

Tackling COVID-19 :

**Korea Tax Administration's
Response to the Pandemic**



National Tax Service

I . National Tax Administration's current Response to Covid19

- 1. Preemptive Support Measures**
- 2. Strict Actions against Market Manipulation**
- 3. Setting Up Thorough Quarantine & Response System**

II . Preparation of Post COVID19



National Tax Administration's current Response to Covid19

- Preemptive Support Measures
 - Strict Actions against Market Manipulation
 - Setting Up Thorough Quarantine & Response System
-

1 NTS's current Response to Covid19

Preemptive Support Measures

Announcement on Support measures



2.5

- ✓ Extending the deadline of filing & paying taxes
- ✓ Allowing Grace period for tax collection (max. 9mos) and any arrears (max. 1yrs)
- ✓ Postponing Tax Investigation
- ✓ Holding off the Taxation Data Review Process

Emergency Senior Official Meeting



2.27

- ✓ Suspending tax investigations in Daegu & Gyeongbuk region
- ✓ Minimizing tax investigations in other regions
- ✓ Extending deadlines (15days) for claiming benefits for low-income households (Earned Income Tax Credit)

Enhancing Support for Special Disaster Zones



3.15

- ✓ Extending the deadline for march VAT payments (1mos)
- ✓ Extending deadlines and allowing grace period for tax collection & any arrears for SMEs (max. 2yrs)
- ✓ Postponing initiation of tax investigations until the situation is stabilized

1 NTS's current Response to Covid19

Preemptive Support Measures

Allowing Grace period for filing & paying taxes, etc



April

✓ [Value Added Tax]

- Postponing or exempting 1st quarter VAT payment for 1.33m individual small biz.
- Extending deadline for filling & paying 1st quarter VAT for 38 thousand corporate biz.

✓ [Personal Income Tax]

- Extending deadline for all 7m individual taxpayers for 3 mos.

✓ [SME business owners]

- Automatic postponement for any arrears until the end of June

Customer-oriented Tax Administration Support



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✓ Expediting tax refunds (10 days) for year-end tax settlement

✓ Solving shortage of raw & sub materials (alcohol) in hand sanitizers by expediting procedures

✓ Easing the burden of small businesses by assisting in providing access to relief funds

- Remote access and issuance of certificates

✓ Supporting refinery & liquor businesses

- Extending dead lines for Traffic, energy and environment tax payments

Tax Administration Support

Category	Subject	Support		
		No.	Amount (₩)	
Extending Deadlines (Filling&Payment)	Corp Tax (Mar)	Special Disaster Zones & Tax Payers effected by Covid19	4.2M	0.8T
	VAT (Apr)	Individual Businesses experiencing dramatic sales reduction and etc.	147.1M	2.5T
	Income Tax (May)	All Tax Payers	330.5M	12.3T
Postponing Disposition on arrears (Feb~)	Delinquent taxpayer with less than ₩5M arrear	42.0M	0.5T	
Postponing Tax Investigation (Feb~)	Special Disaster Zones & Tax Payers	0.1M	-	
Early Refund for Year-end tax settlement (Feb~)	All Tax Payers	9.3M	1.6T	
Others (Feb~)	Oil refiners and individual applicants	10.4M	3.3T	
Total		543.6M	21.0T	

By May 6, **543.6M cases & 21T KRW (17.2B USD)** Tax Support

Strict Actions against Market Manipulation

On-site Inspection

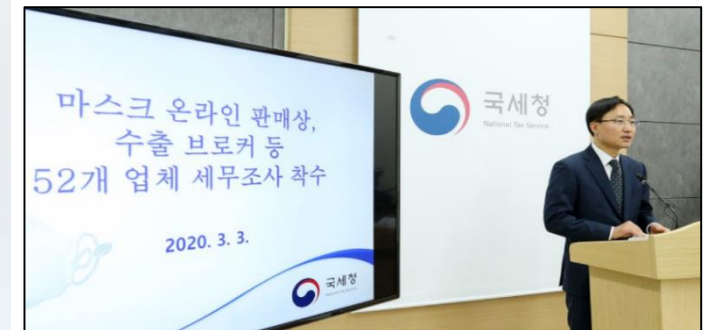
- + Inspection of 263 mask manufacturers and distributors
- + Inspection of 12 mask filter manufacturing companies
- + Inspection of 129 online sellers



Crackdown on Hoarding and Market Manipulating Actions

Tax Investigation

- + Tax investigation on distributors of therapeutic devices such as mask
- + Tax investigation of 52 companies including online mask sellers, 2nd & 3rd chain small distributors, export broker etc.



