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KILF conducts in-depth research on development strategies of local tax and finance systems, and pending regional economic issues. Funded by 243 local governments nationwide, KILF aims to enhance fiscal decentralization and local fiscal autonomy.
Since its establishment in 2011, Korea Institute of Local Finance (KILF) has strived to achieve sound local government finance and balanced regional development in Korea.

KILF will continue to lead the way for local governments in pursuing decentralization through constitutional revision, especially in expanding local revenues and resolving fiscal imbalance.

Furthermore, KILF will actively put forth recommendations on local tax and fiscal policy, and effective devolution of powers and functions to local governments.

We pledge to serve as a stepping stone towards achieving balanced and inclusive regional growth that ensures growth of all local governments nationwide and better quality of life for communities and individuals.

Thank you.

Jeong, Seong-Hoon
KILF President
Purpose of Establishment

Provide theoretical research to support the realization of local fiscal autonomy, expansion of local revenues, and improvement of tax administration system

Research Institute founded under Local Taxation Act 151 and funded by all local governments nationwide

Support coherent implementation of projects on local tax and finance

Lead coherent and consistent projects on various pending local tax issues, including educational training programs, outreach, and workshops for local governments nationwide
Role of Institute

Specialized research institute leading fiscal decentralization

Policy institute aimed at improving local taxation and local tax administration

Educational training institute for capacity building of local tax officials
Think tank leading mutual regional development

Since its establishment in 2011, KILF has contributed in enhancing the national competitiveness and setting its regional development strategies by leading the expansion of independent fiscal resources, soundness of local finance, and improvements in local tax policies. KILF will continue to strive to achieve excellence in local fiscal policy research.

2013
11.22 MOU signed with Incheon Development Institute

2014
01.22 Local Tax Network Forum launched
03.31 First issue of <KILF Report> published
04.15 Heo, Dong-Hun inaugurated as second President of KILF

2015
01.01 Center for Public Relations established
05.01 OLTA Center established
      Tax Base Research Center established
      Non-Tax Revenue Research established

2018
01.17 Jeong, Seong-Hoon inaugurated as third President of KILF
02.05 Fiscal Decentralization Reform Policy Research Unit established
03.19 MOU signed with Korean Academic Society of Taxation
04.01 Organizational restructuring (2 Dept., 3 Div., 6 Centers → 2 Dept., 7 Div., 6 Centers)
      - Reorganized to Dept. of Research, Dept. of Local Tax Education, Div. of Planning & Coordination, Div. of Management Support
      - Tax Administration Research Center and Legal Interpretation Support Center established
04.11 MOU signed with Yulchon LLC
05.17 <Comprehensive Survey of Court Precedent & Evaluation Precedent of Local Taxes> published
05.29 MOU signed with Graduate School of Science in Taxation, University of Seoul
05.30 MOU signed with Korea Institute for Health and Social Affairs
06.01 MOU signed with Research Institute of Real Estate and Urban Studies, Konkuk University
06.12 MOU signed with Korea Institute of Public Finance
2011
02. 28 Founding Board held
KILF establishment registered
Kang, Byung-Kyu inaugurated as
first President of KILF
04. 20 KILF opening ceremony held
12. 20 MOU signed with Daegu
Gyeongbuk Development
Institute
2012
01. 20 First issue of <Local Tax Forum> published
03. 28 MOU signed with Gyeonggi Research Institute
04. 27 MOU signed with Research Institute for Gangwon
05. 02 MOU signed with 8 regional institutes of local development and administrations
- Busan, Daegu Gyeongbuk, Gwangju, Ulsan, Jeonnam, Jeonbuk, Kyungsangnam, Jeju, KILF
06. 14 MOU signed with Korea Productivity Center
06. 15 MOU signed with Local Finance Association
07. 03 MOU signed with Korea Institute of Public Administration
08. 09 MOU signed with Korea Exchange
08. 24 MOU signed with Korea Legislation Research Institute
09. 04 MOU signed with Korea Research Institute for Human Settlements, Korea Environment Institute
10. 12 MOU signed with National Human Resources Development Institute
10. 22 MOU signed with Korea Association of Property Appraisers

2016
03. 24 MOU signed with Suwon
Research Institute

2017
01. 01 Local Tax Exemption Research Center established
Local Tax Education Center established
01. 16 MOU signed with Korean Association for Local Finance
04. 13 <The 60 Years of Local Taxation in Korea> published
09. 04 Relocated to the new KILF complex in Yangae-dong
06. 14 MOU signed with Korea Productivity Center
06. 15 MOU signed with Local Finance Association
07. 03 MOU signed with Korea Institute of Public Administration
08. 08 MOU signed with Korea Maritime Institute
08. 09 MOU signed with Korea Exchange
08. 24 MOU signed with Korea Legislation Research Institute
09. 04 MOU signed with Korea Research Institute for Human Settlements, Korea Environment Institute
09. 13 MOU signed with Korea Institute for Industrial Economics & Trade
10. 12 MOU signed with National Human Resources Development Institute
10. 22 MOU signed with Korea Association of Property Appraisers
Mission

