

Designing the e-filing system

Korea's Hometax Service An example of good practice in e-filing systems



Hometax Contents

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Overview

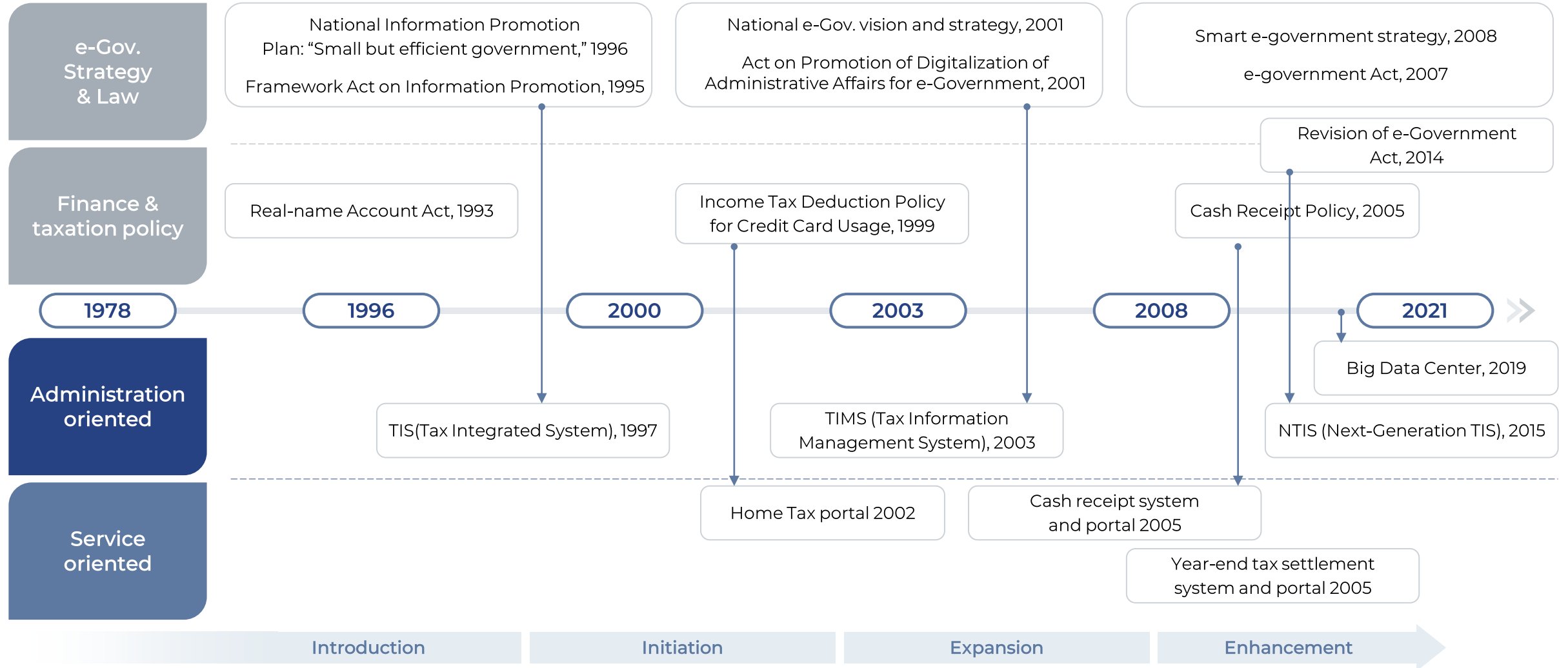
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the HTS system

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learned?

Overview



Background



For taxpayers

Reduced time
and cost

Increased expectations
for better services



For the NTS

Increased workload due to
more taxpayers

Can combat corruption by
directly confronting taxpayers



Social Environment

Surge in the number
of internet users

Larger network
infrastructure

The NTS began the implementation of the Hometax Service (HTS)

Objectives

Enable the management of national tax affairs online

Allowing taxpayers to take care of most of their tax affairs online, including tax filing, tax payments, and applications for and issuance of tax certificates without requiring that they visit a tax office or a bank.

Provide the best national tax administration service

Providing taxpayers with a high-tech e-tax administration service by integrating tax administration with the widely-used Internet.

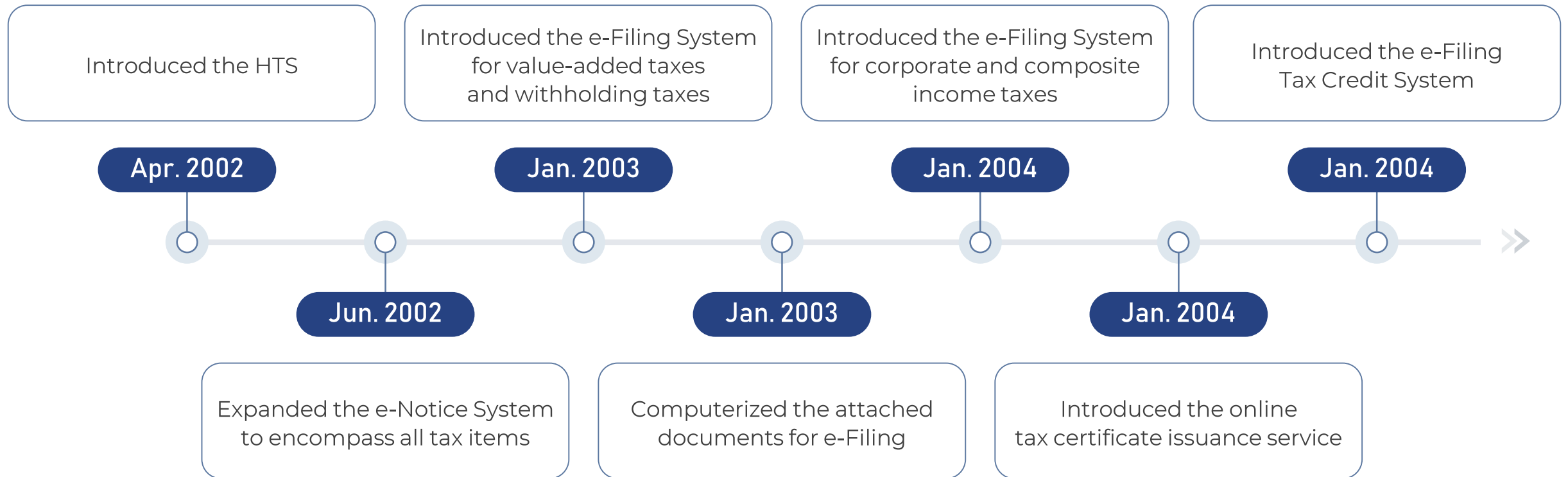
Enhance the efficiency and transparency of tax administration

Enhancing work efficiency to create an environment where tax officials can focus their efforts on important tasks, such as analyzing tax revenue sources, and standardizing services to strengthen transparency and fairness in tax administration.

