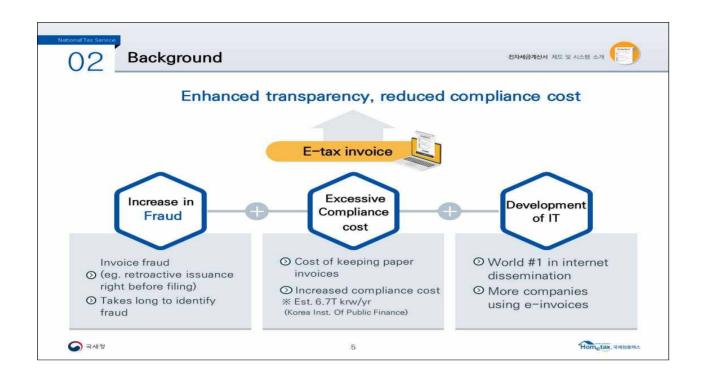


Tax invoice is issued by corporations and individual business owners of VAT-taxable businesses to prove that they supply products and services and collect VAT from vendors.

Small-sized businesses under a certain threshold are not required to issue the invoice. Retails and restaurants and most who deal with consumers do not issue invoice and, instead, file cash receipts or credit card slips to prove their sales revenue.

e-Tax invoice is where such tax invoice is issued electronically in accordance with the tax law and the issuance statement is sent to the NTS.

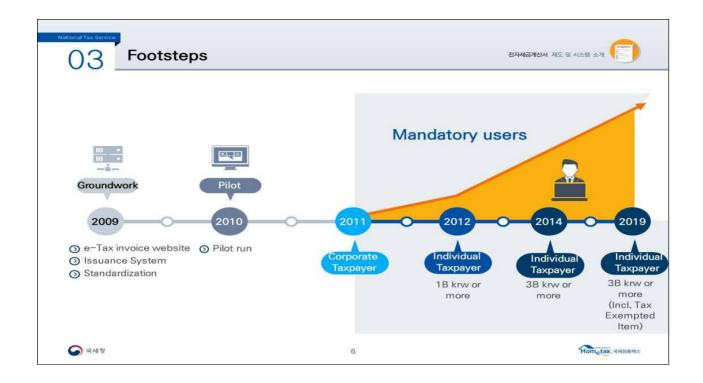


First objective was to secure transparency in business transactions.

Second, the cost of filling in, storing, and reporting paper invoice were very high leading to an issue of cost reduction.

Third, as internet penetration increased and large corporations built business information system within their company, digital environment came right at some point for the electronic issuance of the tax invoice.

Under such environment, the NTS started to planning the e-tax invoice system.



In 2008, master plan to introduce the system was established.

In 2009, NTS standardized different private issuance system to ensure compatibility and established e-tax invoice issuance system.

After the pilot run in 2010, in 2011, NTS made it obligatory for corporations to issue e-tax invoice.

And in 2012 and on, the scope of obligatory issuance has been gradually expanding to individual taxpayers too.

System Im	plementation	
Platform	Monitoring and Analysis	
 Taxpayer use NTS website for issuance/report/search E-Tax Invoice Platform(e-Sero) was introduced in 2009 All tax functions are integrated into Hometax in 2015 	 Introduce Early Alarm System and Transaction Flowchart a monitoring & analysis system Detect tax invoice fraud through real time monitoring 	
2009 2015 िल्लाह ज्यावर उपाउ		

First, NTS built an internal system where you can issue, send, access the e-tax invoice for taxpayers' benefit.

04 Promotion (2/4)		સ્ટ્રમ્પાટગ્રાઇન ગ્રાદ પ્ર પોર્ટલો હત્ય
Implementation Cell center Incentive/Perial	ty Promotions Call center	r -
Increased mandatory issuers		Peak call times Peak t
Taxpayer Answers on la	none or internet queries w, regulation, issuance homepage use etc 8	Call center

At the call center or consulting center, the inquires are answered through phone calls and internet regarding law and system and how to issue e-tax invoice and how to use Hometax website.

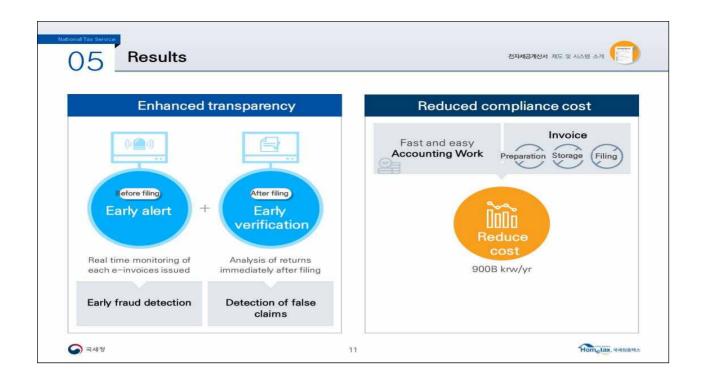
Implementation Cell Center Incentive/Penalty	Promotions		
	entives and	Penalties	
Tax credit for issuance 200 krw per issuance (abolished in 2016) Documentation waiver Waiver from reporting statements by every trade partners Cost reduction No need to store paper invoices	+ ncentives	analty	Penalties/fees For non/delayed issuance For non/delayed reporting

As a way of promoting the e-tax invoice system, NTS made incentives and penalties for compliant and non-compliant taxpayers respectively.

nplementation Call Center Incentive/Penalty	Promotions		
	Promotion	S	
Initial stage (2010-2011) Brand awa	areness	tlement stage (2012~)	Benefits/convenience
 Instructions via homepa Email/postmail instructi 		ry issuers	2017년(전자(세금)계산/ 발생하며 제조 시험 안(
Workshops and seminar			(05) 84, (16) 1907-1937 (16)
Media promotions		and the	
 Distribution of various c booklets, etc.) 	ontents (video,		 Hereit and Antiparticipartindex teachetteartex teachetteartex teachetteartex teachettea

NTS provided related information on the website and hosted meetings and promotion sessions by way of media and newspapers.

