

Tax Whistleblower in Republic of Korea

● Korean Tax Authority Pays Awards

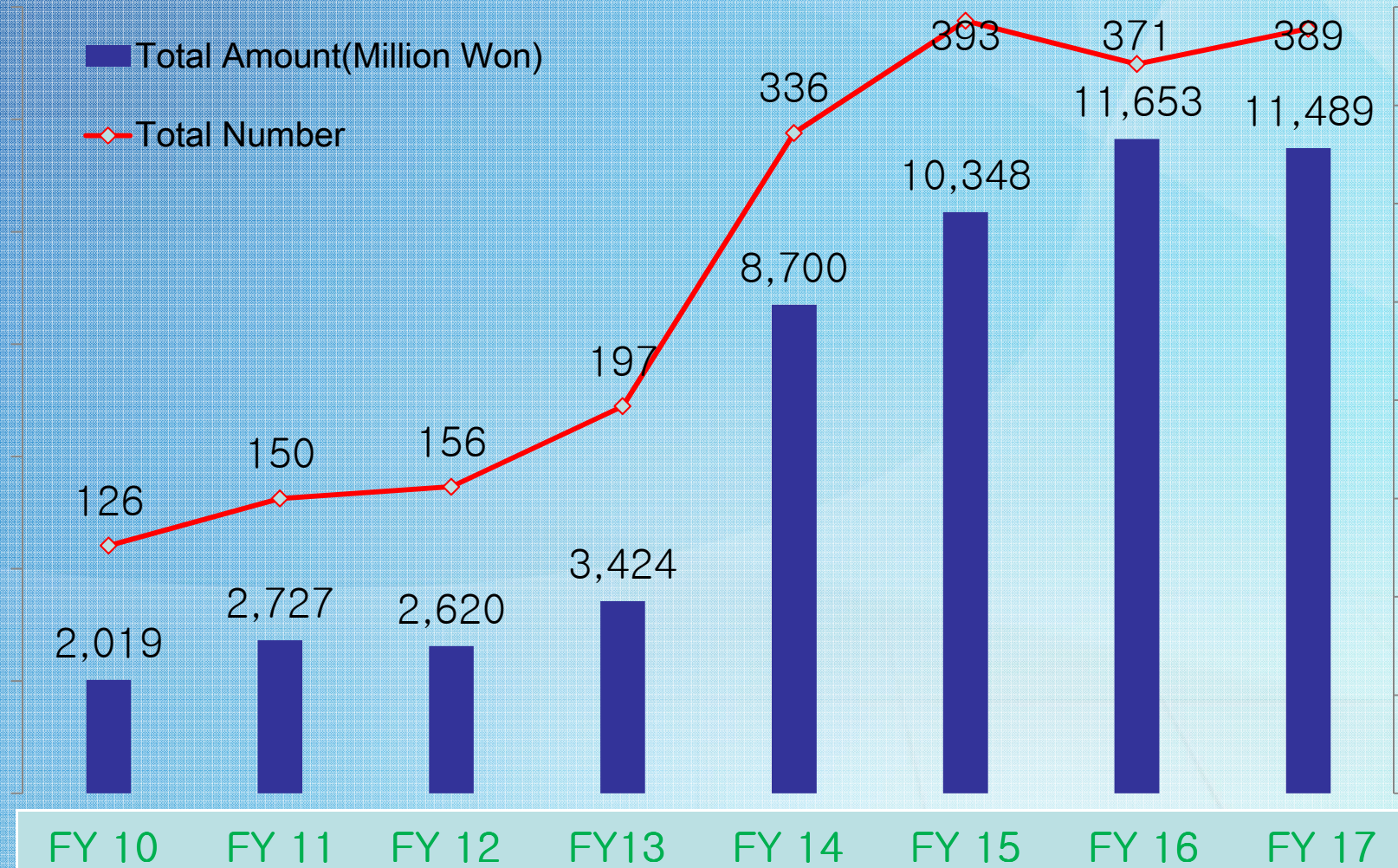
■ Whistleblowers help collect taxes

- 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 all foreign nationals
- Contact information: taxkorea@protonmail.com or 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

