

6.2.8. CONCERNS ABOUT BIG GOVERNMENT

It is evident that in most countries people are concerned about “Big Government.” This has to do with the current political climate in many developing countries. While citizens expect various roles from their governments, they tend to criticize the current Administration for having too much influence and for making too many decisions on behalf of its citizens. This so-called “big government” fear indicates that the government is too large, inefficient, and too involved in the lives of its citizens. Critics of big government are demanding that certain services be assigned to the private sector and that the government only focus on producing public goods. This current political climate should be considered as a barrier for governments to lead in the production, management, and use of geospatial data, but policy decision makers must be aware that without the central role of the government, any GIS project cannot be easily managed.

#	<u>EIGHT BARRIERS TO THE IMPLEMENTATION OF GIS</u>
1.	Diffusion of smartphones in undeveloped and developing countries
2.	Diffusion of broadband access
3.	Low use of smartphone applications
4.	Digital divide
5.	Being slow in adopting innovations
6.	Budgetary disincentives
7.	Privacy concerns
8.	Concerns about Big Government

Chapter 4

e-Government Best Practices: Electronic Tax (ETAX) and the Open Tax Court

Prepared by: Dr. Marc Holzer & Hyuk Yang

Governments around the world have been introducing online tax submission system in an effort to reduce administrative burden. In reality, the provision of online electronic tax system not only saves time and money for the citizens, but also provides additional transparency and significantly improves the efficiency of the public taxing institutions. The Seoul Metropolitan Government (SMG) has been in the forefront of implementing an innovative tax system and has actively capitalized on available commercial solutions to develop its infrastructure. The SMG has also launched the 'Open Tax Court' in an effort to transform the review process of tax-related petitions by taking into account the viewpoints of the citizens. The Open Tax Court attempts to reduce the distrust and dissatisfaction of citizens regarding local taxes and the SMG provides pro bono legal counsel for citizens who wish to file an objection regarding local taxation but cannot afford a lawyer.

Overall, the City Government hopes to strengthen the value of creative capabilities for citizens by implementing certain policies that can enhance the competitive edge of the SMG, along with an environment that inspires flexible and creative organizational structure that encourages innovation and reform.

1. ANYTIME, ANYWHERE PAY TAX QUICKLY AND EASILY WITH ETAX

The online tax payment service allows citizens to check tax by categories, pay for tax, search and store the payment receipts, and deposit or use tax mileage. For better and more conveniences, Seoul and Seoul agencies implement a tax payment system for the various bills of local taxes imposed by the 25 districts, such as water and sewage charges, to be paid through cash or credit cards. The tax system leads to tax queries, tax refunds, and mileage system (Seoul Metropolitan Government, 2014a). While the bills are individually sent home, citizens are able to receive and pay electronic bills through websites, smartphone, SNS, etc., because of ETAX.



Figure 4-1. Electronic tax system.

Source: <http://etax.seoul.go.kr>

ETAX is an internet-based, one-stop service channel for filing returns, paying taxes, requesting certification documents, and viewing past returns and payment history. Such services are available to taxpayers in their home or office without having to visit a tax office. All Seoul taxes can be paid easily and conveniently in any place, any time, corresponding to the widespread Internet environment. A convenient tax payment system that enables citizens to pay by cash or credit cards, the local taxes and bills imposed by Seoul, its affiliated

agencies, and district offices in order to remove the inconvenience of visiting banks for tax payment. At the ETAX website (<https://etax.seoul.go.kr>), or mobile S-Tax, taxpayers can view taxes and arrears, tax receipts and payments, and accumulate tax mileage. It is possible to make tax payments through a variety of means such as the Internet, mobile phones, convenience stores, CD / ATM, ARS and smartphones.

“Seoul S-Tax” mobile application is also available to the citizens. Motor vehicle tax, property taxes, water rates, parking fines and 400 other types of taxes can be accessed online and be paid via smartphone using the mobile application.

FinTech(financial+Technique) Payment Service



Figure 4-2. Electronic tax system through mobile phone.

Source: <https://play.google.com/store/apps/details?id=com.woorifis.stax>

In 2006, online payments were at a proportion of 11.7%. Whereas in 2013, with ETAX and electronic payment methods (virtual accounts, CD/ATM, smartphone), there was a total number of 1,610,000 cases with an excess of 79.6% of the total payments (Seoul Metropolitan Government, 2014a). Because the demand for use-friendly tax payment system was unprecedentedly increased, Seoul Metropolitan Government (SMG) had to develop ETAX system. Using benchmarking from ETAX, all national local governments have started to use ETAX, since it first went into operation. Since 2007, Ministry of Safety and Public Administration (MOSPA) launched WETAX, an online tax payment system for all the local governments, similar to ETAX.



