

45TH SGATAR MEETING

TOPIC 2

IMPROVING THE TAXPAYER'S EXPERIENCE WITH THE TAX AUTHORITY EFFICIENTLY AND EFFECTIVELY

WORKING PAPER

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Improving the taxpayer's experience with the tax authority efficiently and effectively

1. INTRODUCTION

Smart government refers to applying and integrating information and communications technologies (ICT) as well as public facilities for generating sustainable public value. Our government is gradually utilizing ICT to improve our national development as well as the quality of life. The prevalent adoption of mobile devices, cloud computing, and the Internet of Things enables governments to increase responsiveness as well as to decrease manage costs by the confluence of commoditization and socialization. This paper illustrates what the Ministry of Finance (MOF) of the R.O.C. has done during the past year to leverage ICT toward a SMART government in order to improve the taxpayer's experience with the tax authority efficiently and effectively.

This paper is organized as follows. In the second section, representing the letter "S" of SMART, measures to simplify income tax return filing forms will be presented. In the third section, representing the letter "M" of SMART, the progress of our e-invoice project which enhances mobile and cloud computing capabilities will be illustrated. In the fourth section, representing the letter "A" of SMART, that the government should be perceived as assistants of taxpayers not tax authorities, will be stated. In the fifth section, representing the letter "R" of SMART, the seamless services of VAT refund for foreign travelers, will be described. In the sixth section, representing the last letter "T" of SMART, touching media strategies, including content and tools, adopted by the MOF to communicate with the public and to promote the tax reform will be discussed.

2. SIMPLE FILING

2.1 Corporate Income Tax Return: Thin filing

To build a friendly environment for doing business in Taiwan, our government has since 2008 been drawing reference from the World Bank's annual Doing Business report to carry out a review and improvement of related laws, regulations, and administrative measures. To improve the "Paying Taxes" indicator on World Bank's Doing Business report, continuous reforms based on the criteria of the "Paying Taxes" indicator have been adopted to simplify administrative procedures and streamline tax payment measures. After the MOF actively implemented many streamlining measures on tax payment in recent years, the time taken by a standard medium-size enterprise to process their corporate income tax payments has dropped from 185 hours to 68 hours, according to a survey from the Association of Certified Public Accountants. Key measures undertaken to thin corporate income tax filing are as follows:

2.1.1 Reducing the Differences between Financial Accounting and Tax Accounting

The corporate income tax regulations and tax audit rules have been amended to converge the content of financial accounting and tax requirements. This reduces the time a business entity needs to spend on gathering tax-related information, analyzing items of tax sensitivity, and adjusting for differences between financial and tax accounting.

2.1.2 Simplifying Tax Return Form

The MOF convened a meeting attended by representatives of the tax authorities, the members of the Association of Certified Public Accountants, tax agents, and other non-governmental entities, to discuss and overhaul the content of the corporate income tax return form. The corporate income tax return form has been greatly simplified by deleting 70 columns and 124 places for signature, reducing seven pages of tax return and allowing businesses to replace two other pages with their own statements in prescribed form.

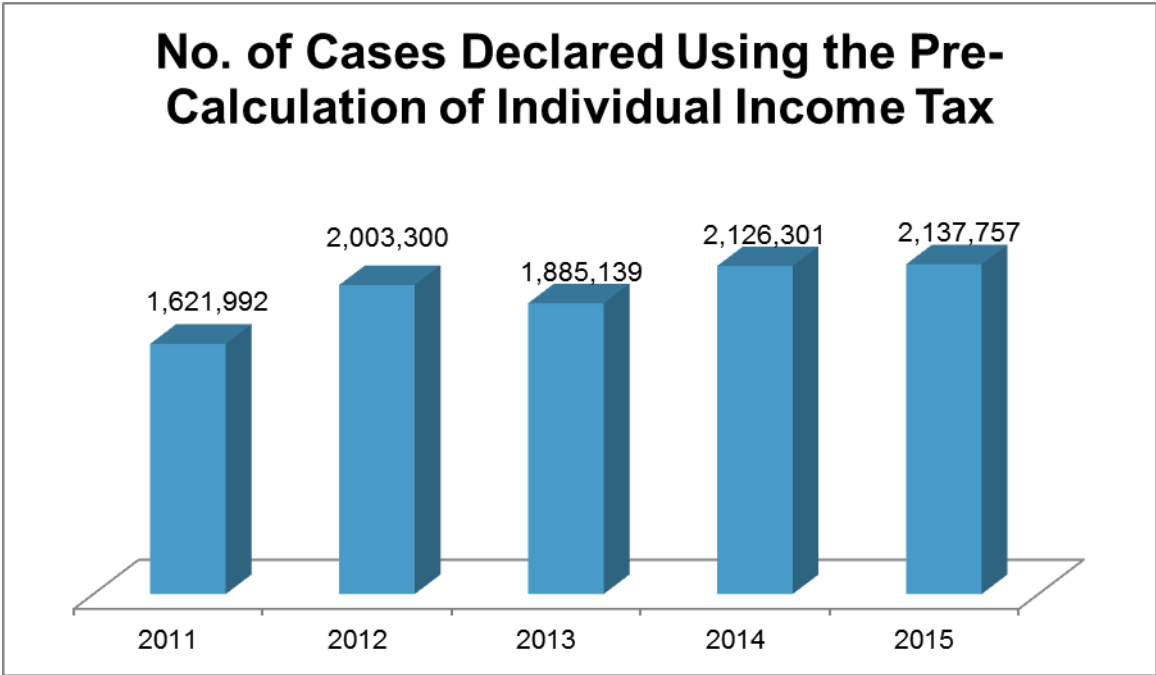
2.1.3 Facilitating Attachments Filing

Traditionally, the supporting documents for the tax return should be delivered to the tax authority in paper form, even if the tax return was filed online. Now except for the paper form, the attachments to the tax return can be delivered in three other ways. (1) The attachments can be uploaded and submitted online at the same time when the tax return form are filed online. (2) The tax return filed online can deliver the attachments in digital file forms on optical discs. (3) The tax return filed online which meet certain conditions are exempted from delivering the tax return attachments in the form of paper documents or digital files. These measures can save both time and paper needed by taxpayers to gather, photocopy, and file attachments; it can also save storage and manpower costs of the tax authority to handle the attachments as well.