Setting Up Thorough Quarantine & Response System



Thorough Measures For Prevention of Infections

☑ Preventing Infections For Taxpayers

[Taxpayers advocate office]

Placing hand sanitizer, implementing mandatory mask-wearing policy

[Tax filing and application desk]

Installing Acrylic protection screens on all counters

[Infection prevention]

Quickly supplying thermal cameras to all tax offices

☑ Expanding Untact Service

[Encouraging online tax filing]

Hometax & mobile Hometax, active support for online tax filing and application through ARS

[Supporting untact tax payment]

Implementation of untact tax payment service, Promoting the method of untact payment

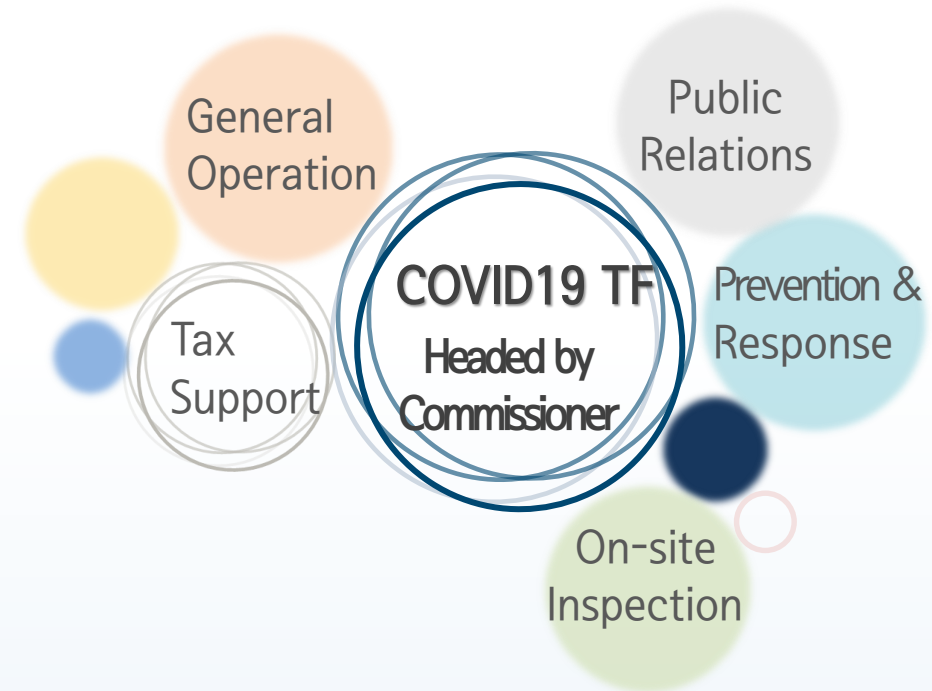
Setting Up **Thorough** Quarantine & Response System

Reinforcing Response efforts In All Areas of the National Tax Administration

✓ Operating COVID-19 Task Force headed by the commissioner

- Engaged by all NTS divisions
- Consist of 5 teams : general operation, tax support, on-site inspection, prevention & response, public relations
- Individual Task Forces at every regional & district-level offices

✓ Operating 24 hours emergency response system



[Annex] Tax Policy Support

△1.9T KRW for 2 Years

Accelerating Economic Recovery : Amendment to 「Restriction of Special Taxation Act」 (March 17)

- **Expanding Tax deductions for SMEs in Special Disaster Zones** : (Small) 10~30⇒60% (Medium) 5~15⇒30%
- **Increasing the Tax Exemption Threshold for Simplified Tax Payers** : Annual Sales under ₩30M⇒48M
- **Reducing VAT for individual business with annual sales under ₩80M** : To simplified Tax Payer Level
- **Providing tax cut for Building owners who voluntarily reduced rental fee** : Tax cut for the amount of 50% of the reduced rental fee
- **Reducing Individual Consumption Tax by 70% for Purchasing Cars** : Cars purchased during March to June (1M KRW limitation)
- **Doubling the income reduction for Credit Card Purchase** : Purchases during March to June
- **Adjusting Limitation to Entertainment fee deduction For SMEs** 2020 Temporary
- **Easing up on Tax Support Requirements for enterprises Returning back from overseas** : Domestic PE establishment requirement
Allowing expansion on existing PE



Preparation for Post COVID19

Preparation of **Post COVID19**

1 Strengthening Tax Administration Support for Overcoming COVID19 & Boosting the Economy

Tax Administration Support TF
taking charge to solve Tax Payer Difficulties

Focusing on efforts to Stimulate the economy
(e.g. providing job security)

3 Innovative Tax Services Developing Untact Technology

Replacing all Tax Filing and Payment
Procedures to IT based Untact Technology

4 Fostering Smart-Work Culture Responding to change

Reducing unnecessary work and
Focusing on Core Tasks

5 Overcoming the Crisis by Stabilizing Tax Revenue

Fulfilling NTS's own Tasks
to Strongly support National Finance

2 Cracking down on Sophisticated & Malicious **Tax Evaders** who hurt the restoration effort

Eradicating Unfair Tax Evasion
(e.g. tax evasion that hurts public welfare)

Strict action against Malicious Tax Evaders
with Large arrears

Thank You

