The 3rd Belt and Road Initiative Tax Administration Cooperation Forum

Enhancing Tax Administration Capacity Building in the Post-pandemic Era

19-21 September 2022
Algiers Algeria
Strategic Planning of the National Tax and Customs Administration

Hungary

Balázs KERTÉSZ
Deputy Head of Planning and Analysis Department

National Tax and Customs Administration (NTCA)
HUNGARY
01 Reducing the shadow economy
02 Effective administration
03 Restructuring the taxation system
04 Innovative tools to fight tax evasion
05 Strategic management system of NTCA
REDUCING THE SHADOW ECONOMY

A COMPREHENSIVE GOVERNMENT PROGRAMME
Strategic governmental approach:

- Effective administration
  - NTCA
- Restructuring the taxation system
- Innovative tools to fight tax evasion
- Reducing administrative burden and strengthening partnership with taxpayers

A roadmap to fight tax evasion and shadow economy since 2011
Improve the effectiveness of the collection of taxes

The government is dedicated to sustaining the budgetary revenue target, and the following tax policy measures have been rendered to this:

- Widening the tax base and whitening the economy by curbing of tax avoidance behavioural patterns,
- Reducing administrative costs influencing competitiveness,
- Creating an effective tax system that facilitates economic growth.

Increasing the effectiveness of the tax authority
Strategic governmental approach:

- Effective administration
  - NTCA
- Restructuring the taxation system
- Innovative tools to fight tax evasion
- Reducing administrative burden and strengthening partnership with taxpayers
The first step: creating the integrated tax and customs administration in 2011

Predecessors (Hungarian Tax Administration (APEH) and the Hungarian Customs Administration (VPOP)) were merged into a single administration as of 1st January 2011: National Tax and Customs Administration (NTCA).

Government expectations:
✓ more effective and economic collection of state revenues
✓ more focus on the fight against financial crimes
✓ better flow of information in taxation matters
✓ single public contact centres for all administrative matters
✓ simplification of procedures
✓ National competence in all tax- and customs- related matters
✓ Independent central budgetary organisation
✓ Joint tax, customs and tax crime investigation

Since 2016: Reorganization of NTCA:

Full functional integration, creating a more simple and transparent structure, NTCA has become a two-level organisation, the number of departments, directorates and top management has been reduced.
Change of approach: Strengthening partnership with taxpayers

Stronger customer-friendly service activities

Modern, efficient organisation and tax procedures

Strengthening partnership with taxpayers

Flat, more simple organisational system

The redesign of the taxation law
11 years of the integrated organisational model

- **2011**
  - **REVENUES**
    - 9,294 billions HUF
      (~26 billions EUR)
      **+ 95%**
    - 18,131.8 billions HUF
      (~44.8 billions EUR)
  - **TASKS**: 900
  - **STAFF**: 22,000

- **2022**
  - **REVENUES**
    - 18,131.8 billions HUF
      (~44.8 billions EUR)
    - **+ 95%**
  - **TASKS**: 1,200
  - **STAFF**: 17,000

**STAFF**: +300 -5000
Strategic governmental approach:

- Effective tax administration
- NTCA

Restructuring the taxation system

Innovative tools to fight tax evasion

Reducing administrative burden and strengthening partnership with taxpayers
Restructuring the taxation system

- Constant reducing taxes on labour and increasing the taxes on consumption, turnover and negative externalities
- Flat rate PIT of 15%, low CIT rate of 9%, general VAT rate 27%
- Introduction of the family tax allowance and introduction tax incentives that encourages employment of most vulnerable employees
- Introduction of special tax regimes for SME’s
Restructuring the taxation system

Share of tax revenues: consumption vs. Income and payroll
Strategic governmental approach:

- Effective tax administration
- Restructuring the taxation system
- Innovative tools to fight tax evasion
- Reducing administrative burden and strengthening partnership with taxpayers
New innovative tools to fight tax evasion since 2011

