



## ESF project “Simplification of tax administration procedures and reduction of administrative burdens”

Hungary

### Key facts

#### SPECIFIC OBJECTIVES OF THE OPERATIONAL PROGRAMME

‘Procedural bottlenecks restricting business activities and citizens’ opportunities to arrange matters are eliminated: the administrative costs and/or time spent by clients is reduced’

‘High-level and advanced e-administration solutions are introduced (for citizens, public administration and businesses)’

#### TARGET GROUPS



Taxpayers (citizens and businesses);  
NAV staff (21,000 employees)

#### BENEFICIARY ORGANISATION

National Tax and Customs Administration of Hungary  
(*Nemzeti Adó- és Vámhivatal, NAV*)

#### PROJECT DURATION

21/01/2016 – 31/12/2021

#### COORDINATOR

Dr. Tünde Katalin Matyasovszki, Director General,  
National Tax and Customs Administration (NAV)



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#### PARTNERS

Government Information Technology Agency (KIFÜ)  
National Infocommunications Service Company (NISZ)

#### BUDGET

EUR 33,300,000

ESF contribution

EUR 12,700,000

Other contribution



#### PROJECT/ORGANISATION WEBSITE



<http://bit.ly/37uMtYY>

<https://en.nav.gov.hu/>



<https://facebook.com/NAVprofil/>

### Activities implemented

#### PROJECT IN NUMBERS



Re-engineered  
business  
processes



Re-engineered  
administrative  
procedures



Digitalised  
administrative  
procedures



New digital  
service

#### MAIN PROJECT TASKS



Creating an electronic ‘one-stop shop’ to communicate with clients (including an electronic document repository).



Establishing VEKTOR (*Végrehajtási Eljárások Korszerűsítése*) system that aims to modernize and improve the efficiency of court enforcement procedures. To ensure court enforcement under the law, the NAV, as bailiff acting on behalf of the state, must upgrade its procedures by creating automated procedures to handle bulk data.



Creating a system for tracking taxpayers over the course of their lives: ‘administrative services portal for corporate clients and small and medium-sized enterprises’ (SMEs) administrative burden reduction in the field of tax declaration’.



Developing the necessary infrastructure for an ‘individual tax accounts’ system.



Developing a data warehouse and data publication portal.

## Project journey: from conception to delivery

### INITIAL STAGE

#### CONTEXT OF THE PROJECT

Administrative burden reduction has been a key theme of modernisation in Hungary for an extended period. Between 2011 and 2013, the Simple State Programme and the Simplification Programme were expected to reduce the administrative burdens imposed by administrative obligations on citizens and business. Between 2015 and 2017, the Government implemented a programme of bureaucracy reduction: improving the quality and quantity of administrative services offered to citizens; reducing the administrative fees and charges payable by citizens; and reducing processing times and deadlines set for administrative procedures. As a result of legislative changes in relation to tax procedures, the reform of service delivery at the NAV could be considered a flagship for service delivery and digitalisation reforms.

The tax administration has been at the vanguard of government ICT development since the early years of the post-transition period having started in 1989/1990. The NAV places a strong focus on digital service delivery, and its service uptake is by far the largest in this area, due to the NAV being historically the single largest public administration organisation in Hungary, and tax administration being the area public administration with the highest volume of contacts with clients.

#### PURPOSE OF THE PROJECT

The NAV's strategy aims to improve the capacities of the organisation for tax collection and enforcement through immense ICT deployment in the following areas:

- **Front office improvements** aimed at reducing administrative burden upon clients by improving the NAV's front-office functions (client service and case processing systems).
- Creating a system for tracking taxpayers over the course of their lives, thereby lessening back office administrative burden.
- **Developing a data warehouse** and data publication portal enabling smoother communication with clients and improved service delivery.

### PROJECT PHASE

#### MAIN CHALLENGES FACED, AND DIFFICULTIES ENCOUNTERED

In 2016, several important changes occurred to the project's environment, impacting its design and implementation in multiple and significant ways. In early 2016, the NAV underwent a significant organisational reshuffle and changes in leadership. Meanwhile, its task portfolio was broadened to include tasks not foreseen during the project's design phase. A new law on public procurement entered into force, making significant changes to the way in which public organisations procure goods and services. Finally, a further challenge was identified as leading to delays in implementation; namely, the rapidly changing nature of the ICT technical environment.

#### KEY RESULTS

As the project has not yet entered its implementation phase, no results have been achieved, and there are no outputs or outcomes. The only measures that have been implemented are those that were removed from the ESF-funded project; these were implemented based on domestic funding. These components, related to development of IT solutions, resulted in significant improvements in terms of simplifying the NAV's internal processes and procedures, and enhancing its efficiency and effectiveness, thus contributing to the 'whitening' of the economy. Nevertheless, it is impossible at the present time to reflect upon the project's outputs and results in any meaningful way.

#### EXPECTED IMPACT ON BUSINESS, AS WELL AS ON THE ADMINISTRATIVE SYSTEM IN GENERAL

Due to the development of project components, the amount of time clients need to devote to their administrative obligations is expected to decrease. Simplified procedures are expected to lead to greater ease of doing business, and the real-time, data driven risk management activities aim to increase effectiveness. An efficient and effective tax administration is expected to generate voluntary compliance, and contribute to the 'whitening' of the economy and the shrinking of the tax wedge.

#### LESSONS LEARNT: THE ROLE OF ESF FINANCIAL SUPPORT

ESF support is used to support capacity building plans already in the NAV's decision-making pipeline. This is a two-way street: when there is an urgent need occurs, or a policy acquires increased salience, a project component may be moved from the ESF framework to the realm of domestically funded capacity building.



Logo of NAV.

### REFLECTIONS

## Personal experiences



'The new arrangement greatly helped us to utilise past project management experience and solve problems.'

**Dr. Tünde Matyasovszki**, Director General of the NAV

'The NAV is a central actor in the field of digitalised administrative services and has a very significant economic role and weight [fitting well into PADOP's system of priorities, which centres on competitiveness]. Including it into PADOP was therefore a straightforward step.'

**Senior Official**, PADOP (Public Administration Development Operational Programme) Managing Authority

The study "Progress Assessment of the ESF Support to Public Administration" (PAPA) aims to present specific cases of ESF-funded public administration reform and capacity building initiatives. The contractor prepared 30 case studies and factsheets on ESF supported projects funded in 17 beneficiary countries of Thematic Objective 11 during the programming period 2014-2020.

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**PPMi**

Find out more about the project by following the link <http://bit.ly/2Gfn35A> or scan the QR code using your smartphone camera.

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