Figure 4-3. Electronic tax system strategy.

- **Formation of cooperative network**
Citizens rely on bank transfers for tax payments and credit card transaction system. Close cooperative networks have been formed through E-TAX with a local Woori Bank, which links 22 other banks and credit card companies.
- **Dealing with online security problems**
Taxpayer privacy are prevented using various measures, including private firewalls, website security solutions and cryptography modules and certification-based services are adopted to further protect private tax information. In addition, internet servers and database servers are placed in a physically separate network, so that even in case of a web server attack, access to the personal data stored in the database server is fundamentally blocked.
- **Legal background**
Articles on digitization of local tax handling and operation plan for local tax handling information system were established in 2010.
 - Digitization of local tax business related to information system (Local Tax Act, Article 142)
 - Establishment and implementation of local tax collection information system planning. (Article 142 - 2)
 - Delivery of electronic notice related documents (Local Tax Act, Article 28)
 - Ordinance on support for mileage for Seoul's model taxpayers. (Article 3 Support related with tax mileage)
 - Regulation for ordinance on support for Seoul's model taxpayers. (Article 3 Selection and support for electronic taxpayers, and provided a basis for mobile-based or internet-based tax payment in consideration of the changes in internet environments)

Hi! Seoul 서울시 ETAX

Seoul Main page | Main page | Sign in | Create Account KOREAN

Welcome to Seoul ETAX System

Sign In Create Account Benefits to Member

Mileage Login Required

Sharing the enjoyment, ETAX

H > 조회납부 > 회원납부


Related Sites

The followings are related sites
Click on the title, and you will move to the relevant site

Seoul


Seoul Homepage

Information on policies of the Seoul, One Click e-Civil Application, Culture, Tour and Geographic Information of Seoul




Finance Bureau Homepage of the Seoul

Information and data on the financial affairs of the Seoul including financial businesses, municipal property management and local taxes.




Traffic Offense Inquiry Homepage

Crackdown data on parking, stopping, bus lanes, Transport Service Act and Automobile Management Act, and data on fines.



Office of Waterworks (Arisu)


Information on Arisu, the tap water of the Seoul, water rate, cut-off of water supply, water quality, self meter reading and civil application.




Personal Firewall Program (My Fire Wall)

Gangnam-gu	Gangdong-gu	Gangbuk-gu	Gangseo-gu	Gwanak-gu
Gwangjin-gu	Guro-gu	Geumcheon-gu	Nowon-gu	Dobong-gu
Dongdaemun-gu	Dongjak-gu	Mapo-gu	Seodaemun-gu	Seocho-gu
Seongdong-gu	Seongbuk-gu	Songpa-gu	Yangcheon-gu	Yeongdeungpo-gu
Yongsan-gu	Eunpyeong-gu	Jongno-gu	Jung-gu	Jungrang-gu


Personal Firewall Program (My Fire Wall)




GIRO Site
<http://www.giro.or.kr>
Administered by Korea Financial Telecommunication and Clearing Institute. You can pay local taxes including property taxes, national taxes, fines, social insurance premiums and utility bills.



Wetax
<http://www.wetax.go.kr>
Local tax portal service of the Ministry of Public Administration and Security. Information on payment and registration of local taxes, acquisition taxes, residence taxes, registration taxes and automobile taxes.



National Tax Service
<http://www.hometax.go.kr>
Electronic report and payment of value added taxes and surtaxes. Certificates of civil applications including payment certificate of transfer income tax, certificate of income, tax payment certificate, certificate of cessation of business and certificate of business shut-down.



Electronic Civil Application G4C
<http://www.egov.go.kr>
Provides information on online civil applications and enables to request, to receive and view the certificates of civil applications.

Figure 4-4. Providing various information based on ETAX
Source: Seoul ETAX payment webpage

1.1. SEOUL ETAX FUNCTION

The official Internet payment system of Seoul that enables viewing tax, arrears, tax receipts and tax payments as well as accumulating tax mileage (Korean and English website in operation).

(1) View and Pay Tax

With an ETAX account, citizens can check for any outstanding tax payment and will receive alert messages on tax payment when the time limits for settling these duties are upcoming.