To Strengthen Fiscal Capacity of Local Governments

Vision

Korea’s Leading Research Institute at the Forefront of Local Development

Strategic Objective

Specialized research institute leading fiscal decentralization
Policy institute aimed at improving local taxation and local tax administration
Educational training institute for capacity building of local tax officials

Implementation Strategy

1. Re-confirm status as a leading institute in local development
2. Improve quality of research output
3. Implement organizational management aimed at improving research capacity
4. Operate performance-oriented organizational management
5. Establish educational training agency specialized in local taxation
6. Strengthen interagency collaboration
7. Support strengthening of local finance autonomy
To support strengthening of local fiscal capacity, including enhancing local fiscal autonomy and expanding local revenues, 81 staff members at KILF put their best efforts in the Dept. of Research, Dept. of Local Tax Education, Div. of Planning & Coordination, and Div. of Management Support, etc.
To strengthen local fiscal capacity, KILF conducts rigorous research to support agendas including reforms of intergovernmental fiscal relation, expansion of local finance, and advancement in local taxation.
Research projects: total 460 (2011 ~ 2017)

• Conduct studies primarily led by short-term policy projects commissioned by local governments and long-term theoretical research projects (general projects), both aimed at improving the overall local tax system
• Contribute to expansion of local revenue base and advancement of tax administration by proposing policy recommendations on improving local taxation
• Promote tailored research by undertaking more than 60% of research projects based on proposals from local governments

Projects performed per year

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<tr>
<td>Total</td>
<td>460</td>
<td>4</td>
<td>46</td>
<td>61</td>
<td>55</td>
<td>90</td>
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<td>12</td>
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<td>12</td>
<td>10</td>
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<tr>
<td>Policy Projects</td>
<td>279</td>
<td>-</td>
<td>34</td>
<td>46</td>
<td>28</td>
<td>57</td>
<td>64</td>
<td>50</td>
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<tr>
<td>Others</td>
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<td>4</td>
<td>6</td>
<td>3</td>
<td>16</td>
<td>23</td>
<td>28</td>
<td>43</td>
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Role of 3 research centers

• Tax Base Research Center: investigation project on standard market value of buildings and other items
• Non-Tax Revenue Research Center: analysis and evaluation on non-tax revenue of local governments
• Local Tax Exemption Research Center: preliminary feasibility study on local tax exemption

Organize and build network related to tax base and non-tax revenue

• Participants including academia, local governments, and Ministry of the Interior and Safety
• Tax base: prepare plans for the establishment of operating standards
• Non-tax revenue: prepare reasonable management system of standard fees

Improvements in local tax administration

• Tax Administration Research Center: research on tax administrative practices and system improvement
Current situation analysis and improvement measures of local finance

- 6% increase of local consumption tax
- Improvement in exemption and tax credit of local income tax
- Increase of infant day-care business subsidy rates
- Conversion of 3 welfare facility projects funded by DRSS to centrally-funded projects
  ※ DRSS: Decentralization Revenue Sharing System
- Contribute to annual average increase of approximately 15 trillion won in local government revenues

Proactive measures toward increasing demands on local tax administration

- Avoid inconvenience to residents by taking proactive measures, including increasing the number of local tax officials to prevent operational challenges in local tax administration that may arise from converting local income tax into an independent tax
RESEARCH INFRASTRUCTURE

Hold 61,000 items on local tax legislation information

- Began development in 2012, legislation information provided since 2014

<table>
<thead>
<tr>
<th>Legal Information</th>
<th>Local Tax Data</th>
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<tbody>
<tr>
<td>Total</td>
<td>Total</td>
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<tr>
<td>61,363</td>
<td>26,678</td>
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<tr>
<td>Judicial Precedent</td>
<td>Evaluation Precedent</td>
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<tr>
<td>26,678</td>
<td>18,004</td>
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<tr>
<td>Authoritative Interpretation</td>
<td>Exclusive for Revenue Official</td>
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<tr>
<td>8,727</td>
<td>7,954</td>
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<tr>
<td>On-line Community (people accessed per year)</td>
<td>1,100,000</td>
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Operate statistical DB: provide statistics on local taxation and finance

- Local tax (after 1995), local expenditure (after 2000), information on budget and settlements of local governments, etc.