2.2 Individual Income Tax Return: No filing

2.2.1 Service of the Pre-Calculation of Individual Income Tax Returns

To simplify the processing of individual income tax returns and provide better tax service, the so-called “Pre-Calculation of Individual Income Tax Returns” service was put into practice from 2011. Individual taxpayers who meet certain requirements (usually simple cases which have simple resources of income and declare standard deductions) will receive the pre-calculated income tax notices and tax bills before the annual individual income filing period begins. If a taxpayer confirms the pre-calculation notice or makes payment as stated on the tax bill, he or she is deemed to have finished the income tax return filing with no need for further filing. If a taxpayer claims additional incomes or applies for extra exemptions, deductions, or tax credits than the pre-calculation income tax notice stated, he or she still needs to file the income tax return as legally required. The number of taxpayers utilizing the aforesaid service was 2.14 million in 2014, 35.15% of the total number of taxpayers.



Source: Files provided by Five National Taxation Bureaus.

3. MOBILE CAPABILITY: E-INVOICE PROJECT

The Taiwan Uniform Invoice System was founded in 1950 and implemented in 1951. The main purpose of the system is to prevent business tax evasion and to increase national taxation. Uniform invoices have been used as important certificates of business transactions, accounting, internal and external auditing, and taxation. Business entities are required to issue the uniform invoice to customers as proof of receipt with a further use for filing tax. The Taiwan Uniform Invoice System was implemented so successfully that now the annual volume of paper-based uniform invoices is about 8 billion, including 4% for B2B and 96% for B2C, according to statistics.

However, there are many usage limitations and high management costs for traditional paper invoices. Compared to traditional paper uniform invoices, e-invoices can record detailed information about transactions, such as the names of buyers; the dates of transactions; the items, unit prices, and quantities of goods sold; etc., which is very useful data for tax auditors. Besides, e-invoicing enables both firms and governments to reduce the management costs of issuing, distributing, and keeping invoices.

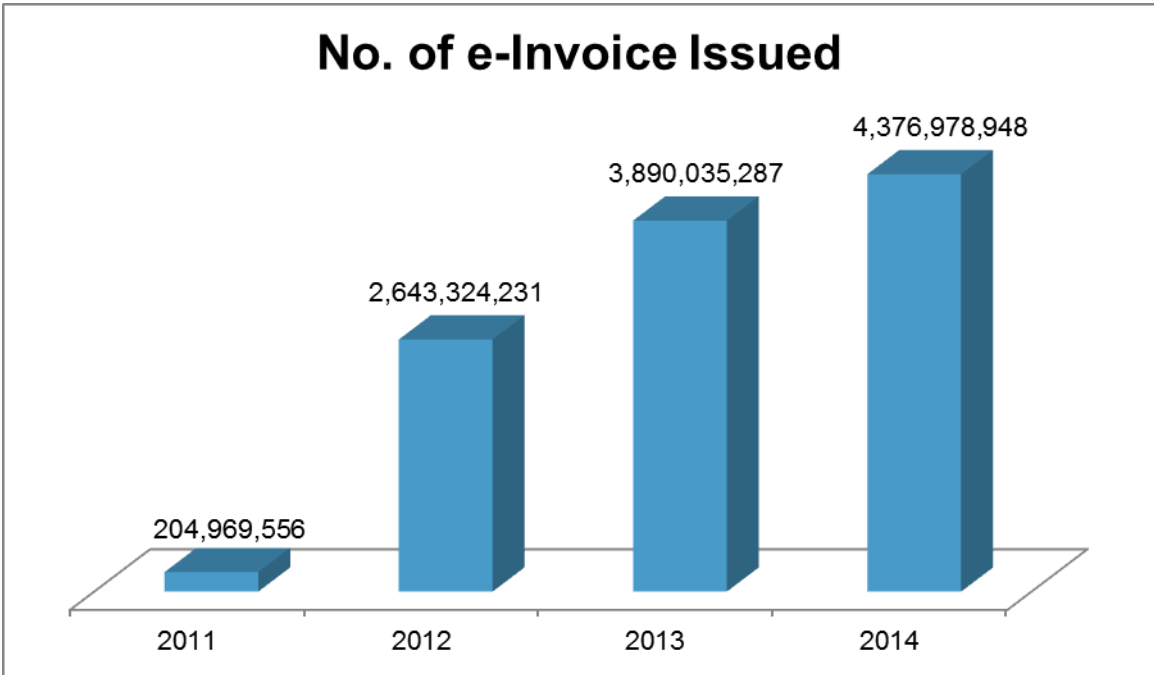
As the development of e-commerce and cloud-computing service has been trending upward, traditional paper invoices have also entered an electronic phase to realize the concept of e-government and start the promotion of e-invoicing. With the flourishing of e-business, the MOF conducted a proof of concepts (POC) of B2B e-invoice to eliminate obstacles and reduce costs of business transactions in 2000. Then, in 2004, the MOF proposed an e-invoice initiation project.