(2) Tax Filing and Payment

Taxes including acquisition tax, registration license tax, local income tax, resident tax, motor vehicle tax and leisure tax can be paid through the system. An ETAX account holder can update personal and business particular in the record, and then make enquiries on personal tax matters.

(3) Confirm Payment and Receipt

Citizens can confirm and print legally effective tax receipts. The ETAX payment is easy and stress-free step by step process. Anyone with an account can get a legally effective hard copy receipt as well.

(4) View and Apply for Refund

An ETAX account holder can check for any outstanding tax return and file tax refund. The whole process of tax refund filed through the Internet, tax assessments and payment acknowledgment can also be accessed through the internet.

(5) Electronic Notices

After applying for electronic notices by signing up as member on the website, ETAX members can receive secure emails or SMS regarding local taxes and non-tax revenue.

(6) Mileage System

After the application, users receive additional mileage for each electronic tax payment. In the form of electronic record instead of paper form, this will enable ETAX account holder to manager their tax records in an environment-friendly manner.

(7) Local Tax Information Provided

Seoul ETAX provides a variety of information about local taxes such as examples and legislation.

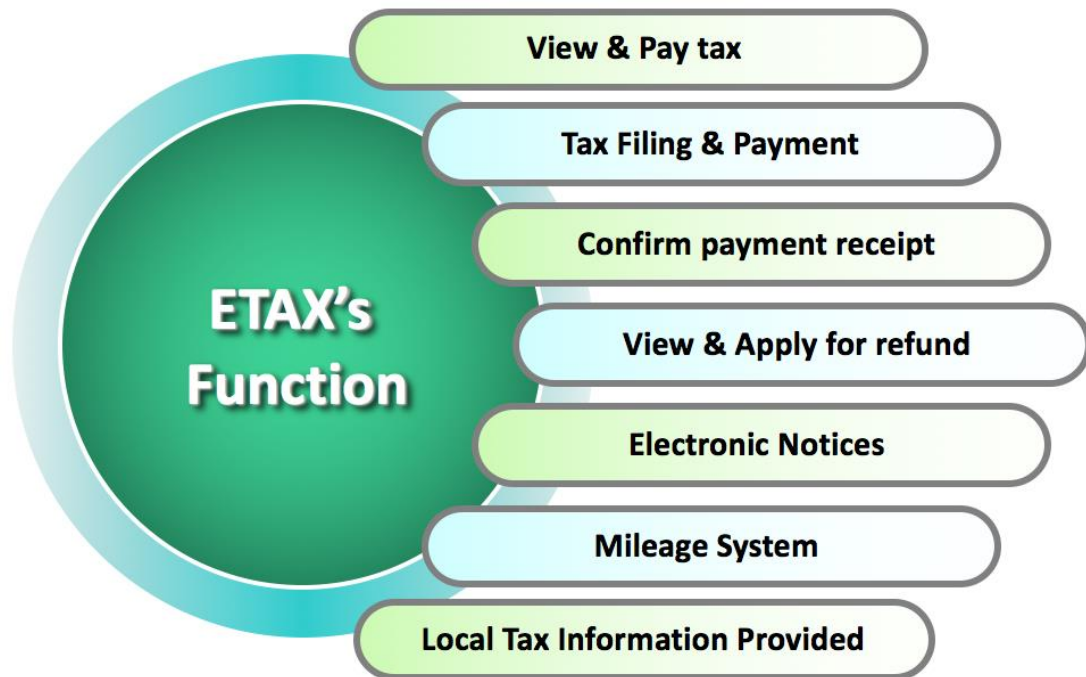


Figure 4-5. The Function of Electronic Tax system.

1.2. EXPECTATIONS FROM ETAX

ETAX is the gateway to the Seoul Metropolitan Government's electronic services. It offers an easy, secure and environment-friendly means to facilitate citizens' compliance with the tax law. ETAX account holders are provided with a wide range of use-friendly electronic services to enable them to discharge their tax obligations conveniently.

- Maximize the convenience of taxpayers by providing customized service, called "My e-TAX Service" and enable timely processing of administrative work via electronic and online processes
- Improve payment rate and effectively access and manage the storage of electronic bills
- Increase the rate of tax payment with user-friendly processes



Figure 4-6. User-friendly Electronic Tax system.

