

# Tax Whistleblower in Republic of Korea

## ● Korean Tax Authority Pays Awards

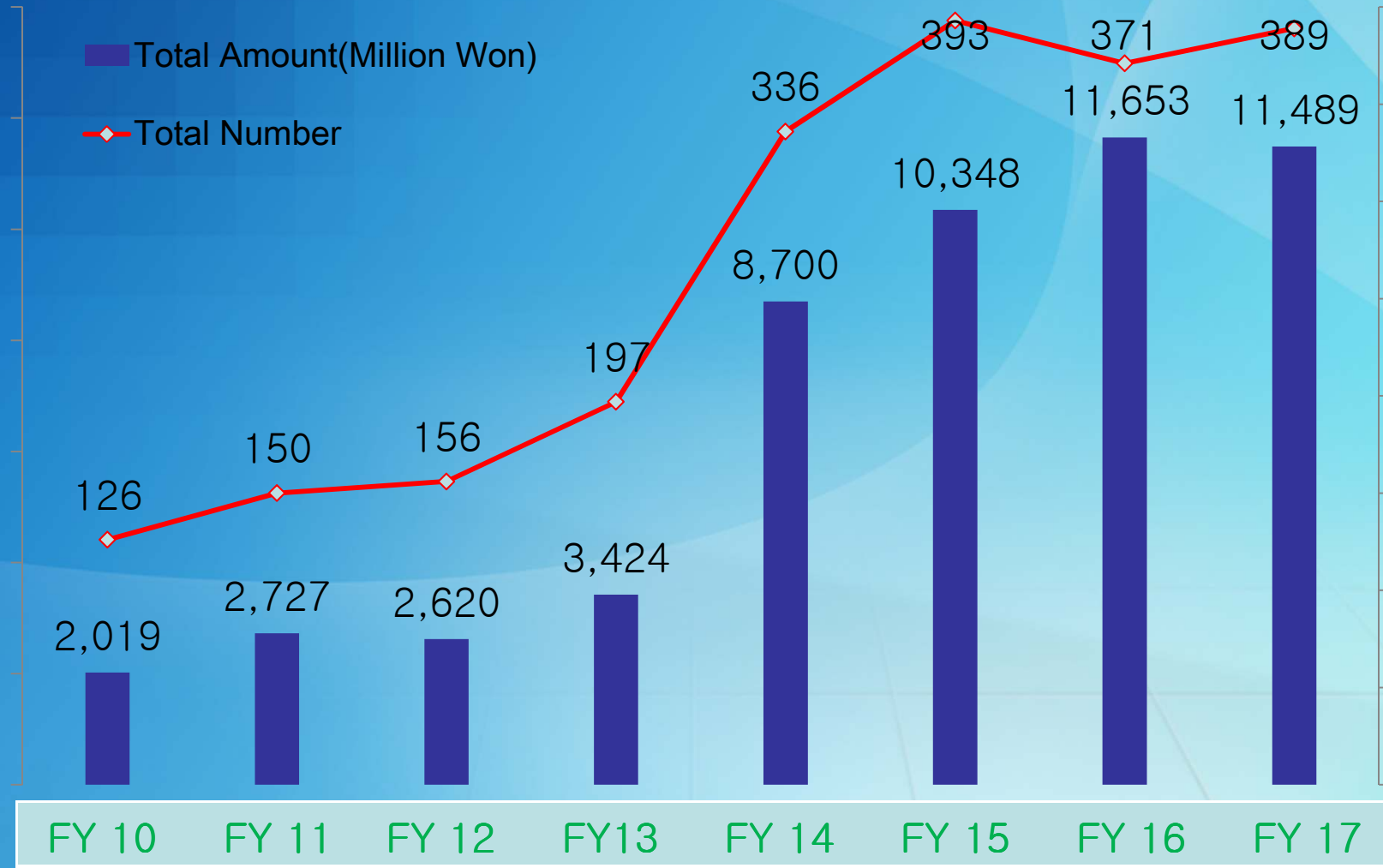
### ■ Whistleblowers help collect taxes

- The National Tax Service(NTS) has established two whistleblower reward programs
  - Tax Evasion Informant Reward Program(since 1951)
  - Foreign Financial Account Report Reward Program(since 2012)

### ■ Situation in South Korea

- The cultural aspect has made whistleblowing more challenging in South Korea
  - Emphasis on the community or group, Collectivism, and Top-down Culture
- Protection of Public Interest Reporters Act has NOT applied to Tax Whistleblowers

# Awards Paid, Fiscal Year 2010 to 2017



## ● Tax Evasion Informant Reward Program

### ■ Basis for Qualifying for a Reward

- An individual with “*significant information*” on tax law violations could disclose the evidence
  - Whistleblowers qualify for a monetary reward under the Framework Act on the National Taxes
  - 5% and 20% of the proceeds collected by the NTS as a result of the informant’s disclosure
  - Up to 4 billion Won(\$3.5 Million)

### ■ Significant Information

- All available documentation to substantiate the claim including financial records, bank account numbers, and information identifying the disputed transactions or analyses
- Specific and credible information concerning the person(s) or transaction activities that the informant believes have violated the tax laws

## Foreign Financial Account Report Reward Program

### ■ Basis for Qualifying for a Reward

- The informant is entitled to a reward if the “*significant information*” provided led to a successful enforcement
  - Whistleblowers qualify for a monetary reward under the Framework Act on the National Taxes
  - 5% and 15% of the proceeds collected by the NTS as a result of the informant’s disclosure
  - Up to 2 billion Won(\$1.8 Million)
  - If informant report both programs, NTS pays both rewards(up to \$5.3 Million)

### ■ Significant Information

- All available documentation to substantiate the claim including account holder’s name, account numbers, and account balance (i.e. copy of bank statement)

## ● Description of Payment Procedure

### ■ When Rewards are Distributed

- The informant will not receive the reward until the NTS obtains the money from the taxpayer
- The rewards are distributed within two months after the litigation concludes with finality or the deadline for appealing the payments or obtaining a refund expires

### ■ Confidentiality

- The NTS is committed to ensure privacy and confidentiality of the filing information and the informant's identity of all foreign nationals
- Contact information: [taxkorea@protonmail.com](mailto:taxkorea@protonmail.com) or [www.nts.go.kr](http://www.nts.go.kr)



# Cultivation of Well-placed Insiders

Offshore tax evasion is on the rise but it is extremely difficult to hunt it down without whistleblowers due to the number of countries involved in the process