3.1 Strategy Shift of e-Invoice Diffusion

In the beginning, the MOF focused on the B2B e-invoice implementation. After interviewing business entities and value-added providers, it was found the following problems should be resolved during the e-invoice promotion: (1) lack of a transmission standard and integrated platform (2) high costs to establish a value-added center (3) low intention of adoption among business entities (4) limit value-added usage of e-invoice and (5) lack of related regulations for e-invoicing.

The MOF gradually published and updated the related regulation for constructing the legitimacy for firms to adopt e-invoice. Most important of all, the MOF has shifted the strategy of its e-invoice diffusion. After a decade of evolution, now the number of e-invoices issued has reached 4.3 billion from more than 57,000 companies in 2014.

This e-invoice diffusion strategy can be categorized into three phases: (1) Paperless Phase (2) Diffusion Phase and (3) Cloud-Enabled Phase.



3.1.1 Paperless Phase (2005~2008)

The paperless phase put emphasis on making regulations for transforming paper-based invoices into an electronic format.

In order to establish an enabling environment for developing e-invoicing, the MOF gradually made regulations. In November 2000, the regulations for transmitting Uniform Invoices over the Internet was published for firms to exchange transaction information through the Internet. In the meantime, the MOF also conducted a POC of B2B e-invoicing. With the proliferation of B2C e-commerce, the MOF published regulations for issuing online shopping invoices in 2005. "The e-invoice operation guidelines" were published in 2006. This legislation provided a foundation for e-invoice promotion.

3.1.2 Diffusion Phase (2009~2010)

The purposes in the diffusion phase were to extend the possible participants and to include B2C and B2G utilization.

During the diffusion phase, the MOF shifted its strategy and put emphasis on promoting the adoption of B2C e-invoicing. These related regulations were updated several times, including loosening the limitations on business entities and value-added service providers, comprising TV and catalog shopping, and excluding the performance bond. According to the regulations, the MOF has the responsibility to keep records for at least ten years. In order to afford the huge volume of e-invoices, the second generation e-invoice platform was developed with a cloud-based architecture. Thereafter, big data analysis techniques could be employed to provide value-added service.

3.1.3 Cloud-Enabled Phase (2011~2013)

In the cloud-enabled phase, regulations were made to stimulate the development of various e-invoice applications as well as to extend the adoption.

In order to extend the adoption scale, this generation integrated B2C e-invoices, B2B e-invoices, and B2G e-invoices. By their integration with a taxation management system and other related government systems, big data services were provided, shown in multidimensional and graphic diagrams, to fiscally related bureaus and the public.

A well-known example of cloud-based application was to build a “Food Cloud” for tracking food transactions through e-invoicing. Based on the name list of food manufacturers and importers provided by the Ministry of Health and Welfare via the information of e-invoicing, food materials, ingredients, and products from the beginning to the end of the supply chain were traceable. The “Food Cloud” was also connected with the school cloud (with public school lunch info), the agricultural cloud (with resource info), etc. Through cross-agency collaboration, the “iron triangle” of food safety defense could be built, where the government can oversee food manufacturers and law-breaking manufacturers will have no place in Taiwan. Table 1 provides an analysis of the strategic shift and the emphasis in each phase.

Table 1. Analysis of Strategic Shift and Emphasis in Each Phase

	Paperless (2005~2008)	Diffusion (2009~2010)	Cloud-Enabled (2011~2013)
Strategic Target(s)	<ul style="list-style-type: none"> • B2B & B2C 	<ul style="list-style-type: none"> • B2B, B2G, & B2C 	<ul style="list-style-type: none"> • B2B & B2C
Impediments	<ul style="list-style-type: none"> • Lacking legal and operational environment for electronic accounting and taxation processes 	<ul style="list-style-type: none"> • Low adoption in the supply chain with parallel usage of paper-based and electronic invoice • Public agencies without operational regulations and auditing procedures of e-invoicing • Limitations on performance bond and transaction type in B2C e-invoicing 	<ul style="list-style-type: none"> • Various e-invoice formats for different value-added service providers • Previous B2C promotion focus only on business entities of cyberspace
Competitive Actions	<ul style="list-style-type: none"> • Initiation of e-invoice platform development and promotion • Legislation for using e-invoice 	<ul style="list-style-type: none"> • Legislation to extend possible adopters • Loosening limitation requirements 	<ul style="list-style-type: none"> • Integrating virtual and physical channels • Using mobile phone as B2C e-invoice integrating device
Digital Options	<ul style="list-style-type: none"> • E-invoice platform enhancing e-invoice exchange 	<ul style="list-style-type: none"> • Platform providing e-invoice exchange among public agencies, companies, and consumers 	<ul style="list-style-type: none"> • Enabling innovative and value-added app development by providing open data and APIs
Agility	<ul style="list-style-type: none"> • Providing operational agility for participants 	<ul style="list-style-type: none"> • Providing better utilization of e-invoice for partners 	<ul style="list-style-type: none"> • Providing agility for better interaction with consumers for participants
Entrepreneurial Alertness	<ul style="list-style-type: none"> • Extending the scale of adoption 	<ul style="list-style-type: none"> • Conducting B2C e-invoicing POC in physical channel • Planning for migrating to cloud-based architecture 	<ul style="list-style-type: none"> • Integration with other government cloud-based applications • Development of big data applications
IT competence	<ul style="list-style-type: none"> • Developing functions for stimulating various actors to adopt 	<ul style="list-style-type: none"> • Developing cloud-based platform to handle huge volume of B2C e-invoices 	<ul style="list-style-type: none"> • Combining new technologies like IoT and sensor-rich devices for developing next generation platform
Outcomes	<ul style="list-style-type: none"> • 8,005 business entities • 42.68 million e-invoices 	<ul style="list-style-type: none"> • 27,027 business entities • 69.74 million e-invoices 	<ul style="list-style-type: none"> • Received awards form FutureGov and 2011 eASIA Award • 52,882 business entities • 3.6 billion e-invoices

Source: Sheng-Chi Chen, Scott Miao, Cheng-Chieh Wu (2014). Toward a Smart Government: An Experience of E-Invoice Development in Taiwan. PACIS 2014 Proceedings. Paper 124.