1.3. VISION OF ETAX

The online tax payment service is to pursue transparent tax system, well-organized management, and informatized strategy for taxpayer to manage their tax accounts online. ETAX gives the customers of the Inland Revenue Division online access to their tax accounts and related information. In order to achieve the goal of transparent and trusted system of fair taxation, it needs to establish competitive and creative process, to build slim and seamless process, to provide integrated and interfaced process, and to assure citizen participation and community process. In other words, the online tax payment service strengthens the value of creative capabilities for citizens by implementing a certain policy that can enhance the competitive of SMG. The system of SMG is developed by flexible and creative organizational structure. Second, the online tax payment service provides a rapid civil service by reducing the repeated procedures based on information-based technology. For instance, 'One Click' provides clear process without disconnection. Third, the network with other division and department ensures the efficiency through the sharing of relevant information and collaboration system between relevant agencies. Fourth, the online tax payment service provides the customized services using a variety of information.

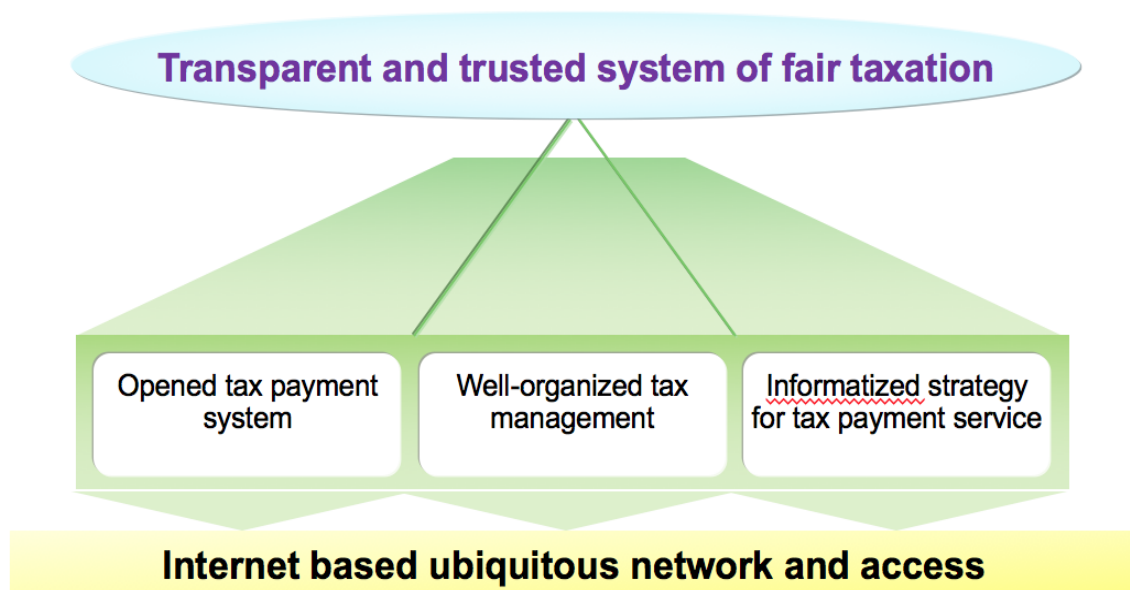


Figure 4-7. Vision of Electronic Tax system.

2. THE OPEN TAX COURT

The ‘Open Tax Court’⁴ is the determinations by the Seoul Government to change the investigation system of tax-related petitions by taking into account the viewpoints of citizens. The traditional closed examination process created much distrust and dissatisfaction among citizens regarding local taxes. The SMG launched a system in 2008 to provide pro bono legal counsel to citizens who wish to file an objection regarding local taxation.

Open Tax Court System empowers the petitioner to participate in the discussion process. Official from the tax division of the city will be given the role of defending the citizen, thus resulting in the development of a more transparent tax administration system. The entire hearing process is open to the general public thereby achieving higher level of transparency.

⁴ Source: <https://seoulsolution.kr/content/open-tax-court?language=en>



Figure 4-8. The Open Tax Court.

Source: http://www.taxtimes.co.kr/photo_view.htm?bigcode=2&middlecode=8&r_id=119182

EFFECTIVENESS OF OPEN TAX COURT

From 2008 to 2012, the Open Tax Court has deliberated on a total of 1,490 cases, among them, 169 cases were ruled in favor of the citizens. In 2011 alone, KRW 5.9 billion was returned to the taxpayers.

