

Human Resources in Chinese Taipei's Tax Administration

47th SGATAR Meeting

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47TH SGATAR MEETING
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Agenda

- Institutional Framework
- Compensation and Benefits
- Performance Evaluation and Initiatives
- Recruitment, Promotion and Retirement
- Training and Career Development
- Conclusions

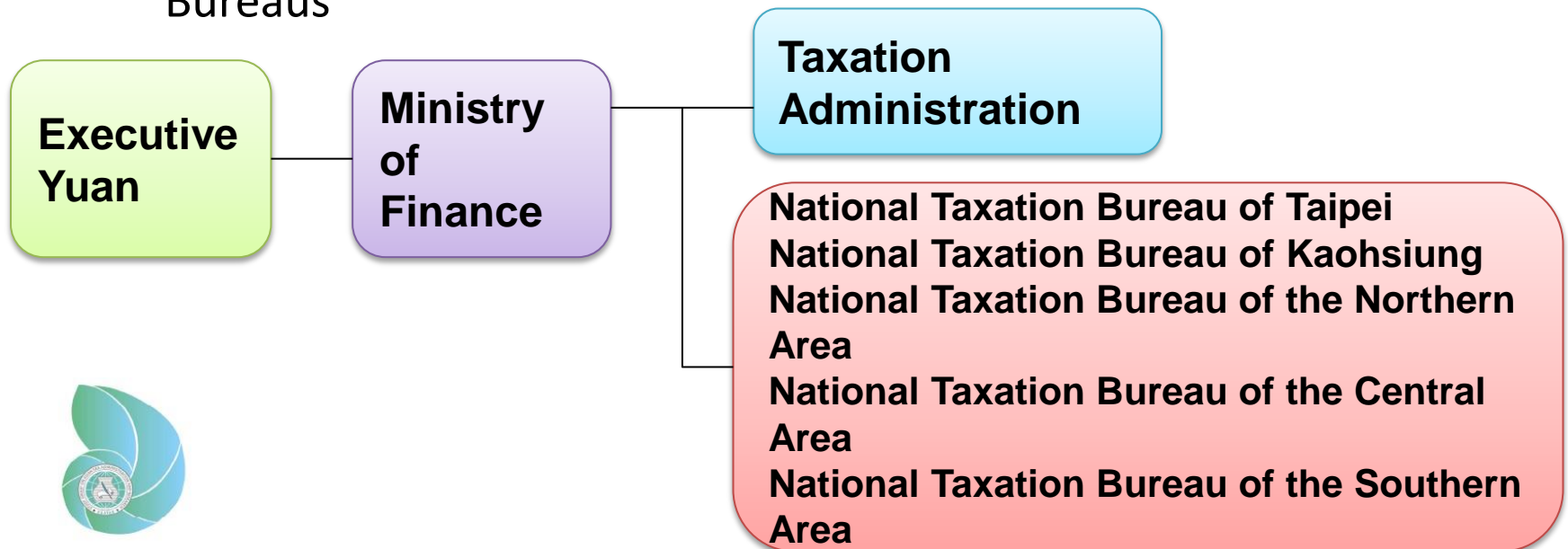


Institutional Framework

□ Institutional structure

■ Binary system of national tax and local tax

1. This report mainly focuses on the national tax collection agency
2. We have the Taxation Administration and five National Taxation Bureaus



Institutional Framework

□ Institutional structure

3. National Taxation Bureaus collect tax in accordance with policy set by the Taxation Administration, and are supervised by the Taxation Administration.

■ Semi-autonomy

1. Our taxation agencies has an independent budget under **the supervision of the Parliament.**

2. For personnel, the appointment, transfer, and promotion of **high-ranking officials** are conducted by **the Ministry of Finance**, and the recruitment and promotion of **general staff** is handled by **the chief of the agencies.**



Institutional Framework

□ Institutional structure

■ The strengths and weaknesses

1. strengths : Our binary taxation system complies with the balance of power between central and local government.
2. weaknesses : Causes uncertain administration-subordinate relationships and multiple chains of command.



Institutional Framework

☐ Sources of funds

■ Taxation cost for every \$1 of tax collected

Taxation cost for every \$1 of tax collected = $\frac{\text{total taxation costs}}{\text{total taxation revenues}}$

Total revenues = accumulated net tax collected for the year + tax surcharge

Total costs = tax collection expenditures for the year (including personnel expenses, business expenses, and amortized equipment depreciation expenses)



