Tax Whistleblower in Republic of Korea
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

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Amount (Million Won)</th>
<th>Total Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 10</td>
<td>126</td>
<td>2,019</td>
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<tr>
<td>FY 11</td>
<td>150</td>
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<td>FY 12</td>
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<td>FY 13</td>
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<td>FY 16</td>
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<td>FY 17</td>
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</table>
**Overview of Korean Programs**

**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.
Overview of Korean Programs

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 expire.

Confidentiality

- The NTS is committed to ensure privacy and confidentiality of the filing information and the informant’s identity all foreign nationals.

Contact information: taxkorea@protonmail.com or www.nts.go.kr
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.