3.2 Uniqueness of Taiwan's e-Invoice System

After a decade of evolution, there are several unique features of the Taiwan e-Invoice system.

3.2.1 First to Implement B2C e-Invoice

The Taiwan e-invoice system is the first one applied to B2C transactions. Based on the solid usage of uniform invoices, e-invoices are easily promoted in B2C transactions. Actually, B2C transactions are the major users of e-invoices. There were 4.27 billion B2C e-invoices issued in 2014, about 97.5% of total e-invoices issued.

3.2.2 Lottery system

The Taiwan's Uniform Invoice Lottery System, with a drawing every two months and a top prize of NT\$10,000,000, is unique among the tax systems around the world. The introduction of the lottery system encouraged consumers to obtain a uniform invoice for every purchase made with a business, which is meant to stop tax evasion. Whenever a transaction is made, the business should issue a receipt to the purchaser, and a copy of the receipt will be transmitted to the tax authority to be used as the basis of taxation for tax auditing and investigation. Since the receipt number will allow holders of the receipts to win cash prizes through a lottery system, people in turn are more likely to ask for them from the businesses with which they conduct transactions. In order to promote e-invoicing, the MOF began offering e-invoice holders 2,000 additional prizes of NT\$2,000 each in every lottery drawing in 2013.

3.2.3 Carrier and APPs

Ideal e-invoices are invoices issued, transmitted, and received through the Internet, totally paperless. Considering the difficulties in changing the public's using paper invoice habits, e-invoice "printouts" are being used alongside the full digital version for the time being to help the transition. The transitional paper-based e-invoices are used as the receipt. For consumers, the e-invoices only change the way of receiving traditional uniform invoices. (However, it still reduces the usage of paper compared to traditional paper-based uniform invoices since the copies of e-invoices are electronically preserved by the business and electronically transmitted to the tax authority.) With the wide adoption of e-invoices, the transitional paper-based e-invoices have become obstructions toward the goal of paperless e-invoices. According to MOF statistics in 2014, only 6% of e-invoices were electronic receipts.

To encourage consumers' use of paperless e-invoicing, the MOF has introduced multiple devices called "carriers" to support customers receiving and saving e-invoices. These carriers include credit cards, debit cards, e-wallets, cellphones via barcodes, etc., and each carrier can be registered to specific consumers. Therefore, consumers may choose any carrier convenient for them when making purchases, and the e-invoices can be aggregated into one personal account.

In addition, the MOF provides smartphone applications (apps) for e-invoices. Consumers can manage their e-invoice transaction information via these Apps for further use, such as keeping personal financial records, browsing details of transactions, or claiming invoice lottery prizes. If a carrier-user wins the e-invoice lottery, the e-invoice system will automatically notify the consumer/winner via email and automatically transfer the award money to his/her bank account if registered, totally paperless.

3.2.4 Donation Code (LoveCode)

Since holders of uniform invoices may claim lottery prizes, donating uniform invoices has become popular to charity activities in Taiwan. People will donate their own uniform invoices to their preferred social welfare institutions, and the institutions will receive the “cash donation” if the donated invoices win the lottery prizes. These social welfare institutions face great challenges in calling for donations of invoices with the promotion of e-invoices because the e-invoices are stored in carriers. Thus, the Donation Code (LoveCode) mechanism was launched.

Every social welfare institution has its own Donation Code (LoveCode). People may make their e-invoice donations in two ways: (1) Donate while shopping: Consumers may provide their Donation Code for stores to scan, and the e-invoices will be directly donated to the assigned institution. (2) Donate after shopping: Consumers may donate their selected e-invoices to the assigned institution by entering a Donation Code via smartphone apps of e-invoices. Services of auto-checking lottery numbers and auto-transferring prizes to social welfare institutions are also provided.

