transparency, accountability, privacy protection, and legal conformity. Without demonstrable compliance with these standards by tax administrations, public acceptance and social license are put at risk. Addressing these issues requires determined effort and resources; applied without considerations of good governance, ethical constraints, and legal boundaries, the principles of data-driven compliance monitoring risk abuse, misinterpretation, and invalidation.

Requirements for transparency and accountability are not restricted to a single compliance-monitoring method. Reporting of detected noncompliance patterns, measurement of the tax gap, identification of revenue-risk breakdowns, quantification of risk scores, and any other produced outcomes must be framed within an explicit reporting standard that informs taxpayers what to expect from the tax authority as well as why, when, and how such patterns, indicators, and metrics are generated. Taxpayers and third-party oversight mechanisms should also be able to understand the rationale behind decisions taken by tax authorities based on detection, estimation, or scoring outcomes. Are detected patterns

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subject to enforcement or preventive action? Which and why? Who decides and on what grounds? Are triggered alerts acted on? Such accountability increases decision validity, bolsters public confidence, and enhances social license.
Privacy, data protection, and civil liberties principles impose additional constraints. Adherence to the principle of data minimization prohibits the processing of personal data when the purpose can be achieved by other means that do not involve the use of personal data. The principle of consent necessitates that personal data be processed only with the free, informed, explicit, and unambiguous consent of the individual concerned unless prescribed otherwise by legislation. Retention periods should be closely evaluated; collection for a specific outcome should not open the door to indefinite retention. Finally, data subjects must enjoy rights of access to, rectification of, erasure of, restriction of processing, data portability, and objection to processing of their personal data.

Equation 3: Noncompliance pattern detection equations

A) Outlier (cross-sectional, peer comparison)

- Choose feature x_i (e.g., gap rate G_i/T_i^*)

$$z_i = \frac{x_i - \mu}{\sigma}$$

Flag if $|z_i| > k$.

B) Anomaly (within-entity, time-based)

- With time series $x_{i,t}$, moving-average baseline:

$$\bar{x}_{i,t} = \frac{1}{L}\sum_{j=1}^{L} x_{i,t-j}\,, \quad e_{i,t} = x_{i,t} - \bar{x}_{i,t}$$

Flag if standardized residual $|e_{i,t}|/s_i > k$.

C) Behavioral (cohort dynamics)

- Compare taxpayer trajectory to cohort expectation $\hat{b}_{c,t}$

$$BD_i = \frac{1}{T}\sum_{t} |x_{i,t} - \hat{b}_{c,t}|$$

Map to risk weight, e.g. sigmoid:

$$w_i = \frac{1}{1 + \exp(-\alpha(BD_i - \beta))}$$

D) Network (relationships)

- Graph adjacency A_{ij}

$$deg(i) = \sum_{j} A_{ij}\,, \quad exposure(i) = \sum_{j \in S} A_{ij}$$

Then e.g. $w_i = \min(1, \gamma \cdot exposure(i))$.

6.1. Transparency and Accountability: Data-driven transformation requires a departure from traditional tax compliance reporting paradigms. The substantial investments made in data collection, processing, model development, and implementation should not yield mere performance metrics for analytical benefit. There should be compelling information to support decision-making, improve policy outcomes, and enhance accountability. These reporting requirements typically reside with the internal audit division of the public revenue system tasked with maintaining good governance practices and mitigating risk. Purposeful design of transparency, accountability, governance, and policy compliance mechanisms—aligned with one or more machine learning explainability frameworks—reduces the risk of

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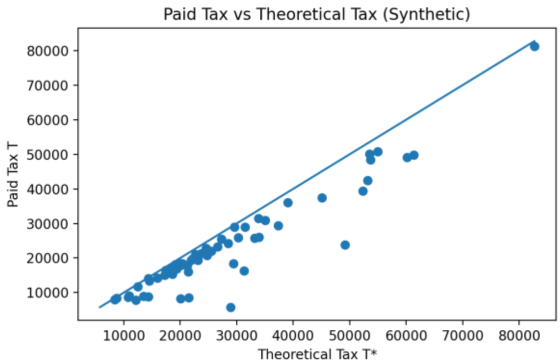
bias and discrimination, enhances decision-making, guides internal audits, and serves as the basis for stakeholder interactions.

Beyond verifying compliance with established processes and controls, the internal audit function should assess and authenticate the quality, relevance, and effectiveness of the analytical solution. Evidence-based input should feed a feedback loop to support improvement. Furthermore, the design must guarantee privacy and data protection, minimize the personal data used, ensure the existence and visibility of consent mechanisms, and define the data retention period. It should also seek to embed privacy and data protection rights within the solution and consider compliance with applicable legal regimes governing privacy, data protection, personal freedoms, and civil liberties.