Advanced tax administration that people trust

Initiation Stage of the HTS

The HTS rapidly took root thanks to institutional support and proactive promotion
2002 – 2004



Development/Stabilization Stage of the HTS

Advanced tax culture took hold with the sophistication of services

2005 – 2014

Expanded and advanced the existing service functions

Provided additional services, catering to diverse user demands

Continuously enhanced the quality of services



Proactively provided the taxation documents retained by the NTS for taxpayers

Established an exclusive HTS counseling center

Endeavored to improve user satisfaction



Offered the Pre-Filled Service for the e-Filing System

Delivered a comprehensive and advanced tax services

Transformed Into a New IT System

Leaping forward to become a world-class electronic tax administration service

2015 – present

Established a number of separate data processing systems

- (From taxpayers' perspectives) Experienced the inconvenience of having to sign up for different websites to deal with various tax affairs
- (From the NTS's perspectives) Higher expense requirements when managing and promoting each system separately
- (Social perspectives) An increasing need to establish a system that has more flexible and secure features to respond to the changing IT environment

System Integration

Taxpayers can handle all their tax affairs by simply logging in to the HTS on their PC or smartphone regardless of time and place

The NTS has saved on maintenance budget and streamlined the workforce by integrating the management of systems

Changes in Tax Administration After the HTS

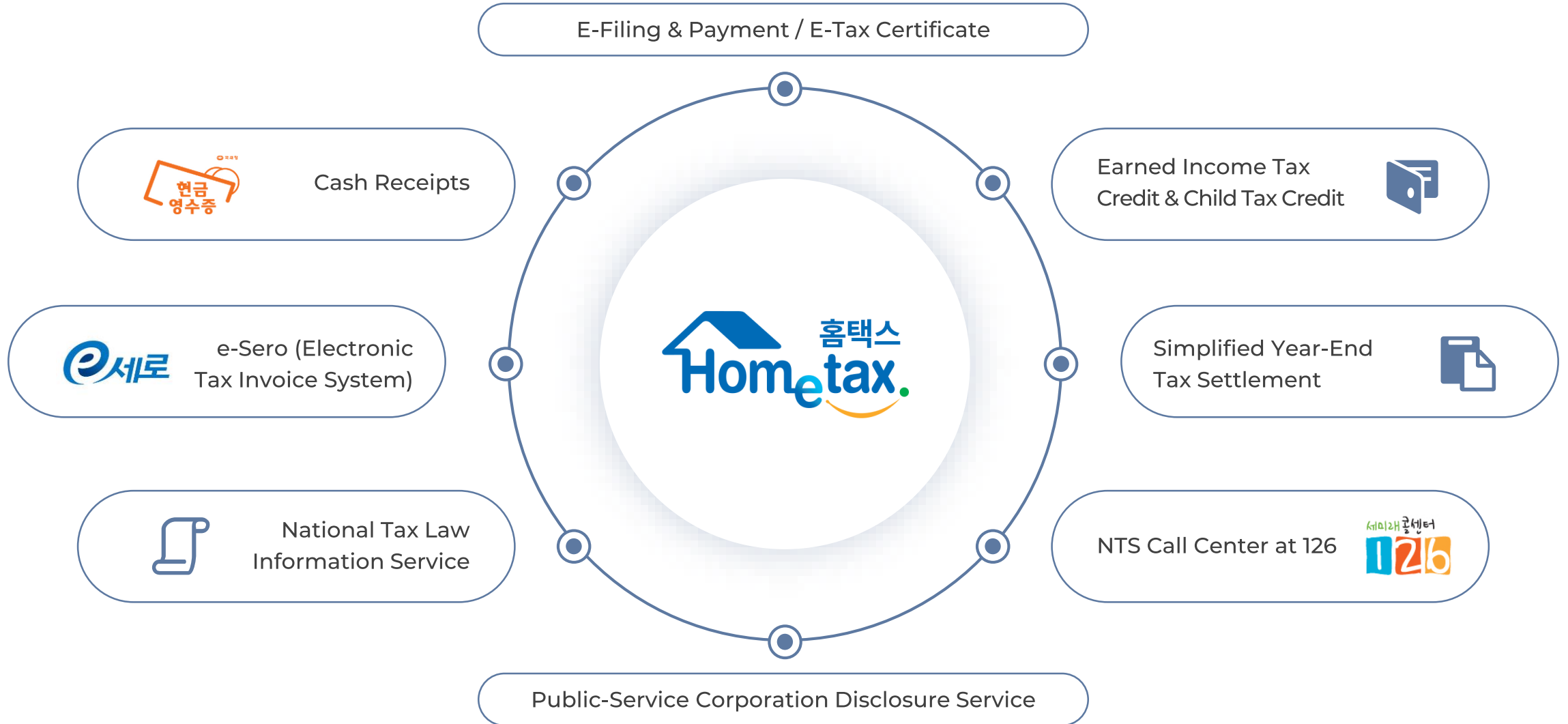
Before Hometax

- ✓ Taxpayers or tax agents hired by taxpayers prepared tax returns and filed them by mail or by visiting a tax office
- ✓ Taxpayers received a tax notice at their house or workplace
- ✓ Taxpayers visited a bank or a tax office to pay their taxes
- ✓ Taxpayers had to visit a district tax office to have tax certificates issued, to then submit them to related agencies

