

The Open Tax Court

Organisation: Tax Administration Division, Seoul Metropolitan Government

Country: Korea

Level of government: Local government

Sector: Economic affairs, Public order and safety

Type: Public Service

Launched in: 2008

Overall development time: 1 year 4 months

Link to the innovation's website

Description

The Seoul Metropolitan Government (SMG) launched a system from April 8, 2008 to provide pro bono legal counsel for citizens who wish to file an objection regarding local taxation but cannot afford a lawyer. Public officials from the city government, who are local tax experts, would act as a counsel for taxpayers and help them throughout the process. For instance, they would help taxpayers with case investigations and evidence collection and provide legal advice and detailed explanations to better understand the final ruling.

The SMG also decided to open the entire hearing process to the general public starting from April 2008. Until then, citizens were not allowed to attend the hearing. However, the SMG opened the hearing process to the public in order to achieve higher level of transparency. As of 2012, the Open Tax Court has deliberated on a total of 1 490 cases since 2008. Among them, 169 cases were ruled in favor of the citizens. In 2011, a total of 33 cases were handled by the court, and KRW 5.9 billion was returned to the taxpayers.

Why the innovation was developed

- Before adopting the Open Tax Court System, 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. Thus, more complaints were submitted regarding the examination of local taxes, because citizens became more doubtful about the fairness and credibility of the process. In order to address this problem, the SMG decided to open the examination process to the public.
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Objectives

Develop staff capacity, Enhance public trust, Enhance transparency, Improve access, Improve effectiveness, Improve service quality, Improve user satisfaction

- To increase transparency in the tax review system of the government.
 - To better protect the rights of citizens with respect to tax-related objections.
 - To reduce the number of improperly imposed taxes.
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Main beneficiaries

Civil Society, General population, Government bodies, Government staff, Low-income groups

- Citizens of Seoul: With the Open Tax Court System, citizens could not only receive help from local tax experts, but also file complaints without huge financial burden.
- Other: Moreover, since the SMG appointed an incumbent honourable Judge as the new Chairman of the Local Tax Deliberation Committee, the transparency and fairness of the entire hearing process were greatly improved.

Results

Effectiveness

- As of 2012, the Open Tax Court has deliberated on a total of 1 490 cases since 2008.
 - Among them, 169 cases were ruled in favour of the citizens. In 2011, a total of 33 cases were handled by the court, and KRW 5.9 billion was returned to the taxpayers.
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Service quality

Accessibility:

- The Open Tax Court system reduced the burden of citizens who filed complaints regarding wrongfully imposed local taxes. They could get help from the local experts, and they no longer needed to pay expensive fees for hiring lawyers.

Other:

- Wrongfully imposed taxes were either reduced or eliminated. Also, the citizens benefited from 'pro bono advocate' who had expertise in local taxation system.
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User satisfaction

- The survey found that the respondents felt satisfied with the legal advice and other help provided by the tax official from the SMG throughout the proceedings, including investigations, examinations and completion of application or appeal documents (satisfied, 100%).
- The respondents also showed high rates of satisfaction with the pro bono advocate system and the text message that notified the deliberation result on the decision day (satisfied, 100%).

Development

Design

The Open Tax Court System was launched with an effort to address the demand of the public. The idea was first proposed by Sang-ho Yoo, head of the Tax Administration Division on February 28, 2008. While attending a meeting to discuss the development of the citizen-oriented policies, the idea of 'Open Tax Court' was materialised very quickly, and the first Open Tax Court was held two months later on April 28, 2008.

Design time: 2 months

Testing

- 'Pro bono advocates' were appointed to provide assistance to taxpayers who file complaints regarding local tax.
- The SMG held sessions to educate district government officials, in order to promote their understanding of the programme.

Testing time: 1 month

Implementation

Tools used:

- The SMG provided a separate venue for local tax hearings, which will be held every three weeks, to ensure transparent and efficient remedies for taxpayers.
- Seoul posted the schedule and venue in advance on its internet website (www.seoul.go.kr) to foster greater involvement by citizens.

Resources used:

- Budget: No additional budget was needed to run the 'Open Tax Court'. External committee members, such as lawyers and tax accountants, were paid fees when they attended the closed, documentary examinations in the past, so there were no additional expenses.
- Staff: Since local tax experts from the city government acted as pro bono advocates, there was no need to hire additional personnel.

Implementation time: 1 month

Diffusion

- The SMG decided to open the hearings on the objections filed regarding local taxes to the general public across the nation.
- Many of the thank-you notes and letters received by the SMG are posted on its internet website.
- The open sessions of the Civil Tax Court serve as a classroom for students studying taxes or ordinary citizens interested in these or associated matters. Each session has attracted audiences of more than 100. The court has become the benchmark for other tax-handling governmental agencies, such as the Tax Tribunal (of the Office of the Prime Minister), the Office of the National Tax and the Korean Intellectual Property Office.

Diffusion time: 1 year

Challenges and solutions

- Conflict within the organisation: some officials believed that there was nothing to gain from opening the entire examination process to the public. Also, they thought the new system would bring excessive workload to city employees.
 - Solution: In order to bring a mutual understanding among city officials, the SMG repeatedly emphasised the need to restore the credibility of the tax system. As part of an effort, it held numerous seminars to promote their understanding.
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Partnerships

Local tax experts

Other

Local tax experts who worked in the SMG cooperated by working as pro bono advocates to assist taxpayers.

Lessons Learned

Lessons Learned

The Open Tax Court system has promoted transparency and fairness of tax administration, and reminded tax officials of the importance of their responsibility.

Other information

The Open Tax Court System is the winner of the 2011 United Nations Public Service Awards.

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