6.2. Privacy, Data Protection, and Civil Liberties: Privacy and data protection are fundamental requirements for any data-driven tax compliance monitoring within public revenue systems incorporating extensive taxpayer data sets that cover a significant proportion of individual and corporate income and wealth. The system must ensure that data used in detecting and quantifying tax compliance problems is minimized and only contains essential data points. Furthermore, it should process tax data according to the principle of legal analysis, which entails that individual taxpayer data—especially data that has not been anonymized or aggregated—needs to be protected with the highest degree of care in civil-society systems rooted in civil liberties. Accountable processing of personal data relating to the monitoring of taxation requires taking into account the nature of the action, possible consequences for the involved individual or group, their acceptance of the legal situation and the decision-making system, precedent, and relevant data-processing laws. Such civil rights must be addressed in any data-driven compliance-analysis systems, divisions of responsibility, and SOPs. The analysis of data accuracy, relevance, and minimization must be founded upon principles already established by society.

The full extent of privacy-by-design concerns for a data-driven tax-compliance monitoring system may extend beyond the monitoring system's visible legal sources, data, ingenuity, analysis, and category-module. The specialist data-collection and -analysis pattern may provide useful services and idea classification in many domains outside of taxation, but within a civil-society framework the detection of illegal or undesirable behavior—internal or external—requires extremes of civil responsibility, including internal procedure checks.



7. CHALLENGES AND LIMITATIONS

Data silos and limited data-sharing between authorities may hinder the adoption and effectiveness of data-driven monitoring. Specific local data sources might remain inaccessible due to privacy and data protection legislation. Furthermore, interactions accompanying the exchange of sensitive data raise questions of responsibility, liability, attribution of actions or judgments, and other issues. Behind-the-scenes sharing that does not inform decisions may not justify the effort when agencies already possess the knowledge. Even when data-sharing protocols are well established, law enforcement investigations or judicial reviews may postpone the exchange.

Moreover, patterns detected on a local level might not be seen on national or regional levels due to the effects of clustering and regionalization. Detecting fewer episodes may limit the costs associated with validation; however, actions on a smaller scale may be of higher importance for surveillance agencies. Intelligence services operating in an atypical loop may pull data together for risk scoring and other purposes using proper legal avenues. Even when available, no jurisdiction can simply import external action without prior adaptation.

Interoperability issues typically stem from data used by separate tax administrations remaining in silos, proprietary control mandates on data batches, distinct data formats and naming conventions that suddenly surface, local models avoiding put-back mechanisms to receive refresh cycles, or manual intervention requirements. Clarifying the legal framework might not be enough to guarantee that two or more data sources become interconnected in a standard way. In such cases, implementing simple "supply-chain" solutions across horizontal jurisdictions can remove territorial borders, analytically reclassifying environments with distinct decision criteria into joint distribution categories.

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Data-minimization principles may prompt analysis to consider an exit route through an entire model cycle data input control or to feature using an external machine-learning engine refresh-blocking provision from the agency that proposes externalization of open-source feature followers. Applying the result as a unique treatment layer might still guarantee refresh-standard data support before entering the engine, smoothing back-end production with no further human supervision. By design, applying external processing kernels only for refresh supplies control lines hidden from the main analysis path may result in faster manual analysis without risking incomplete execution merely because a clause error prevented an entire analysis area from being produced.

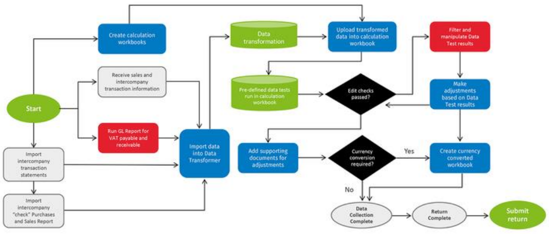

Fig 4: Data challenges for the modern tax function

7.1. Data Silos and Interoperability Constraints Fragmentation of data across different agencies poses serious implementation challenges, given that data-driven tax compliance monitoring combines information from distinct data sources to achieve specific policy outcomes. First, the availability of operational data and analytic capabilities typically resides in separate government entities, hindering cross-agency cooperation. There is often little incentive or encouragement across jurisdictions for agencies to work together to create outcome-driven solutions. Second, many public revenue systems are governed by multiple data laws, each focusing on the interests of a specific data source. Policymakers are therefore often unsuccessful in obtaining government-wide solutions that enable a unified view of data from multiple perspectives.