Present

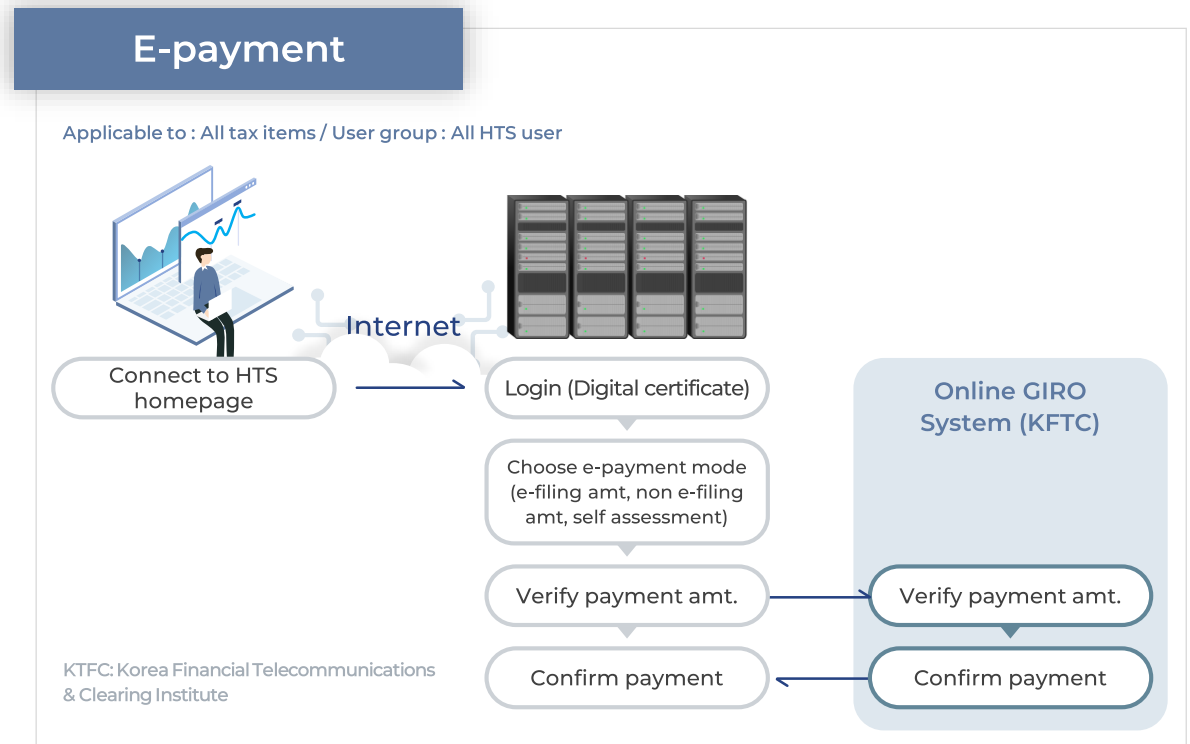
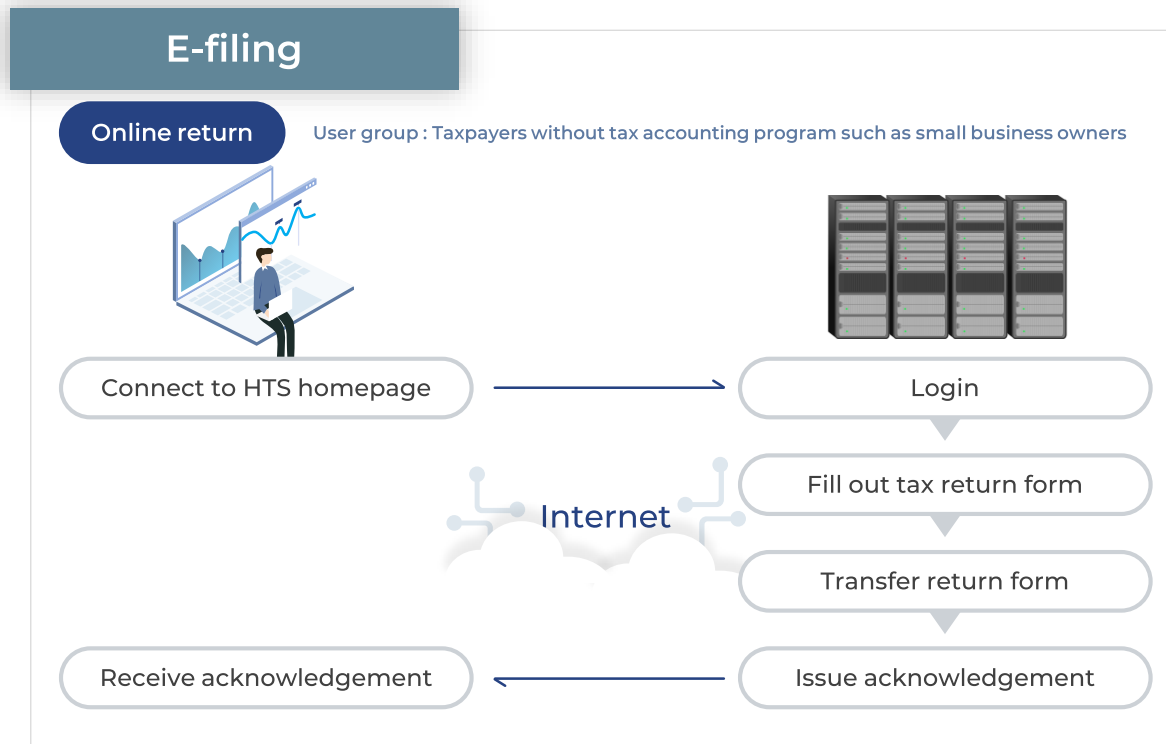
- ✓ Taxpayers can conveniently prepare and file their tax returns online using Hometax
- ✓ Taxpayers can sign up for the e-notice service to receive a tax notice via text message or email
- ✓ Taxpayers can check their tax notice on Hometax and pay by bank transfer
- ✓ Taxpayers apply for the issuance of a tax certificate online, inform the related agency of the issuance number, and then the agency can simply check it on Hometax