3.2.5 Centralized Platform Hosted by Government

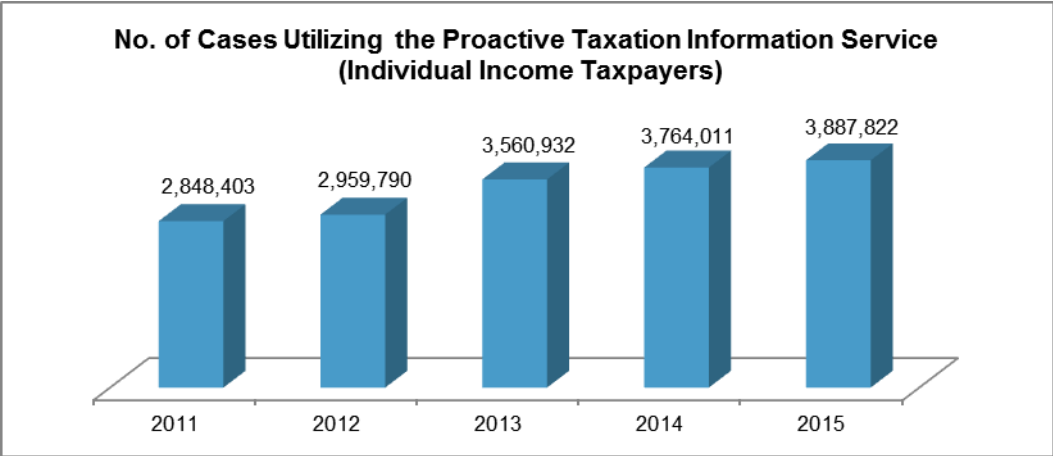
The key factor which enables consumers to query transactions, donate e-invoices, and automatically check and transfer lottery prizes online is a centralized e-invoice platform established by the MOF (<http://www.einvoice.nat.gov.tw>). Guided by the experience of launching the uni-invoice system, the centralized e-invoice platform functions as a centralized issuer. This ensures that e-invoices are a kind of uni-invoice and that the e-invoice system is well-embedded in the uni-invoice system as a whole. The platform as a virtual mega-computing server for the information of e-invoices provides services including e-invoice certification, tax service, data exchange, and statistical analysis. With the coordination of the platform, customers may leverage the aforesaid e-invoice services and applications, and businesses may streamline the internal operation processes, especially the tax filing procedures. Besides, the tax authority also benefits from the platform. The integrated e-invoice usage information makes it easy for tax authorities to profile and understand taxpayers as well as sharpen their initiatives, such as behavioral insights and data analytics.

4. ASSISTANT OF TAXPAYERS

4.1 Proactive Assistant: Providing Taxation Information Collected by Tax Authority

A common wish of the taxpayers is to reduce tax within the legal boundaries. Business income tax involves complicated and frequently updated regulations about the recognition of revenues, costs, and expenses; individual income tax involves declarations of deductions, exemptions, and tax credits. If taxpayers can distinguish the differences between different tax regulations, they may not only prevent themselves from violating the tax regulations and being punished, but can also claim their rights and fulfill their obligation by filing their income tax return appropriately.

Traditionally, data collected from other entities about taxpayers' transactions, income, deductions, etc. has been used to cross-examine or audit their tax returns. Taxation information is regarded as an ex post facto tool (or a weapon) for the tax authority. Now, the tax authority is proactive in providing taxpayers with taxation information. These information-sharing measures help taxpayers file tax returns, simplify filing procedures, save costs and time of auditing, and relieve the workload of tax auditors as well. The measures applied to individual income taxpayers was put into practice in 2010 and with corporate income taxpayers in 2015. The number of individual income taxpayers utilizing the service was 3.89 million in 2015.



Source: Files provided by Five National Taxation Bureaus.

4.2 E-filing Assistant: Providing Tax Return Filing Software

Tax return filing software has been provided for free to assist taxpayers “e-filing” tax returns. When a taxpayer files tax returns online or with electronic media, once the return information is entered into the software, the program can instantly calculate the income tax payable and finish the tax return form, reducing the time spent on tax return filing. The tax return filing software now is available for individual and corporate income tax, business tax (sales tax), securities transactions tax, futures transactions tax, commodity tax, tobacco and alcohol tax, estate tax, and gift tax, comprising nearly all national taxes. Currently, over 90 percent of business taxpayers and over 85 percent of individual income taxpayers file tax returns via e-Filing. Wide adoption of e-filing has saved lots of manpower and time for tax authorities to handle paper tax returns and verify raw data for further investigation.

No. of Taxpayers Filed via e-Filing

Taxation Year	Individual Income Tax		Corporate Income Tax		Business Tax	
	Cases	Rate %	Cases	Rate %	Cases	Rate %
2010	3,334,120	62.27	721,032	97.00	704,805	93.54
2011	2,693,622	69.28	747,021	98.10	730,410	94.33
2012	2,785,013	75.98	780,649	99.73	757,267	95.14
2013	3,263,439	79.90	796,417	99.60	779,897	95.65
2014	3,285,206	85.31	820,208	99.86	805,059	95.94

4.3 E-billing Assistant: Providing Tax Payment Billing Software

Multiple tax payment channels have been provided for taxpayers, including bank counters, automatic teller machines (ATMs), credit cards, electronic wallets, 24-hour open convenience stores, and transfers of deposit bank accounts online. However, tax bill notices are still needed to be provided or mailed in paper form to taxpayers. To enhance the convenience of paying tax and saving the costs of tax billing, the tax payment billing software called “Receipts for Taxes Paid Voluntarily” has been provided for free to assist taxpayers “e-billing” their tax bills. When a taxpayer enters the required information via the software online or offline, a tax bill stated in barcode form will be printed out. Taxpayers may make their tax payments with the printed-out tax bill at bank counters or convenience stores. The payment information will automatically inform the tax authority after the payment is made, and the printed-out bill will be a receipt for taxes paid.