Institutional Framework

☐ Sources of funds



Tax collection costs (per US\$1) covering the period between 2006 and 2016

USD			
Year	Total Revenues (in thousand USD)	Total Costs (in thousand USD)	Tax collection cost for every \$1 collected
	a	b	c
	2006	41,473,832	419,136
2007	45,641,277	410,923	0.00900
2008	47,100,261	408,700	0.00868
2009	40,033,400	406,965	0.01017
2010	41,456,925	417,590	0.01007
2011	45,668,982	461,098	0.01010
2012	46,609,701	468,316	0.01005
2013	46,621,569	432,285	0.00927
2014	50,883,454	398,999	0.00784
2015	55,311,848	397,117	0.00718
2016	58,298,380	403,955	0.00693

highest

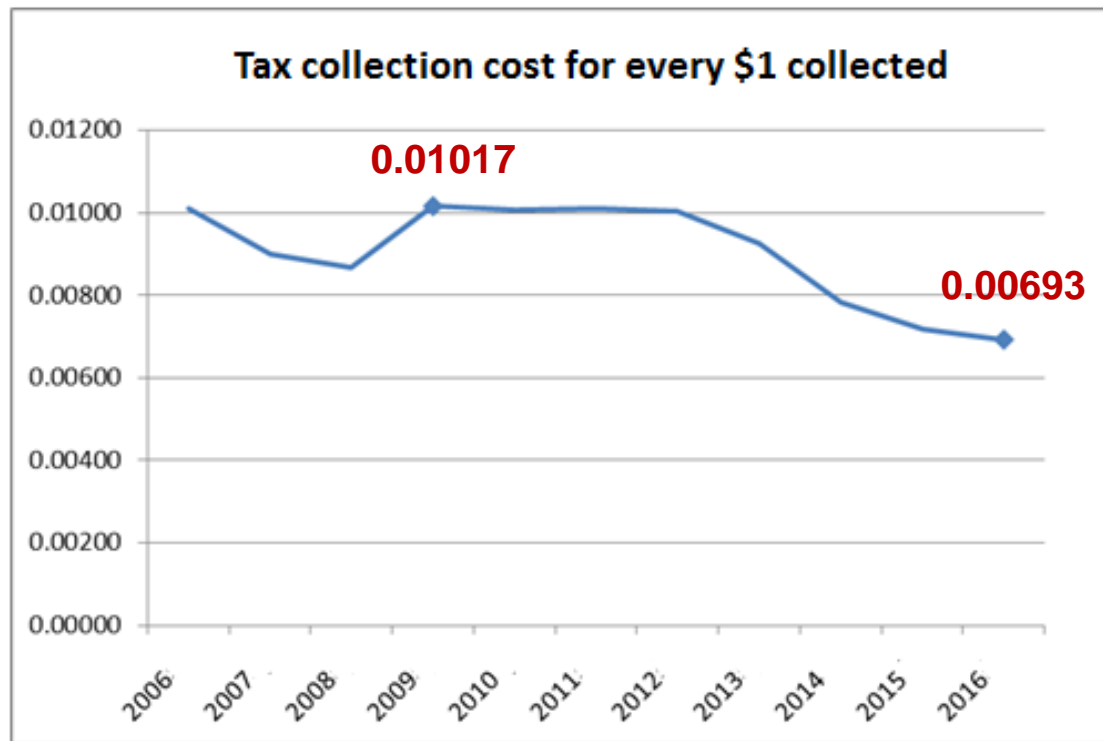
lowest



Institutional Framework

☐ Sources of funds

- Tax agency's cost line (per US\$1)



Institutional Framework

☐ Sources of funds

▪ **No autonomy**

Taxation agency funds are deliberated and passed by the Legislative Yuan and promulgated by the President. Thus, taxation agencies do not have autonomy over the source of funds.

▪ **Ratio of compensation and human resource expenditure in 2017 budget is 38.12%**

*Data includes Taxation Administration and five national taxation bureaus



Compensation and Benefits

□ Basis of compensation design

The compensation of tax officers includes basic pay, professional supplements, regional supplements, year-end bonuses and performance evaluation bonuses. They are provided in accordance with different legal basis.

□ Annual salary and professional supplements for officials and staff

□ The annual salary for **officials** (with a ranking of 10th grade and above) of taxation agencies is around **US \$42,000**, and the annual salary for **staff** (with a ranking of 9th grade and below) is around **US \$31,470**.

□ The professional supplements of taxation agencies are higher, so compensation of personnel is higher than other personnel of other government agencies.



Compensation and Benefits

□ Compensation comparison with the private sector

The annual salaries for officials are generally lower than management for a rank of manager or above in the private sector, and the annual salaries for staff are higher than staff in general administrative agencies and the private sector.

Compensation comparison table

Item	Annual Salary (in US\$)	Compared with other government agencies	Compared with private sector
Official	42,000	Higher	Lower
Staff	31,470	Higher	Higher

Compensation and Benefits

□ Compensation Adjustment Factors

Reference factors include consumer price index variation, salary level in the private sector, per capita national income, per capita GDP, and the economic growth rate.



Compensation and Benefits

☐ Benefits : **cash benefits**

1. Living supplements: Supplements for marriage, birth, education, and funeral supplements are provided.
2. Health examination supplement.
3. Retirement, redundancy and pension.
4. Recreational activities.
5. Supplements for government employee insurance, labor insurance and health insurance: Government pays 65%-70% of the insurance fee while the individual pays 30%-35%.
6. Overtime pay and overtime pay for untaken leave
7. Insurance benefits for public functionaries: Benefits include disability, pension, death, funerals of family members, birth, and unpaid parental leave.