Main Functions of the HTS



E-Filing & Payment

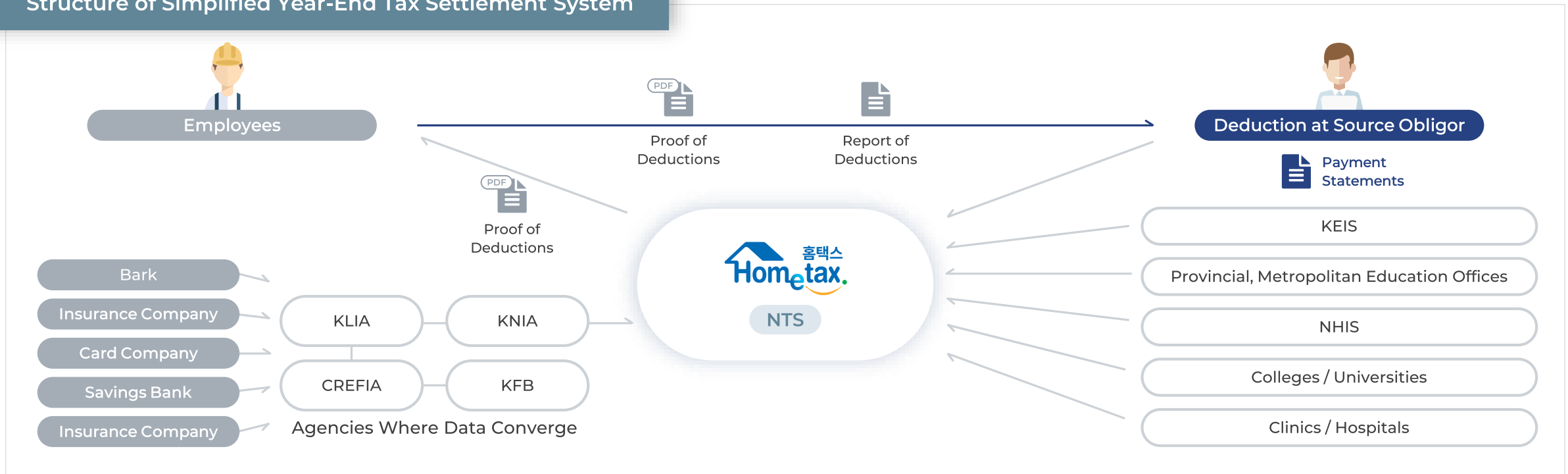
Taxpayers can file and pay all the tax items using a PC or mobile device with the e-Filing and e-Payment services.



Year-End Tax Settlement Service

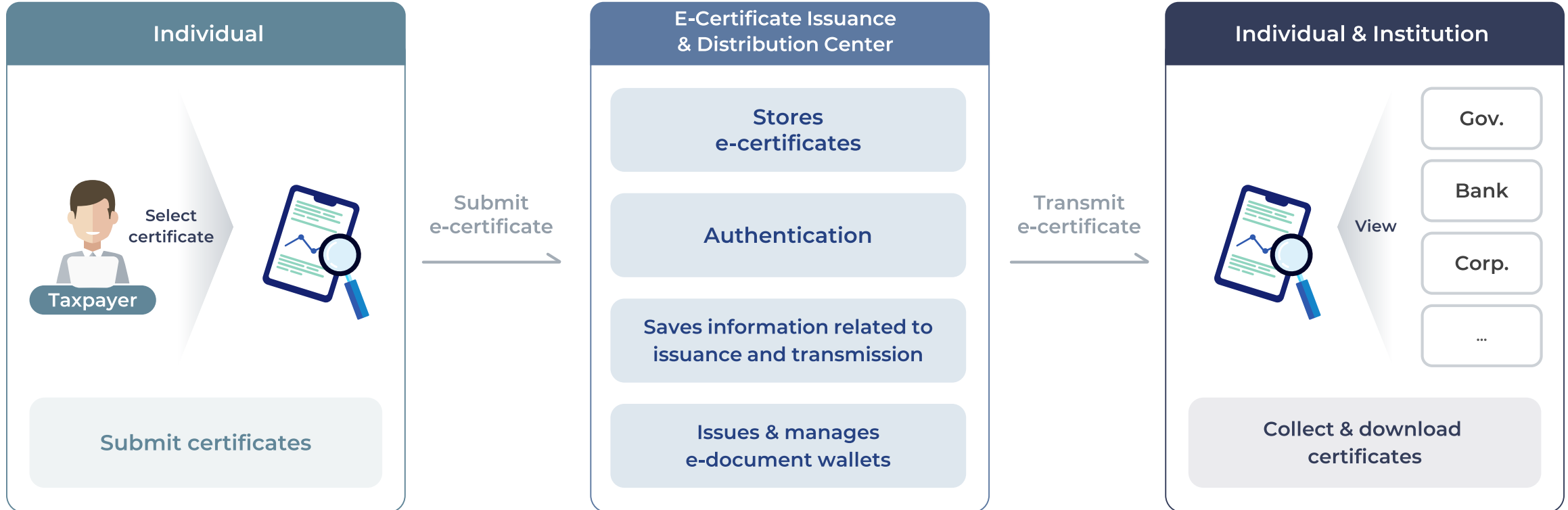
The filing of composite income taxes of 20 million wage earners can be completed with just a few clicks.

Structure of Simplified Year-End Tax Settlement System



E-tax Certificates

Taxpayers can submit relevant tax documents through mobile devices to public institutions, financial institutions, and the private sector without having to visit tax office



Other Services

Simulated Tax Calculation Service

The Simulated Tax Calculation Service enables taxpayers to establish a tax reduction plan

Checking the waiting list for civil service center

This service helps taxpayers save time and avoid crowded civil service centers during the COVID-19 pandemic

Checking and accumulating tax points

Taxpayers can earn tax points according to their tax payment records and use the points to enjoy benefits, such as the extension of payment due dates or discounts from exclusive shopping centers

Main Drivers and Challenges

Legal Framework

Regulation on the Use of Hometax

Cooperation Between Various Organizations

NIA, KFTC, multiple financial institution, etc.

Technical Problem

Linking the integrated national tax system and Hometax

Security Issues

Introducing a certified authentication system

Interlinkage With Other Institutions

Cooperation on data exchanges



Legal Framework

A legal foundation had to be prepared to regularize the Hometax service.

Jun. 2000

The NTS issued a notice on the use of e-filing, under the name “Regulation on the Use of Hometax,” expanding the HTS

Dec. 2001

To ensure the system’s lawfulness before the FANT modification, the Regulation on Using Tax Service by Internet was temporarily put in place

Nov. 2002

The Framework Act on National Taxes was modified after internal discussions among tax authorities

Cooperation Between Various Organizations

To integrate tax information via the TIS or the HTS, the NTS first had to acquire the cooperation of relevant institutions and organizations.



Building up the e-payment system

Technical Problem

Integrating the national tax system with Hometax

E-payment system in connection with financial institutions

Payment Gateway? e-giro? Banking?