Since 2012 after this system started to settle down, promotion's focus changed to benefits and conveniences.



In order to secure the business transactions' transparency, the NTS built the early alarm system to detect fraudulent invoice prior to filing, and the early verification system to detect after filing through analyzing filed reports.

Businesses were also able to reduce cost of preparing, filing, and storing tax invoice.

One study of Korea Institute of Public Finance, or KIPF, shows that the estimate of financial benefit is 900 billion won.

	oduction		સ્વસ્ત્રાહગાહાત ગાંદ પ્ર તોનેશ તેમ 📻
Мс	ternet () bbile () + Agent ()		ARS ASP·ERP Schedule submission
NTS Internal S	System(NTIS) +	Issue/Search/Reporting	+ 3 rd Party Organizations
Operation	Analysis	☑ Internet issuance	Korea Internet Certified Promotions Center organizations
Datakeeping, internal support	 Early alert Data analysis 	 Search invoices issued Convenient VAT filing Call center ARS issuance 	
🕥 ব্রমান্ঠ		13	Hometax, R48884

Hometax service includes tax invoice issuance and access to the information. And the collected data is utilized to manage and identify tax revenue.

There are 6 channels where you can issue the tax invoice ; internet issuance, Hometax mobile issuance, and ARS issuance through phone call. District tax offices also issue the invoice.

Taxpayers can also have it issue through system operators or issue by submitting relevant documents.

The NTS has the internal system that can analyze and verify the tax invoice information.

02 Issua	ance Channel			
	Issuar	nce via Hometa	×	
		NTS Hometax		
Sell	Enter info + digital signature (Issuance) er Transaction info		via E-Mail Verify transaction (if necessary)	
	Invoid	e management system	n (NTS)	
	For smaller con	npanies with less	sissuances	
6 ###		44 :		Sometax

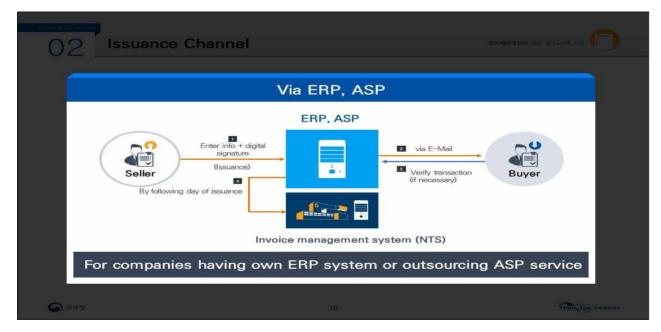
Hometax is a website run by the NTS that you can use for free, and you have to use the digital certificate or your personal security card in order to prevent the fraudulent issuance.

Where the supplier issues the e-tax invoice, as soon as it is issued, the information stored in the NTS.

The purchaser or vendor can see this invoice through the email. The information can be checked through the Hometax as well.

02 Iss	uance Channel			
	Те	lephone ARS		
s	Enter info (Issuance) eller Transaction info	126 Ver	nd via fax ify transaction lecessary)	
	Telephone A	RS for non−interne	t users	
S # 453		16.	40	h _e tax, estimat

Where internet access are not available, then ARS can be used. Where internet or phone call are not accessible, taxpayers may visit district office near them.

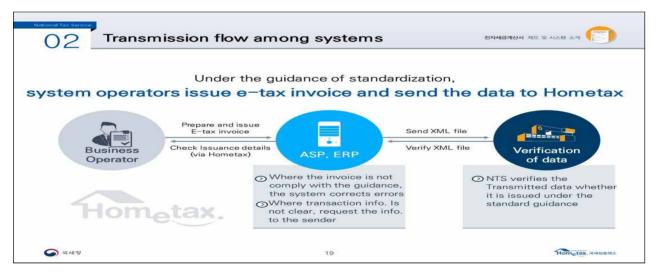


Any website operated by ASP that charges user fee or ERP system of supplier are also available.

The tax invoices that were issued have to be sent to the NTS by the end of the next day.

) 1 System Compatibility		건자세금개신서 제도 및 시스템 소개	
Standardization UN CEFACT-compliant (International standardization body) Contents		File sample	
		 State quantum V. 10⁴ Annual and pull (V 10⁴ V 10⁴). State quantum V. 10⁴ Annual and pull (V 10⁴ V 10⁴). State quantum V. 10⁴ Annual and quantum V	
E-signature	Adopted XML Digital Signature	 - Classic Managementations accounting Compared to the accounting Compar	
Submission	SOAP(Simple Object Access Protocol) method		

NTS made standardization guidelines to secure compatibility among invoices issued through different systems built by private operators.



System operators must issue the e-tax invoice and be compliant with the standardization guidelines and have to send it to the Hometax.

When sending the invoice, it is required to be transformed to the XML file format. Then NTS verifies whether the sent files were issued in compliant with the guidelines, and notifies the operators of verification result.