Provide domestic and international publications and information materials

- Reference room: possess 4,844 relevant resources, including 2,225 research reports
- Subscription of domestic and international scholarly DB and online e-journals

Build network with relevant associations and local governments

- Collaborative research with Korea Local Tax Associations, Korean Association for Local Finance, and Korean Academic Society of Taxation.
- Build cooperation system with local governments, including local tax officials, research clubs, and monitor agents
KILF undertakes educational training projects on local taxation for the advancement of local tax administration.
2013~2016 educational training for local tax officials

- Number of participants: 6,453
- Basic training on local taxes for newly appointed officials
- On-the-job training pursuant to conversion of local income tax into an independent tax

2017 educational training for local tax officials

- Number of participants: 4,827 (18 group sessions/1,064 participants, 19 itinerant sessions/3,763 participants)
- Group training: newly appointed officials, acquisition tax, property tax, litigation aid, etc.
- Itinerant training: visiting training services on local taxation, local income tax, non-tax revenue, etc.
- Specialized training: accountants and tax accountants

Educational training projects to strengthen expertise of local tax officials

- Basic practical training for newly appointed officials
- On-the-job training on each local tax items
- Curriculum on tax investigation
- Curriculum on delinquent tax collection

Itinerant(visiting) training services

- Provide itinerant training services for each region to expand participation opportunities for potential trainees
COLLABORATION WITH LOCAL GOVERNMENTS

KILF assists with carrying out local tax relief systems and provides legal information to strengthen expertise of local governments.
Provide support for carrying out local tax relief systems

• Organize and manage Advisory Committee for Local Tax Relief Systems (42 committee members as of 2018, 8, including lawyers, accountants, and tax accountants)
• Identify legal reasoning for local governments’ tax relief cases and provide references including relevant precedents
• Conduct analysis and disseminate results of local tax relief cases, suggest project proposals on improving tax administration system
• Support and participate in specialized educational training courses on lawsuit and tax relief for local tax officials

Provide legal information on local taxes

• Publish information resources of legal interpretation of local taxes
• Include judicial precedent, evaluation precedent, authoritative interpretations on local taxes
KILF undertakes local government collaboration projects to build cooperative governance among local tax officials and local governments.

**Encourage research practices among local tax officials by supporting research clubs**

- Support research expenses of 500,000 won per team, award overseas training opportunities to clubs with outstanding performances
  ※ ('13) 13 teams, ('14) 13 teams, ('15) 16 teams, ('16) 30 teams, ('17) 36 teams

**Mass-media campaigns to encourage local tax compliance**

- Include TV and radio campaigns to encourage compliance of fixed-term tax, such as local corporate income tax, residence tax, property tax, and automobile tax
Joint-workshops to facilitate collaboration and communication with local tax administration offices

- In 2017, co-hosted forums on improving 5 laws related to local taxes
  - 1st Session: in May (Jeonbuk Namwon), 2nd Session: in June (Chungnam Boryeong), 3rd Session: in November (Jeonnam Yeosu)
- In 2017, co-hosted workshops on improving tax items and related administrative tasks
  - 6 workshops in the first half, 7 workshops in the second half
- Held joint retreat with local tax offices (17 retreats in 2017)
- Published casebook studies on local tax exemption and deduction (2016 publication updated)
- Published <A Guide to Local Taxes> and provided the original file to local governments
EXTERNAL EXPANSION AND INTERAGENCY COLLABORATION

To strengthen local fiscal capacity,
KILF builds network through mutual cooperation
with relevant agencies, associations and
research meetings
A wide range of academic events

- Hold International academic events, joint forum and academic events with local governments (6 events in 2017)
- Support and participate in academic events hosted by related agencies and organizations (12 events in 2017)
- Sponsor information sessions on revising local tax laws (3 events in 2017)

External expansion through organizing Local Tax Network Forum

- Participants from academia, regional research institutes, local governments, Ministry of Public Administration and Security gather to discuss improvement of local tax systems
  - First half of 2017: 4 sections (introductions, local taxes, central government subsidies, local allocation tax), 29 participants
  - Second half of 2017: 4 sections (Korea, Spain·Germany, France, UK·US·Japan), 4 participants
  - 2018: Fiscal Decentralization Reform Policy Research Unit (4 sections)

Commission research projects to external experts on local taxes

- Commission projects that require external expertise, including organization assessment, market research, and survey

Periodicals to introduce and promote research results

- Local Tax Forum: comprehensive magazine on local taxes, and finance, and other related key issues
- KILF Report: on-line magazine that provides analysis results of up-to-date issues related to local tax and finance
  - 52 monthly issues published as of 2018. 8, since first issue published in 2014. 4.
- Annual Report: summarizes research performances and other status concerning KILF in the past year
  - 5 annual issues published as of 2018. 7, since first issue published in 2012.