Payment fees

Personal information protection



KFTC (Korea Financial Telecommunications and Clearings Institute)'s "e-giro"

Linking the integrated tax system and Hometax

Risks of private information leakage due to the linkage of systems

Disk-based data transmission

Tax Integrated DB

Data Back-up

Other DB



Real time



Hometax DB

Security Issues



Issues related to protecting
personal information

Initial Phase

User identification process at the
tax office was required

Oct. 2002

Online identification on the Internet
through the official certification
system was introduced

Jan. 2021

Diverse identification methods are
applied with the introduction of
private certification system

Interlinkage With Other Institutions

Interlinkage with other institutions

Ministry of Economy and Finance
(MOEF), "EBPP (Electronic Bill
Presentment and Payment)" service

KFTC
"e-giro system"

Issues

Overlapping of investment
and information

Instabilities of the system
when meeting
end-of-month deadlines

Solutions

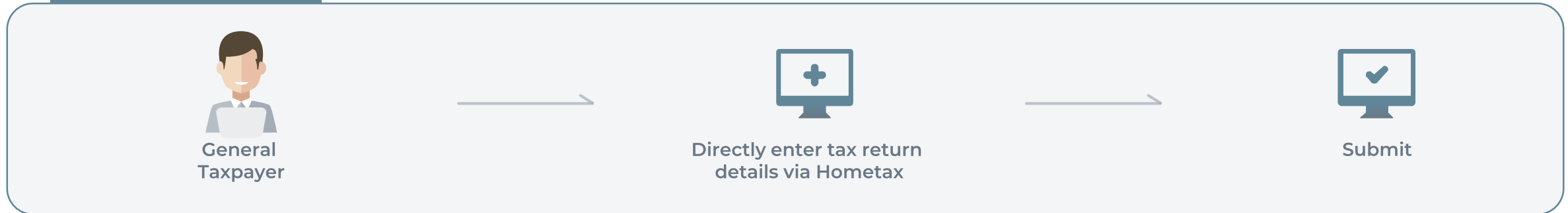
Allocated roles for
each institution

Consolidated the data exchange
cooperation system and
expanded system coverage

Filing Method of e-Filing

Completing tax return

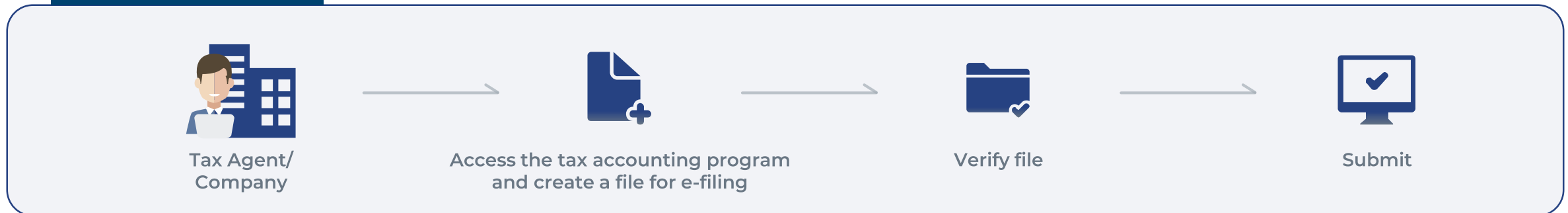
Taxpayers directly enter required information for tax return and attach documents through Hometax



>> Mainly used when the manually-entered details required are minimal

Submitting Data

Convert filing data on a tax accounting program, ERP system, etc. via Hometax and send the file



>> Mainly used when the required details are of a large amount

Features of e-Filing

Full-filled service

Offer a pre-filled and full-filled service to assist taxpayers by entering their tax return details in advance with NTS-owned data

» **NTS-owned data: credit card data, cash receipts, e-tax invoices, statements of payment for financial income, etc.**

e-Filing of attached documents

General documents (e.g., contracts) that cannot be e-filed are allowed to be submitted as a scanned file