Third, the data needed to pinpoint compliance activities as part of the tax gap measurement or risk scoring typically belong to regulatory agencies within the country or jurisdiction tasked with controlling specific sectors, including companies, customers, and employees. However, the operational matrices of these regulatory agencies, in the present and in the past years, rarely contain horizontal data for the evaluation of financial relations across all participants in the economic chain. Instead, they are mainly designed to confirm that the specific regulation defined in their act of creation is fulfilled, usually on a reactive basis. Nevertheless, this set of data usually contains elements that may be applied to create both horizontal and vertical controls for the exercise of other definitions, which may subsequently support the fulfillment of the specific regulation of other agencies, including the prevention of tax disloyalty and financial crime.

7.2. Bias, Discrimination, and Model Validity: Tax compliance assessments are not free from bias, either in the training data set used to develop prediction or risk scores, or in the models utilized in supervised learning. Detection of outlier patterns relies on score distributions that detect deviations in isolation; thus, risk scores based on group averages are more likely to misidentify risks for those in less-favoured groups. The application of unsupervised algorithms can also lead to unintentional group biases, especially when feature scaling choices increase the impact of particular variables.

The law of large numbers means that even with advanced risk models most issues will still be examined by non-experts or with unsophisticated techniques. Biases in decision making must therefore be monitored, and any pattern of enforcement that leads to unjustified favouritism, penalization, or harassment of minorities must be avoided, exposing decision makers to appropriate consequences. The emerging architecture of open-book governance, which applies to all social services, is ideally suited to monitoring action in such cases.

8. CONCLUSIONS

Studies reveal evidence-based exploration of data-driven tax compliance monitoring within public revenue systems through rigorous methodology, transparent reporting, and measurable outcomes. Data analytics is positioned within tax administration theory; concepts of compliance, risk, and behavior are articulated; and an analytical framework is derived. Data sources and integration are detailed, with primary and secondary sources identified, data lineage and interoperability standards mapped, and extraction–transformation–loading processes described. Quality dimensions, governance roles, access controls, stewardship, and privacy-by-design are defined. Pattern types are specified; feature engineering and model-agnostic rule-based detection are conveyed; tax gap components and estimation methods are delineated; confidence intervals, risk scoring, and policy linkage are considered; architecture, governance, outcomes, and transferability are compared; lessons learned and best practices are assessed; industry-specific adaptations and design requirements are highlighted; reporting standards, explainability, oversight, data-minimization, consent, retention, rights protections, and compliance with legal regimes are addressed; fragmentation issues, governance gaps, and integration

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impediments are identified; interoperability solutions are proposed; source bias, algorithmic fairness, validation procedures, and sensitivity analyses are examined; and analytical insights, policy implications, and future research directions are synthesized.
Emerging trends indicate that more-public-revenue-system agencies are shifting from traditional compliance assistance to technology-enhanced identification of noncompliance. With greater volumes of taxpayer payments and receipts of various kinds, combined with an ever-increasing set of obligations that taxpayers must meet, such as financial-account reporting by third parties for cross-border and, to a lesser extent, domestic transactions etc., more advanced identification of risky taxpayers is required. Advanced analysis techniques, whether machine learning, data-mining, or other types of technology-enhanced decision-making systems, assist in making the right choice of investigation-selection strategies; their requirement is a consideration of data sources and types of outputs designed so that their accuracy can be measured reliably. Over time, an assumption that any single loss, such as a revealer participating in tax fraud, leads to a fall in revenue is being cast into doubt; the idea now slowly evolving is that losses are more cumulative and can lead, given a degree of intensity over a long enough period, to greater overall loss of tax revenue.

8.1. Emerging Trends: The preceding analysis demonstrated that tax compliance monitoring supported by a data infrastructure combining big data techniques and data analytics constitutes a promising development for public revenue systems. A strong emphasis on the theory of planned behavior allows risk-based monitoring to circumvent these simple definitions and become capable of addressing different monitoring objectives without the artificial limitation of merely detecting noncompliance. The case studies reviewed provide a cross-section of implementations across jurisdictions revealing emerging lessons learned. Nevertheless, data silos remain stand in the way of achieving full analytical potential, and care must be exerted to avoid leveraging compliance monitoring data at the expense of quality or fairness by introducing bias or discrimination.
With these elements in mind, two perspectives guide a succinct synthesis. The first focuses on the incorporation of data and analytics capabilities per se, highlighting the immediacy of these developments and their implications for the character of compliance monitoring more generally, and also for its adoption across different levels of sophistication and types of administration. The second perspective considers the authenticity of the integrating fabric, probing whether these new revenue-tech capabilities still respectfully encompass the formal and informal structures, processes, and relationships constituting the public revenue system. Instruction throughout follows the structure: What is cool? What is not cool?

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