By making the examination process of local tax objections open to the public, while also providing the petitioner with the opportunity to participate and give a personal statement, the city has tried to ensure maximum transparency in the provision of remedies to citizens. Furthermore, in order to attain objectivity and credibility in an examination, the Local Tax Examination Committee, whose role is to make the final decision regarding objections, was made up of lawyers, accountants and tax accountants and an incumbent judge was made to head the committee to lead the objection examination process.

The official who is responsible for the local tax levy attends the session in person to explain and justify the reason for the taxation before an audience, which includes general citizens. By having a member of the city's tax department (special tax advocate) speak in defense of the petitioner, district government officials have become more cautious when imposing local taxes. These measures have resulted in a 24.8% decrease in improperly imposed taxes in two years and seven months. The satisfaction level of petitioners rose to 96.8 points out of 100.

In sum, the effectiveness of the ‘Open Tax Court’ does not come from pursuing remedies after taxes have been levied, but eliminating improperly imposed taxes by the government. This is an example where government is trying to redefine its role and quality manager. Through institutional innovation to secure the preciseness, fairness and credibility of local tax administration, the open system promotes public participation and is a model for good governance by local governments.

2.1. THE TRIAL STRATEGY

The ‘Open Tax Court’ was formally adopted as a city initiative as part of the developmental plan for the ‘Local Tax Judiciary System for Citizens’ on April, 2008. It was implemented based on four strategies which is worth examining in this section:



Figure 4-9. The Open Tax Court Trial Strategy.

- **First**, allow petitioner to directly participate and put forward their statement during the local tax objection process. This has secured transparency in the examination process, fairness in ruling and contributed to the elimination of public distrust toward tax imposition.
- **Second**, request relevant tax officer to attend the session. This allowed the city to rectify any mistakes and eliminate falsely imposed taxes.

- **Third**, appoint a tax officer to the defendant, with expertise in tax administration, as a ‘special tax advocate’ on behalf of a citizen. This allowed the financially-challenged citizens in their efforts to pursue remedies.
- **And finally**, allow the general public to attend the open deliberation. This provided citizens with chances to learn about tax, which has contributed to heightening their understanding of taxation policies.

Source: <https://seoulsolution.kr/en/content/transparency-open-tax-court?language=en>

2.2. THE OPEN TAX COURT’S OBJECTIVES

Traditionally, the local tax law required the Local Tax Examination Committee to conduct documentary examination when a citizen filed complaints regarding local tax. Also the whole process was not open to the public. Accordingly, it was not possible for petitioners to verify whether or not their petition had been properly reviewed by the deliberation committee. The Open Tax Court system reduced the burden of citizens who filed complaints regarding wrongfully imposed local taxes. Thus, more complaints were submitted regarding the examination of local taxes, because citizens became more distrustful of the fairness and credibility of the process. In order to address this problem, the SMG opened the process to the public and provided citizens with local tax experts. The objectives of the Open Tax Court are shown in the following illustration.