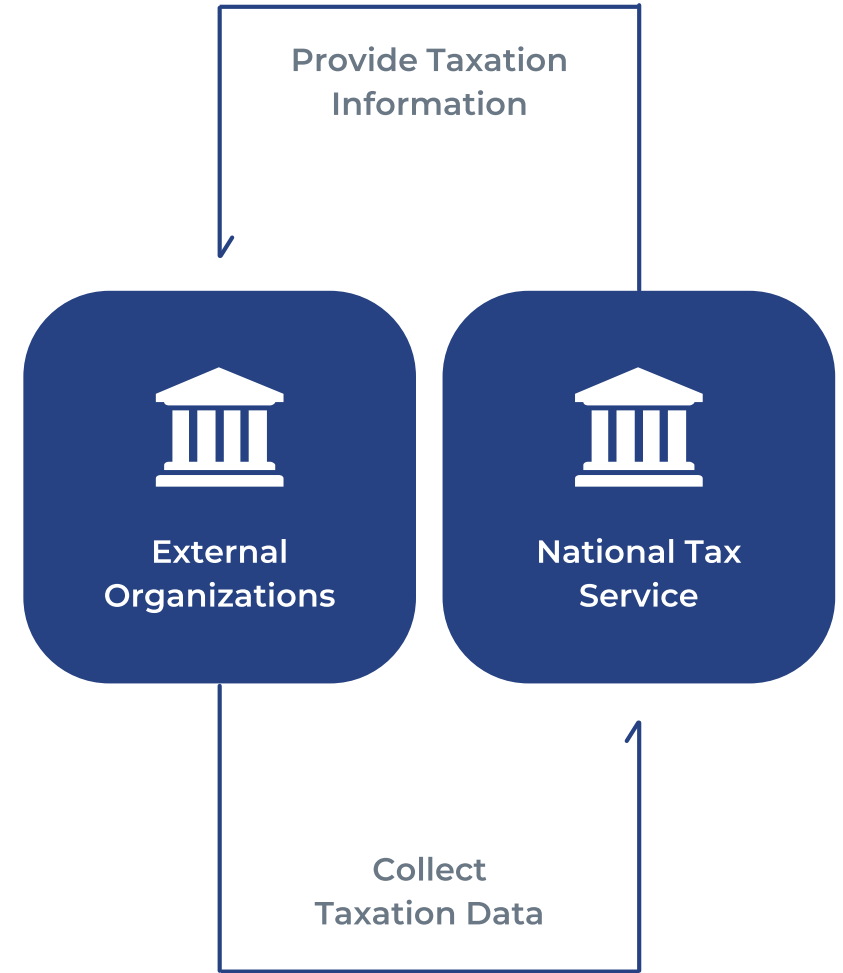
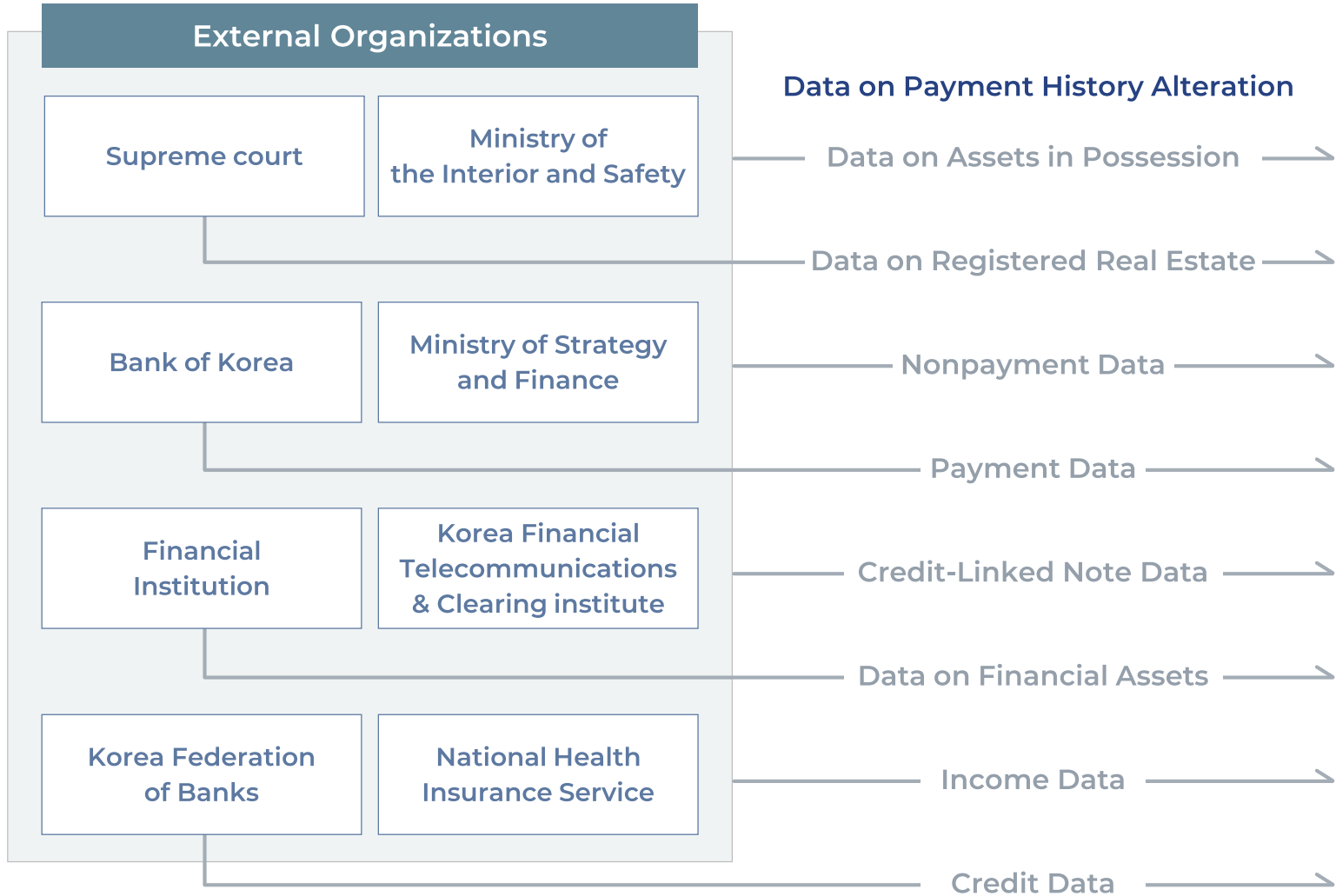
» **The file is automatically synced with the digital storage of the NTS (internal portal system) and is available to utilize when needed by NTS officers**

Filing Assistance Service

Provide material that will help taxpayers not make mistakes while filing their taxes

» **Individual analysis data, special notes by industry, filing status of the past 2 years, etc.**

Collect Taxation Data



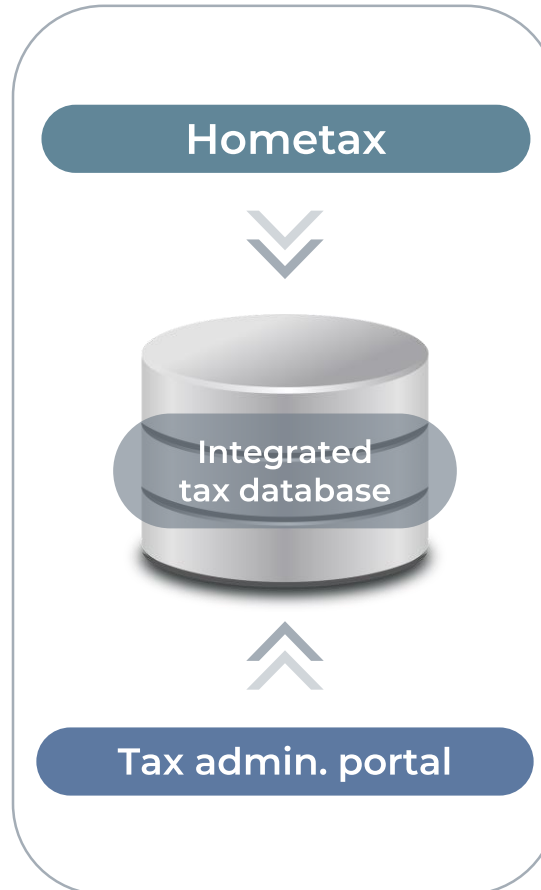
Data Utilization

Private sector

Collects data on
income and expenditure

Public sector

Collects data on
relationships and property



Support Tax Filing

- Customized tax filing guide
- Pre · Full filled service for all tax items

Investigation Control

- Select tax audit subjects through big data
- Accurate and focused tax audit based on suspicious activity-related data