Compensation and Benefits

☐ Benefits : **non-cash benefits**

1. **Leave**: public functionaries are given 7-30 days of paid leave based on seniority. Public functionaries also have leaves for marriage, maternity (including miscarriage and paternity), funeral, organ donation, and family care.
2. **Unpaid leave**: Public functionaries may have unpaid leave while maintaining their posts for nursing children, taking care of parents, receiving advanced training, or other causes.
3. **Speed dating**: Provide single public functionaries a speed dating platform.
4. **Preferential loan interests**: such as Central Government Emergency Loans to Public Functionaries, mortgages, and consumption loans.



Performance Evaluation and Initiatives

□ Stipulation of performance goals

4 annual performance targets

- Administration plan and key performance indicators
- Performance goals for tax collection
- Key projects for maintenance of fair taxation
- Performance evaluation indicators (stipulated by Subordinate agencies of the Ministry of Finance each year).



Performance Evaluation and Initiatives

☐ Personnel incentives

To inspire taxation staff morale, taxation agencies adopt rewards such as the model public functionary award, excellent taxation staff award, administrative reward, and taxation reward.

☐ Sanctions

Public functionaries with **severe misconduct** shall be rated **Grade D** and removed from the office, and those who are rated **Grade C** will receive the punishment of not receiving a bonus and having their promotion and career development affected.



Recruitment, Promotion and Retirement

❑ Principles of human resources allocation

Personnel will be allocated to regional taxation bureaus and branches after taking the factors of caseload, tax collection amount, the prosperity of industry and commerce, the addition or deletion of tax items, policy adjustment, and population in the national taxation bureau region into consideration.



Recruitment, Promotion and Retirement

❑ **Recruitment of new employees**

Taxation agencies mainly comply with the balancing strategy of “applications from people who passed national taxation examinations” and “negotiations for the transfer of personnel from other agencies.”

❑ **Promotion of employees**

1. Agencies adopt the principles of “promotion based on performance” and “open competition.”
2. Evaluation of promotions will be conducted based on examination scores, education, experience, training, advanced training, seniority, performance evaluation, awards, and the opinions from supervisors.



Recruitment, Promotion and Retirement

☐ Turnover rate(2014-2016)=4.8%

The average turnover rate of taxation personnel in taxation agencies in the past three years (2014-2016) was 4.8%.

☐ Reasons for resignation

The most common reasons for resignation or early retirement are **career planning and health issues**. Before resignation or transfer to another government agency, **the average years of service** of taxation personnel in their original taxation agency is **5.6 years**.



Recruitment, Promotion and Retirement

□ Eligibility for retirement

Public functionaries who are at the age of 60 or above and serve for 5 years or more, or who serve for 25 years or more, are eligible for retirement. The monthly pension may be paid beginning from age of 50 to 65.

□ Reasons for retirement

▪ High-ranking official (10th-grade or above)

Mainly choose mandatory retirement due to power and position.

▪ Staff (personnel of 9th-grade and below)

Mainly choose voluntary and early retirement due to the retirement system, career planning, or health issues

▪ Employees (contracted employees)

The majority of employees choose mandatory retirement.

Training and Career Development

□ Training programs

▪ **Dedicated training Institution of the Ministry of Finance**

The Ministry of Finance establishes the Training Institute, which is responsible for talent training, and stipulates training projects every year.

▪ **Training projects by the Training Institute**

The training institute mainly conducts on-the-job training for financial and taxation personnel as well as international training on taxation and customs, addressing international trends in order to cultivate excellent talent.

▪ **Internal training projects of taxation agencies**

Personnel departments assess the demand for courses of each unit and stipulate an annual training project in accordance with policy.



Training and Career Development

❑ **Ratio of training projects and other career development accounting for the annual budget =0.2% (2014-2016)**

❑ **Training for officials and employees**

Training courses conducted by taxation agencies are based on the core competency required by trainees, including the following:

- The core competency of staff is **business skills**.
- The core competency of middle-to high-ranking officials is **leadership and management competency**.



Training and Career Development

□ Overseas training

The Ministry of Finance urges its subordinate agencies to recommend candidates with rich financial and taxation knowledge and experiences. The top two candidates will be selected to take overseas training courses in advanced countries.



Training and Career Development

□ **Open to foreign participants**

The Ministry of Finance holds an international Taxation Academy and invites international experts and scholars to give speeches on the rising issues of international taxation, and opens them to our participants and foreign participants to improve the audit skills and exchange of experience.



Conclusions

❑ Two issues

- Taxpayers demand a high standard of service
- The increasing number of resigning and retiring personnel

❑ Strategies

To solve these problems, we will continue to provide **high compensation** and **excellent benefits** and to **enhance talent cultivation** and **experience inheritance** to avoid human resources shortages.



Thank You



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