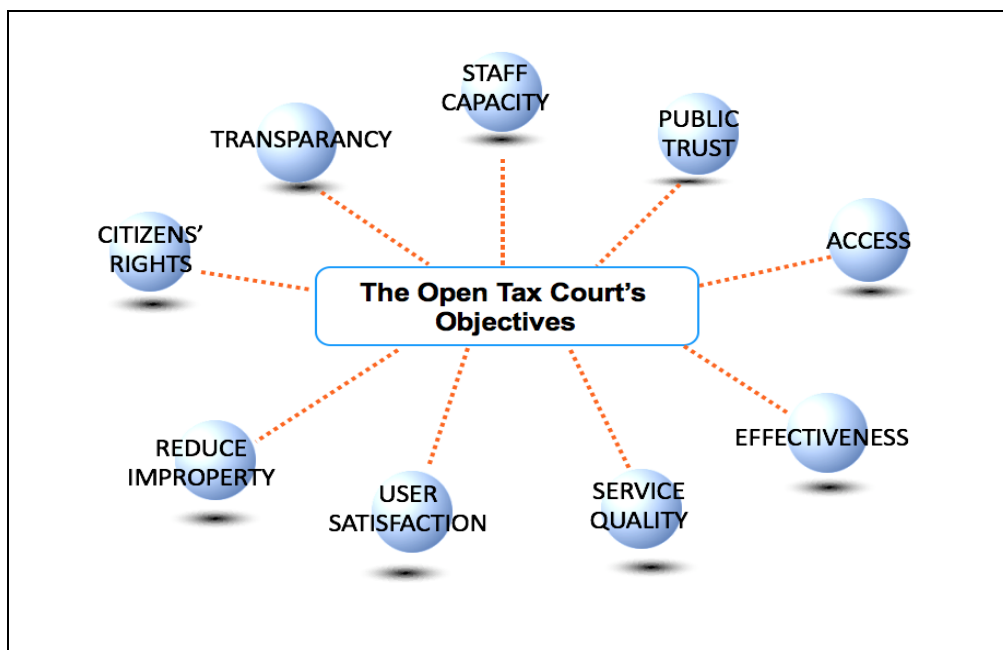


Figure 4-10. The Open Tax Court Objectives.

2.3. THE OPEN TAX COURT'S BENEFITS

The Open Tax Court System allows citizens to receive help from local tax experts, without the burden of having to pay huge cost to file complaints. With an incumbent honorable Judge as the new Chairman of the Local Tax Deliberation Committee, the citizens are guaranteed a fair and transparent hearing process.

There are few advantages to having an Open Tax Court. First, external committee members, such as lawyers and tax accountants, were usually paid fees when they attended the closed, documentary examinations in the past. In making the examination sessions open to the public, experts have volunteered to participate in the process, so there is no additional cost. Second, there is no need to hire additional staffs to run the committee as the current tax staff members are overseeing the 'Open Tax Court.' Wrongfully imposed taxes were either reduced or eliminated. Citizens also benefited from 'pro bono advocate' who had expertise in local taxation system. Local tax experts who worked in the SMG cooperated by working as pro bono advocates to assist taxpayers.

2.4. THE OPEN TAX COURT'S OBSTACLES AND OVERCOME METHOD

The local tax hearings are held every three weeks and the schedule and venue are posted on the internet website (www.seoul.go.kr) to foster greater involvement by the citizens. Two of the major distinguishable obstacles are: one, the difficulties deriving from objections within the organization, and second, resolving conflicts through persuasion and education.

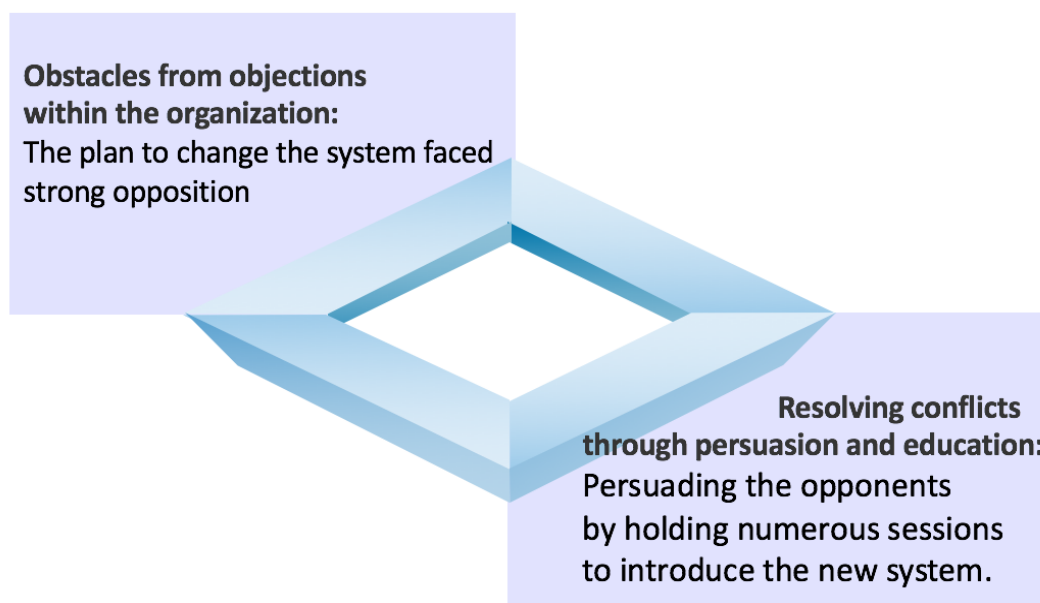


Figure 4-11. The Open Tax Court's Obstacles and Ways to Overcome Them.