Arrears Control

- Identify tax delinquent properties
- Define actual residence by big data, search and seizure

Provide Materials to Assist Taxpayers in Filing Taxes

Filing assistance service

Sales and purchase data and various tax deduction data for filing taxes

Major amendments to tax laws and the Supreme Court precedents

Common assistance materials

Graph visualization of the filing status for the last two years

Analysis of filings from the same business type

Matters to be noted in tax filing for each business type

Individualized assistance materials

Analysis on the taxpayer's tax filing for the last two years using big data

Guides for each business type, such as professional occupations or businesses dealing with consumers

Guidelines on faithful tax filing, especially for businesses thriving during the COVID-19 pandemic

Easy Filing Service

Pre-Filled Service

Automatically Fills in Electronic Tax Returns with NTS-Owned Data

STEP 1

Check Basic Information of Tax Filing

Easy Filing Services for Simplified Taxpayers (Excluding Real Estate Leasing Service)

Basic Information Pre-Filled Items by the NTS

Taxation Period: 2021. 01. 01 ~ 2021. 10. 31

Type of Tax Filing: 2015 ~ 1 st Half Year

Preliminary Declaration Final Tax Return

Business Registration Number: 000 - 00 - 00000 Search

Name of Company: XX Hair Salon

Resident Registration Number: xxxxxx - xxxxxxxx

Name of Representative: KIM SUNG SIL

Business Address: xxx-x, xx daero, Jongno-go, Seoul

Business Type Code: xxxxx xx and xx service

Previous Save and Go Next

STEP 2

Enter Sales Amount

Easy Filing Services for Simplified Taxable Person (Excluding Real Estate Leasing Service)

Business Type: Service Business

Taxable Sales

Taxable Sales Amount: 26,000,000 KRW

Added-Value Rate for Taxable Sales: 20,100

Tax Rate for Taxable Sales: 10,100

Tax Amount for Taxable Sales: 780,000 KRW

Taxpayers Only Enter Their Sales Amount

Easy Filing is applicable only for single business type. For more than two different types of business, e-filing should be done on the Hometax online website.

Previous Save and Go Next

STEP 3

Confirm and Submit the Tax Filing Data

Easy Filing Services for Simplified Taxpayers (Excluding Real Estate Leasing Service)

Data of Tax Filing Pre-Filled Items by the NTS

Sales Amount	26,000,000	KRW
Added-Value Rate	20,100	KRW
Tax Amount for Sales	780,000	KRW
Monthly Tax Credit for Credit Card for Credit Card Sales	325,000	KRW
E-Filing Tax Credit	10,500	KRW
Estimated Tax Amount To Be Notified (Filed)	250,000	KRW
Tax Amount To Be Added or Deducted (Tax Amount To Be Refunded)	185,000	KRW
Actual Tax Amount To Be Paid (Tax Amount To Be Refunded)	185,000	KRW

Bank Account for National Tax Refund

Bank Name: Korea Bank

Account Number: [Input field]

Enter number without "-"

Re-Enter Submit

STEP 4

Confirm the Receipt and Complete Tax Filing

Filing Receipt

Data of Tax Filing

Receipt Number: 000000000000000000

Date of Filing: 0000-00-00 (00:00:00)

Taxation Period: 2021. 01. 01 ~ 2021. 10. 31

Type of Tax Filing: 2021 Year 1 st Half Year Final Tax Return

Business Registration Number: 000-00-00000

Name of Company: XX Hair Salon

Tax Amount To Be Added or Deducted: 185,000 KRW

Actual Tax Amount To Be Paid: 185,000 KRW

Your filing has been received as above.

Taxpayers who have taxes to pay should pay through the "voluntary payment of national tax" corner of the online banking system or visit the tax office or bank, fill out your payment form to pay taxes by the due date (January 25).

Easy Filing Service

Q&A filing service

과세표준 및 매출세액 계산

귀 사업장에서 과세기간(1.1 ~ 12.31) 동안 발생한 매출액을 입력하는 화면입니다.

1. 신용카드(직불카드 포함)를 발행한 금액은 얼마입니까?
-위 금액을 모르시면 '조회하기' 버튼을 클릭하여 확인 후 입력하세요

신용 · 직불 · 기명식 선불카드

조회하기

※ 결제대행(택시, 이니스스, kcp 등) 사업자와 오픈마켓(네이버, 다음, 11번가, 옥션, G마켓 등)을 통해 결제한 신용카드 매출자료는 제공되지 않으므로 해당 업체에 직접 확인하시기 바랍니다.

2. 현금영수증을 발행한 금액은 얼마입니까?

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3. 직불 · 기명식 · 선불전자지급수단을 발행한 금액은 얼마입니까?

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4. 그 밖의 매출액은 얼마입니까?

그 밖의 매출액은 신용카드, 현금영수증 발행금액을 제외한 매출액을 기재하시면 됩니다.

그 밖의 매출액

0

5. 신용카드매출전표 등 발행세액공제

공제금액

0 원

공제세액

0 원

※ 음식점업 및 숙박업은 [공제금액 X 2.6%], 그의 다른 업종은 [공제금액 X 1.3%]를 공한 금액입니다

기본정보 입력

이전

저장후 다음

신고내용

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-위 금액을 모르시면 '조회하기' 버튼을 클릭하여 확인 후 입력하세요

신용 · 직불 · 기명식 선불카드

조회하기

※ 결제대행(택시, 이니스스, kcp 등) 사업자와 오픈마켓(네이버, 다음, 11번가, 옥션, G마켓 등)을 통해 결제한 신용카드 매출자료는 제공되지 않으므로 해당 업체에 직접 확인하시기 바랍니다.

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그 밖의 매출액

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5. 신용카드매출전표 등 발행세액공제

공제금액

0 원

공제세액

0 원

for low-income taxpayers with
a small amount of data

기본정보 입력

이전

저장후 다음

신고내용

Preliminary Self-Assessment Service

HTS provides a preliminary self-assessment service for taxpayers to help them avoid any disadvantages, such as additional taxes, due to the omission of income amount or unfair reductions.

Income amount	Assess whether the reported income amount from the filing of VAT or report on business place status and the actual income amount match.
Redundant inputs	Assess whether there is any redundant input of taxation data related to earned income, pension, and other income materials.
Unfair reductions	Assess whether the tax amount was unfairly reduced , especially when businesses that are not eligible for startup and SME tax reduction benefits , such as real estate rental businesses, apply for such benefits.