5. REFUND: E-SERVICE FOR FOREIGN TRAVELERS

5.1 Procedure of VAT Refund for Foreign Travelers upon Departure

Foreign travelers who purchase exit-allowable taxable goods from the same authorized Tax Refund Shopping store (TRS-labeled store) on the same day, accumulating more than NTD\$3,000 (VAT-inclusive price) and which will be taken abroad within 30 days from the purchasing day, may apply to Customs for a refund of the VAT paid on those purchased goods upon departure. The procedures for claiming a VAT refund on departure are as follows:

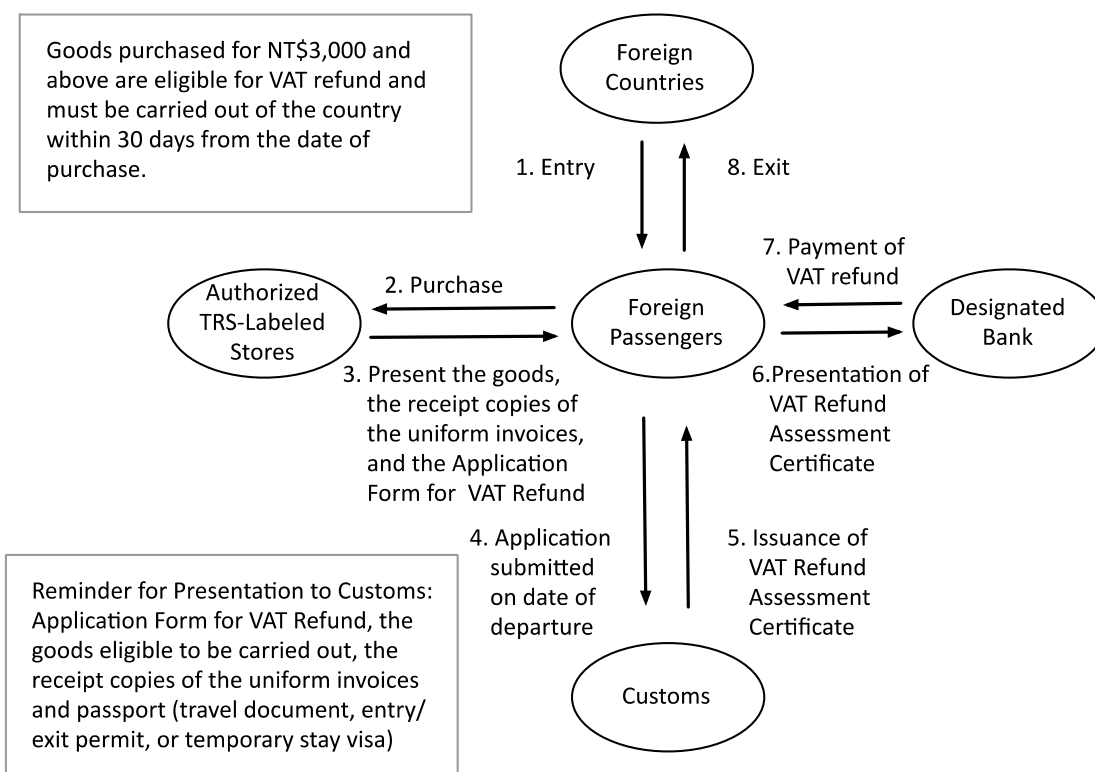
5.1.1 Procedures and Documents for Claiming VAT Refund

When a foreign traveler makes a purchase, he/she shall inform the clerk that the VAT refund will be claimed for the goods purchased, and he/she shall present the original passport (travel document or entry/exit permit) to the clerk for recording the name and passport number on the uni-invoices. Then the eligible applicant shall submit the original copy of uni-invoices to the designated counter of the authorized TRS-labeled store for issuance of the “Application Form for VAT Refund.” This form shall be used to claim the VAT refund with Customs upon departure.

5.1.2 Procedures for Receiving VAT Refund

When a foreign traveler prepares for departure, he/she shall present the “Application Form for VAT Refund,” passport, the goods to be carried out of the country, and the original copy of the uni-invoices to Customs for verification and approval of the VAT refund. After verification, Customs shall issue the “VAT Refund Assessment Certificate.” Then the eligible applicant shall present the “VAT Refund Assessment Certificate” to a designated bank located at the airport or seaport to receive the payment of the VAT refund.

Procedures for Foreign Travelers Claiming a VAT Refund upon Departure



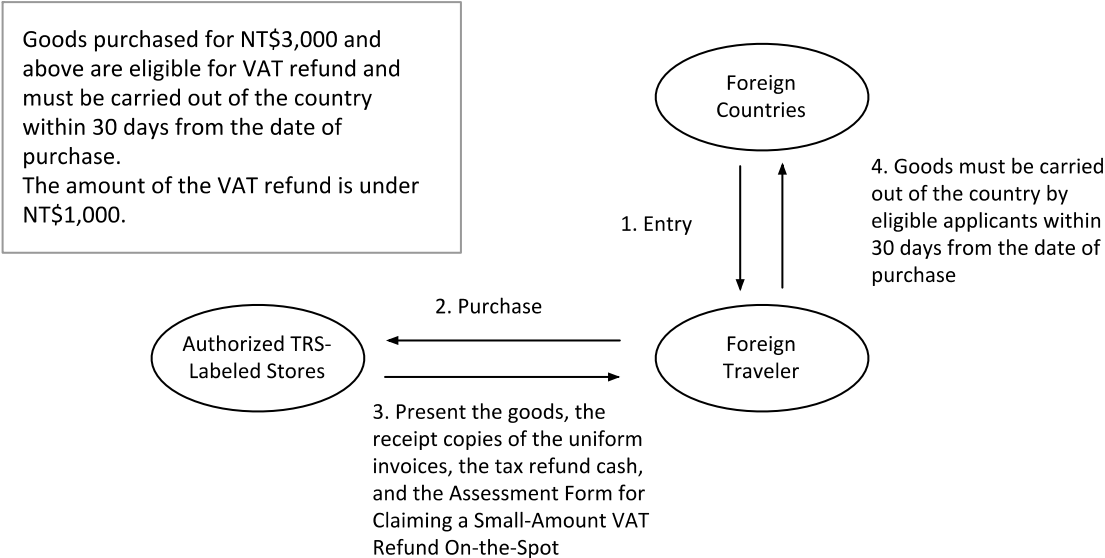
5.2 Procedure of VAT Refund for Foreign Travelers On-the-Spot

In order to attract tourists, a VAT refund procedure called “VAT Refund on-the-Spot” has been applicable for foreign travelers since July 1st, 2011. Under the circumstances, if the refundable amount is below NTD\$1,000 (around NTD\$21,000 on selling price), the foreign travelers may choose to obtain a VAT refund immediately from the authorized TRS-labeled stores right after shopping rather than upon departure. The service not only saves a lot of time and manpower for verification and approval but also encourages “Tax Refund Shopping.” Foreign travelers obtaining refunds on the spot right after shopping may bring customer return opportunities for businesses.