Source: <https://seoulsolution.kr/en/content/transparency-open-tax-court?language=en>

Difficulties Deriving from Objections Within the Organization

Even in such developed countries as Germany and Japan, a closed, documentary examination system is in practice, which does not allow the general public to attend hearings. This system was also adopted in Korea regarding citizen appeals against falsely imposed taxes. The plan to change the system faced strong opposition as it would create greater workload to city employees. But more importantly, the practice of a city official defending a civilian was not stipulated in the law.

Resolving Conflicts Through Persuasion and Education

Staff members who were against the system were persuaded by the city officials. Numerous sessions were opened to introduce the new system and to stress the importance of restoring the credibility of the taxation system. Explanations were given out to inform the staffs that even though the system was not stipulated in the law, it did not violate the law because the measure was beneficial to citizens. Thanks to these efforts, the city government succeeded in drawing support from its employees.

At present, the employees of district governments are more favorable to the system in that it provides them with the chance to openly verify the validity of their decision on tax imposition.

2.5. THE OPEN TAX COURT'S POSITIVE RESULTS

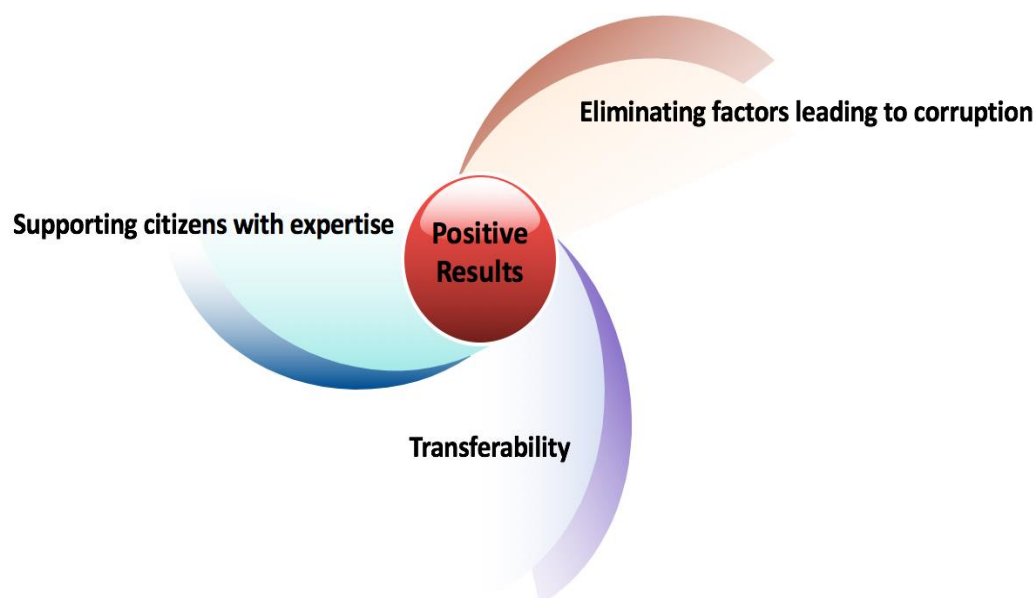


Figure 4-12. The Open Tax Court's Positive Results.

Supporting Citizens With Expertise

The SMG had one of its employees in its tax department act as a pro bono ‘special tax advocate’ for petitioners. There is absolutely no cost of hiring an expert and this has eliminated the barrier for low-income citizens. The Open Tax Court has been held 32 times to examine 173 petitions from April 2008 to November 2010. Sixty or 34.7 percent of the 173 cases were accepted and KRW 1,087 million has been returned to citizens.

Elimination of Factors Leading To Corruption With A Transparent And Open Tax Administration System

By changing the closed examination process to one that is transparent and open, the validity of tax imposition can be openly contested in public. The relevant tax officer is allowed to rectify any falsely imposed taxes, and this system has led to the elimination of factors that once led to corruption. As a result, Seoul ranked first in a 2010 transparency evaluation survey of 16 cities and provinces in Korea that was conducted by the Anti-Corruption and Civil Rights Commission.

Transferability

The ‘Open Tax Court’ is a system that is aimed at providing remedies to citizens in a more creative and active way, moving away from the previous framework of closed examination management to a more open system which encourages citizens to actively participate in the post-tax process. The system has been benchmarked by such governmental agencies as Korea’s Prime Minister’s Office, the Tax Tribunal Office, the National Tax Service, the Customs Service Office and the Patent and Trademark Office, and local governments including the Busan Metropolitan Government. The ‘Open Tax Court’ has also been introduced to international tax officers in Uzbekistan.