



The Belt and Road Initiative Tax
Administration Cooperation Mechanism

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UPDATE

on COVID-19

EDITOR'S NOTE:

At this critical moment in the world's fight against the COVID-19, the Special Edition of the BRITACOM Update on COVID-19 is issued, aiming to provide a platform for BRITACOM Council Members, Observers and other stakeholders to exchange views and share experience in responding to the outbreak. Issue 18 is about Korea Tax Administration's Response to the Pandemic. Later we will share more experience of tax administrations from countries and regions and views of international organizations and tax experts with you. If you would like to make contributions to the Special Edition, please contact us via email secretariat@britacom.org or britacom@163.com.

Korea Tax Administration's Response to the Pandemic

Until now the number of confirmed cases of COVID-19 in Korea is more than 15,000. The outbreak began to rise from late February and it has been subdued since mid-March. However, as the second cluster of infections hit South Korea recently, more time and efforts will be needed to completely overcome the pandemic. So, the National Tax Service of Korea (NTS) is carrying out extensive response measures to flatten the curve. We will walk you through the NTS's responses to curve the pandemic in two aspects, including NTS's Current Response to COVID-19 and Preparation of Post COVID-19.

I. NTS's Current Response to COVID-19

1. Preemptive Support Measures

Korea has taken various actions to effectively tackle the COVID-19 pandemic. First, in reaction to the pandemic, NTS provided preemptive support measures to industries most affected by COVID-19, which are mainly tourism and some other businesses, details are as follows:

Postponing Tax Investigation. NTS suspended tax investigations in Daegu & Gyeongbuk region which has the largest confirmed cases of COVID-19;

Extending Deadlines. NTS extended the deadline for claiming Earned Income Tax Credit, VAT payments and provided additional assistance to small and medium size businesses (SMEs). NTS granted automatic a 3-month extensional deadline for filing and paying VAT for taxpayers in the special disaster zones. Also NTS deferred Personal Income Tax payments for all 7 million self-employed taxpayers in the zones for 3 months. As for business owners, NTS allowed a 3-month grace period for filing tax returns;

Postponing Disposition on Arrears. NTS automatically postponed for all arrears until the end of June for micro-business owners with debts under 4,000 USD;

Early Refund for Year-end Tax Settlement. NTS proactively engaged with taxpayers to improve administrative means and provided assistance accordingly. For example, NTS was about to deliver 2019 year-end tax settlement refund 10 days earlier compared to previous years; and

Others. NTS alleviated shortage of ethanol, used in hand sanitizers by expediting administrative procedures. In addition, NTS allowed online issuance of tax certification which is used for applying for relief funds for small businesses. Not only that, NTS allowed 3-month deferred payments for traffic & liquor businesses.

Korea NTS' administrative support to taxpayers affected by COVID-19 covers over 5.4 million cases

which amounts to a total of 17.2 billion USD up to date.

2. Strict Actions Against Market Manipulation

NTS has taken strict actions against market manipulation and tax evasions of mask manufacturers and distributors. It has made on-site inspections on mask manufacturers, distributors and online sellers and identified 52 companies with suspicious activities initiated tax investigation.

3. Setting Up Thorough Quarantine& Response System

A. Thorough Measures For Prevention of Infections

Safety related organizational measures were enacted to protect taxpayers. NTS implemented mandatory mask-wearing policies, installed acrylic barriers and supplied thermal cameras and hand sanitizers in all district and regional tax offices. NTS expanded non-contact service for taxpayers such as on-line and ARS tax filing services.

B. Reinforcing Response Efforts In All Areas of the NTS

NTS operated COVID-19 Task Forces in not only the headquarter office, but also at the regional and district-level offices. The task force at the headquarter is led by the commissioner and is composed of representatives from all divisions. NTS makes efforts in preventive measures to keep everyone safe by increasing employee's flexibility of working hours, enacting preventive measures and making mandatory to wear masks.

These supportive measures that the Korea government carried out are equivalence of 1.5 billion USD. The supportive measures are mainly aimed at assistance of small business owners. For example, the government raised tax exemption threshold for simplified taxpayers, provided tax cut for building owners who voluntarily reduced rental fee and reducing Individual Consumption Tax for purchasing cars.

II. Preparation of Post COVID-19

- NTS has also prepared following measures for post COVID-19 era;
- Continue administrative support for taxpayers for a fast economic recovery;
- Crack down on tax evasion activities that hurts public welfare;
- Tax filing and payment procedures will be done through IT based non-contact technology;
- Foster Smart-Work Culture responding to change and reduce unnecessary work as well as focus on Core Tasks; and

- Continue to take strict action against tax evasion and maintain tax revenue stabilization, so as to strongly support National Finance.



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