5.2.1 Procedures and Documents for Claiming & Receiving VAT Refund

Foreign travelers who apply for a VAT refund on-the-spot shall submit the original copy of uni-invoices to the designated counter of the authorized TRS-labeled store for issuance of the “Assessment Form for Claiming a Small-Amount VAT Refund On-the-Spot” and obtain the refund accordingly. Foreign travelers shall take back the stamped “Refund paid” uni-invoices from the clerk. For foreign travelers who apply for a VAT refund on-the-spot, there is no extra procedure to be done.

Procedures for Foreign Travelers Claiming a Small-Amount VAT Refund On-the-Spot



5.3 E-Procedure of VAT Refund for Foreign Travelers

Due to the time needed for the processing of the verification, foreign travelers are advised to present their application for VAT refund at the Customs' service counters located at the airport or seaport three hours before departure. To resolve the long waiting time of VAT refund procedures, the MOF created a task force to work on improving the relevant process in 2014. This task force is planning to set up an auto VAT-refunding system (Kiosk) for foreign travelers by processing their refunds through machines within a limited time span. All that is needed is to click Kiosk buttons. The new VAT-refunding system will officially be put into practice in 2016. Concrete measures will be undertaken as follows:

5.3.1 Procedures and Documents for Claiming VAT Refund

With the integration of a taxation information system and an entry/exit permits information system, data of real-time entry/exit permits will be provided through the VAT Refund Website. Foreign travelers are thus identified as eligible in authorized TRS-labeled stores online. The auto VAT-refunding system will designate a unique barcode to every eligible applicant. The unique barcode as a "carrier" will record every transaction the eligible applicant has made. When a foreign traveler makes a purchase, the eligible applicant no longer needs to submit the original copy of uni-invoices for issuance of the "Application Form for VAT Refund." In other words, the application of the VAT refund is paperless, and foreign travelers don't have to keep the original paper copy of uni-invoices. In the new auto VAT-refunding system, foreign travelers can still claim the VAT refund even if they lose the uni-invoices, while they couldn't under the past system.

5.3.2 Procedures for Receiving VAT Refund

5.3.2.1 Self-Processing VAT Refund or One-Stop Counter

In the past system, there were two stages for foreign travelers to receive VAT refunds. In the first stage, the eligible applicant had to go to Customs to verify

the refund; in the second stage, they had to go to a designated bank located at the airport or seaport to receive the refund. In the new system, foreign travelers are allowed to process VAT refunds either on their own through the auto VAT-refunding machines at the airport or seaport or via the one-stop VAT-refunding counters.

5.3.2.2 Alternative Payment for Selection

In the past system, the payment of the VAT refund had to be only in NT dollars. With the integration of the information system of financial institutions, the foreign travelers may choose the payment of the VAT refund whether in NT dollars or as a debit on travelers' credit cards.

5.3.2.3 Refund On-the-Spot without Refundable Amount Limit

In the past system, only small-amount VAT refunds (the refundable amount below NTD\$1,000) could be claimed on-the-spot at the stores. In the new system, foreign travelers may claim and receive on-the-Spot at authorized TRS-labeled stores without any refundable amount limit.

No. of Cases of VAT Refund by Foreign Passengers Purchasing 2010-2014

Taxation Year	VAT Refund from Customs	Small-Amount VAT Refund On-the-Spot	Total
2010	287,424	-*	287,424
2011	311,032	90,708	401,740
2012	469,640	323,752	793,392
2013	472,093	417,018	889,111
2014	618,946	626,050	1,244,996

Source: VAT Refund Website

*The service of Small-Amount VAT Refund On-the-Spot has been provided from 2011.

6. TOUCHING MEDIA STRATEGY

6.1 Communicating Policy

6.1.1 Feedback Tax Mechanism

In consideration of economic and social developments in recent years, income tax deductions and tax credits were often used as policy tools. However, the consequential influences of a thinning tax base and decreasing government revenues were tremendous. With the rising civilian awareness of taxation fairness, the government was urged and suggested to consider that the unfair “high income with low tax” state should be suppressed. Instead of adopting radical reform measures, such as directly canceling tax credits, raising tax rates, etc., “The Sound Finance Program” was proposed in 2014. In this program, a “Feedback Tax Mechanism” is built, which lets a few industries or high-income earners contribute to the society more to benefit the majority of the people. Its main points are briefly introduced below.

6.1.1.1 Raise Standard Deduction and Special Deduction for Wage and Disabled

Generally speaking, wages (salaries) and the standard deduction are the most common income resources and claimed deduction for the public. As a package of the aforesaid Sound Finance Program, the personal standard deduction will be raised from NT\$79,000 to NT\$90,000 (NT\$180,000 for a taxpayer filing with his or her spouse); the special deduction for wage income and the special deduction for the disabled will be raised from NT\$108,000 to NT\$128,000, respectively, to relieve the tax burden on salary earners and disabled people. The above measures will take effect from 2015.