- **2011**: Integration of tax and customs administration
- **New tools of 2012**
- **New tools of 2013**
- **New tools of 2014**
- **New tools of 2015**
- New organisational structure and approach of the NTCA 2016 – 2020
- eNTCA 2021 - 2024

**Fighting tax evasion and shadow economy**

**Tax registration**
- Multidisciplinary approach in risk management and audit
- EKAER
- Supporting procedure
- Registration of vending automats
- New tax regimes for SME’s
- Itemized domestic VAT data

**E-PIT**
- VAT reverse charge
- Enhanced use of risk management instruments

**OCR**
- Taxpayer compliance classification
Strategic governmental approach:

- Effective tax administration
- Restructuring the taxation system
- Innovative tools to fight tax evasion
- Reducing administrative burden and strengthening partnership with taxpayers
Reducing bureaucracy  
eNTCA 2021-2024

- Discover the possible simplification of the system
- Make better use of IT possibilities
- Wider use of electronic documents

- Real time data
- Real time risk analysis
- Selection of non compliant tps
- Protection of compliant tps
VISION

THE FUTURE
Spreading voluntary compliance through full online administration. Innovative, recognised law enforcement organisation.
9,6% (revised 2019 data), this indicator showes significant decrease of VAT gap, it has fallen roughly more than by two third since 2011.

Forecast for 2020: 6,1%
STRATEGIC MANAGEMENT SYSTEM

ORGANISATIONAL GOALS FOR

2021-2024
STRATEGIC MANAGEMENT SYSTEM

Strategy (2021-2024.)
Strategic directions and aims

Strategic implementation plan (2021-2024.)
The way of the achievements of the objectives

Annual work plans
annual tasks, deadlines, responsible departments, resources conditions, needs

I. Taxpayer relations
• Survey of taxpayer needs and satisfaction
• Improving taxpayer service (NTCA CC)
• Complex taxpayer rating
• eNAV (eRETURNS, eVAT, ePIT, online administration)
• eNAV-Mobile app
• New NTCA portal
• Clear communication
• Tax awareness programme

II. Organisation
• Planned for the future and reliable IT environment,
• Paperless NTCA
• Process-based organisation
• New HR system
• Education system development

III. Professional work
• Knowledge base
• Modernization of enforcement processes (General administrative enforcement)
• Criminal fields developments
• Law Enforcement Concept

Continuous follow up and monitoring with an IT application (STRATMON - Strategic Monitoring System)
VISION

THE FUTURE
Spreading voluntary compliance through full online administration. Innovative, recognised law enforcement organisation.

2020.
Customer services
ONYA
ANYA
eRETURNS

2022.
Online ügyintézői felület
Customer services
NAVCC
ePIT

2025-
NAVCC
Customer services
eNAV app.

2021-2024
eNAV
Administration
I. TAXPAYER RELATIONS

**Survey of taxpayer needs**
continuously monitoring and assessment; before the implementation and during the usage

**Complex taxpayer rating**
Customized taxation - based on integrated data warehouse, Big Data, machine learning

**ONLINE services**

- **eNAV administration interface**
  on the model of ‘online banking’
  full online taxation and data access

- **New NTCA portal**
  online administration and data access

- **eNAV Mobile app**
  online administration and data access

**Improving taxpayer service**
(personal contact)
tailored to online services

**Tax awareness programme**
Developing
- tax knowledge of Hungarian people,
  - acceptance of taxation,
  - tax awareness

**Clear communication**
Communication according to the taxpayer’s logic,
  - Clear, well-structured texts,
  - Intelligent and aesthetic design for audio-visual solutions for audio-visual solutions
II. ORGANISATION

**Planned for the future and reliable IT environment**
- modern, fast, standardised, planned for the future and reliable software and hardware environment,
- creating complex, integrated, reliable professional systems

**Paperless NTCA**
- internal processes and partner authority relations of the organisation must be paperless and can be performed electronically or even automatically,
- the production and transmission of documents in all NTCA case types electronic

**Process-based organisation**
- rethinking and streamlining NTCA's processes, reallocating the necessary resources,
- The aim is a simpler, more transparent and more efficient organisational operation