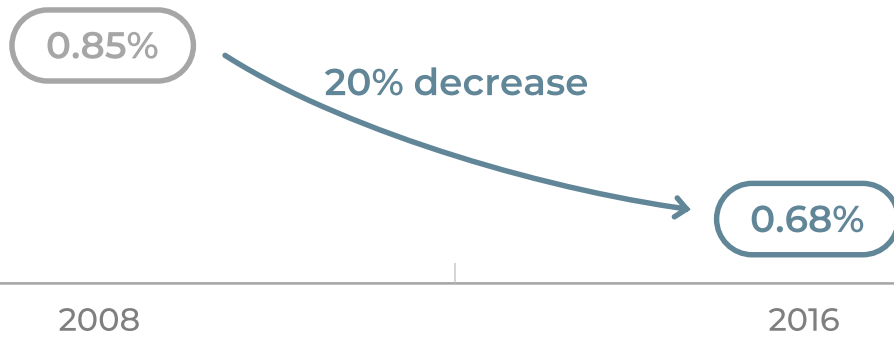
Performance and Assessment

Reduction of Tax Compliance Costs

- The tax compliance costs such as the need to visit a tax office and prepare various documents have greatly reduced
- With an increasing number of tax items becoming available for e-filing

Tax compliance cost against GDP (Unit : %)

Source: KIPF



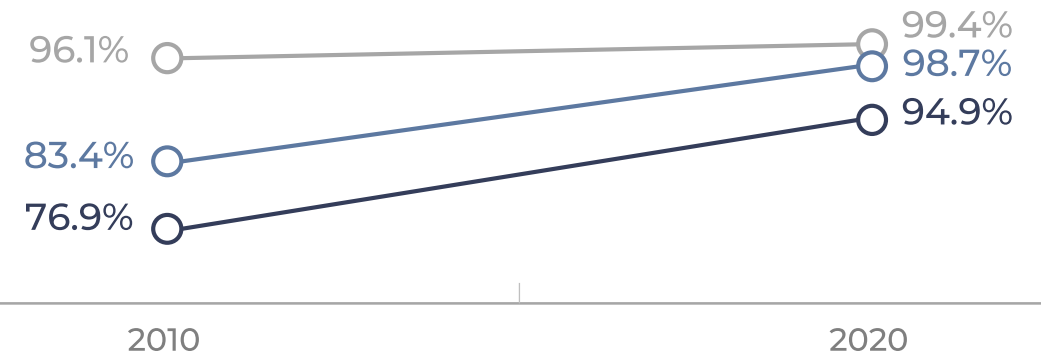
Providing e-taxpayer services

- E-Filing is available for all tax items
- Implement a taxpayer-friendly service: Pre/Full-filled service and Q&A filling service

○ Corporate tax ○ Global income tax ○ Value added tax

E-filing rate by tax item (Unit : %)

Source: NTS

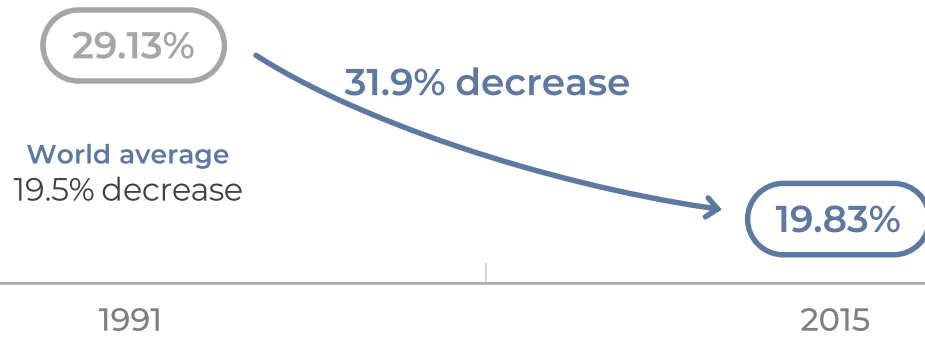


Performance and Assessment

Ensuring Economic Transparency

- To electronically manage the details of B2B and B2C transactions
- To efficiently collect a huge amount of taxation data and then electronically analyze and utilize them in a short amount of time

Underground Economy to GDP (Unit : %) Source: IMF

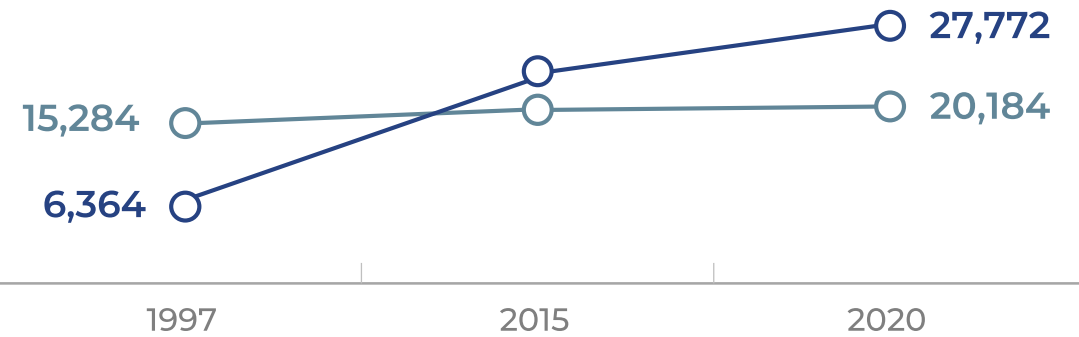


Contributing to Voluntary Tax Filing

- My-MTS Service provides various types of customized tax information
- To ensure domestic resource mobilization (DRM)

○ Fixed employees of NTS ○ Tax revenue of NTS

Tax revenue increase (Unit : person, 10 billion) Source: NTS



Success Factors of the HTS System

Clear Goals and Urgent Needs

A fully automated tax information input device for electronic declarations and the payment of taxes

Publicity and Incentives

Distributed a textbook; The Easy-to-Use HTS I
Promotional event with a street campaign I
A tax credit for e-filing I

The Role of Leadership

The chief executive officers of the NTS actively encouraged the use of the HTS

Developed IT Environment

Significant and widespread
Internet and PC use

Government Efforts for E-Gov

Easily secured the needed financial
resources and governmental support





국세청
National Tax Service

Thank you