6.1.1.2 Raise Tax Burden of Dividend Income and Highest Marginal Tax Rate

On the other hand, the tax burden of dividend income has been increased. In the past, income taxes paid by companies could be fully imputed as

shareholders' individual income tax credits when they received dividends. Under the aforesaid tax reform, the full imputation tax system was revised to become the partial imputation tax system. The dividend tax credit of individual shareholders was halved rather than using the full amount of the corporate income tax paid by the invested company. Additionally, the numbers of tax brackets will be revised from five to six, with the addition of a bracket with a tax rate of 45% on the portion of net incomes over NT\$10 million. Preliminary outcomes of the tax reform reached considerable achievements in fiscal sustainability of the government and redistribution of income.

6.1.2 Care for the Youth and the Elderly

In recent years, the wealth disparity between rich and poor has been exacerbated. The unreasonably high property prices of recent years have caused anxiety for young people who cannot afford to buy houses; furthermore, demographic aging, longer life expectancy, and changes in disease patterns have increased the need for long-term healthcare.

In order to realize housing justice and fund long-term care for senior citizens, the real estate tax amendment is currently being promulgated. An integrated land and housing tax system based on the property's actual value has thus been instituted. Any increase in government revenues due to the property tax adjustments will be used to fund assistance to youths, senior citizens, and the disadvantaged, such as with mortgage interest and rent subsidies for young people as well as long-term healthcare.

The goal of the reforms is not merely to raise taxes but rather to resolve the long-term problem of an irrational property tax regime. This new Act will be effective in January 2016 and will not be retroactive. The adjustment of the property tax system will not affect people who live in the homes they own. The changes are instead meant to prevent rapid flipping of properties multiple times by speculators to drive up the sale price and to put an end to abnormal astronomical leaps in property prices. The adjustments of the real estate tax scheme have taken a significant step toward residential justice, taxation

fairness, and reasonable distribution of social resources; it is a milestone in our tax reform.

6.2 Media Tools

6.2.1 Comics for Dummies

“Comics for dummies” also called “packets for lazy man” have recently been the most popular mass media form. Comics for dummies are designed for those who are interested but don’t have enough time or knowledge to understand topical news events, issues, and controversies; thus, graphic visual representations of data, counter arguments, or knowledge intended to address information quickly and clearly are presented. Comics for dummies are widely used on the Internet, especially social media sites such as Facebook and Twitter. With the advantages of conveying information quickly and easily to the public, comics for dummies is quite a suitable medium for demonstration of tax policies since taxes are notorious for their complexity.

On the other hand, comics for dummies presuming the quick spread of information only delivers “core messages” by omitting details of facts, events, or arguments may express incomplete or misleading information to the public. In order to prevent manipulated comics for dummies against the government which may cause unnecessary disputes over policies, policy makers have to conduct comics for dummies in an official version. As mentioned above, the official comics for dummies about the adjustment of our income tax regime and the reform of our real estate taxation were conducted before and after the amendments of laws were promulgated in order to demonstrate the new policies and seek public support.

6.2.2 Live Webcast on YouTube Channel

Internet technologies and online conveniences have transformed the way people live their lives, providing new channels for social contact and information exchange. Traditional media and people-to-people interactions in

the real world are shifting to social media online. Now, the government is expanding use of these new channels not only to strengthen its services, but also to hear directly from citizens, discuss public affairs, and even invite people to contribute their knowledge. Consequently, the government has opened a YouTube channel called “Open-Mic” to communicate with “netizens” (citizens on the Internet) about policies. There are two programs for netizens to subscribe to.

6.2.2.1 Regular Program

Every Thursday morning, the Premier hosts a weekly Cabinet meeting to discuss major bills and decisions, which the spokesperson elaborates at a press conference afterward. To better facilitate communication with citizens and reach out through new media, this conference will be broadcast live on the Internet. Netizens are welcomed to rationally discuss policies in the chat room, where any suggestions they make can be immediately responded to and become points of reference for the government. The weekly post-Cabinet meeting press conference program will commence ahead or behind its scheduled time of 11 a.m. depending on when the Cabinet meeting concludes.

6.2.2.2 Specials

Special programs are designed to discuss policies in certain fields, such as labor education, rights protection, etc. The special programs on the Open-Mic channel will be arranged as follows: Before the broadcast, the Cabinet (as producers) will collect related questions online. Netizens’ questions are collected through a public, transparent process. For a given period, netizens may post their questions on the Google Moderator page, and the top-ranked postings will be selected and addressed during the broadcast. The programs are broadcast live. The first half of the program will feature a question-and-answer session between the spokesperson and the officials in charge of discussion topics. In the second half, the Premier will interact directly with the online audience, responding to comments posted on the live chat board.

Through this timely innovation, citizens interested in politics can conveniently, instantly, and directly receive information about the Cabinet's decisions firsthand. It is hoped that these two-way online interactions with Cabinet members will ease some of the public's concerns and improve their understanding of policies.

7. CONCLUSIONS

Smart government refers to an administration which utilizes the integration of information and communications technologies (ICT) for planning, managing, and operating to generate sustainable public value. In this paper, we provide a preliminary understanding of SMART government development and implementation. First, the government should share, not deliver, information. Second, the government should serve as an assistant, not an authority. Finally, the government should have a good reason to reform, and then it will have a supporting policy to initiate. With more transparent and collaborative information sharing, smart government provides sustainable, integrated, and cross-boundary public services.