**New HR system – education system development**
- state-of-the-art HR system (able to provide the right number of qualified, competent and committed employees in a new job structure),
- predictable vision, a career and an appropriate training and retraining system for employees,
  - IT skills development
III. PROFESSIONAL WORK

**Knowledge base**
- collection and classification of professional knowledge,
- a user-friendly, organised registration system with a detailed search function

**Modernization of enforcement processes (General administrative enforcement)**
- renew the IT background of the enforcement tasks,
- implementing mass processing automation,
- faster information display and data warehouse functions,
  - electronic auction interface

**Criminal fields developments**
development of a modern criminal assessment and analysis toolkit,

**Law Enforcement concept**
- efficient, targeted and 24-hour implementation of NTCA's law enforcement tasks,
- complex and state-of-the-art policing activities
STRATEGIC IMPLEMENTATION PLAN

For term of strategy (2021-2024.)

Groups of tasks and measures

Starting dates and deadlines (time needs)

Relationships, dependencies

Tables and Gantt chart

Yearly revision
## ANNUAL WORK PLANS

<table>
<thead>
<tr>
<th>Detailed tasks for a year</th>
<th>Deadlines (time needs)</th>
<th>Responsible departments and units</th>
<th>Expected results</th>
<th>Human and financial resources needs</th>
<th>Continuous follow up (monthly report system)</th>
</tr>
</thead>
</table>

### 1.1. Ügyfeligények felmérése, ügyfelviszajelzés átfogó begyűjtése

<table>
<thead>
<tr>
<th>Feladat</th>
<th>Határidő</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1. Ügyfeligények felmérése, ügyfelviszajelzés átfogó begyűjtése</td>
<td>2024.12.31</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Szükséglet</th>
<th>Tervelés</th>
<th>Tervelés</th>
<th>Tervelés</th>
<th>Feladatok</th>
<th>Kínzóhelyiségek</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1.1. Ügyfeligények felmérése, ügyfelviszajelzés átfogó begyűjtése</td>
<td>2021.01.01</td>
<td>2021.12.31</td>
<td>Alófókbeli, sendelményi területi oktatói.</td>
<td>ASZP, KPO, OTP, TERR</td>
<td></td>
</tr>
<tr>
<td>1.1.2. Az igazságügyiügyekkel kapcsolatos hozzájárulások a szülyen és feldolgozandó hamarosan értesítési és az információszolgálat a hamarosan</td>
<td>2021.04.01</td>
<td>2022.03.31</td>
<td>Az igazságügyiügyekkel kapcsolatos hamarosan értesítési és adatgyűjtési, Az igazságügyiügyekkel kapcsolatos hamarosan értesítési és adatgyűjtési,</td>
<td>ASZP, KPO, OTP, TERR</td>
<td></td>
</tr>
<tr>
<td>1.1.3. A kitűzési oktatások hozzájárulása</td>
<td>2021.10.01</td>
<td>2022.06.30</td>
<td>Az igazságügyiügyekkel kapcsolatos hamarosan értesítési és az információszolgálat a hamarosan</td>
<td>UTT, KPO, OTP, TERR</td>
<td></td>
</tr>
</tbody>
</table>

### Szükséglet

<table>
<thead>
<tr>
<th>Mérséklési</th>
<th>Igényben</th>
<th>Igényben</th>
<th>Költségvetési igénytartalom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mérő</td>
<td>94</td>
<td>94</td>
<td>-</td>
</tr>
<tr>
<td>Mérő</td>
<td>589</td>
<td>589</td>
<td>-</td>
</tr>
</tbody>
</table>
Aims and properties

- Own development,
- Accessible for the leaders,
- Display the Strategy, Strategic implementation plan and the Annual work plans,
- Continuous follow-up the implementation of the strategic directions, goals, tasks,
- Simplification of the reports preparing (monthly reporting system),
- Yearly revision of the strategic implementation plan
- Numerous query options,
- Reduction of paper-based administration.
Thank you for your attention!

National Tax and Customs Administration
HUNGARY

Web: www.nav.gov.hu