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The Development and Practice of Electronic Tax Administration

SUMMARY: Simplification, and specifically the decrease of tax administration as key requirement have been part of the proposals on reforming the Hungarian tax system for many years. In today's fast-paced world, the time spent on administration is very valuable. Despite their willingness, some taxpayers cannot manage alone, so they need help to understand the complicated laws. Optimally, their questions are answered quickly through various channels of the tax authority. The study aims to explore how taxpayers search for information on taxation, their awareness and the practical use of electronic tax administration. In addition to the data published by the National Tax and Customs Administration (NAV), we have used the findings of some research projects on the same topic. Based on a questionnaire survey, we intended to find out whether there is a substantial difference between certain age groups regarding the statements above. Our main finding is that, besides the spread of electronic contact, there is still a strong demand on the part of taxpayers for fast and efficient personal administration.¹

KEYWORDS: fulfilment of tax liability, tax administration, handling tax matters

JEL CODES: K34, M10

The terms "tax" and "tax authority" often have negative connotations in Hungary. In addition to its controlling and sanctioning role, the National Tax and Customs Administration is determined to strengthen its service providing character. In order to achieve this goal, over the past few years several new measures have been taken, new methods and applications have been introduced. The image to be developed shall be based on a model represented by the Swedish tax authority, which is the most popular administrative authority in Sweden (NAV, 2016a). The reason is that in a well-functioning tax system *"the aim of the tax authority (...) is to disturb the*

course of business of law-abiding enterprises to the least possible extent when carrying out its core tasks, and to minimise the chances of errors" (Kelemen, 2013). However, practice has failed to prove the author's optimistic statement on taxpayers in the second half of the quotation: *"taxpayers intend to carry out their business activity (...) in full compliance with the tax laws and the requirements of the tax authority"*. Consequently, the tax authority shall strive to provide the greatest possible support to taxpayers who really want to work pursuant to the rules. Of course, the ideal situation could only be reached by the significant simplification of the tax system and the tax administration, but in the meantime, some positive change may be reached by improving the quality of administration. As a result,

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if not all enterprises and private individuals, at least more and more of them would fulfil their various tax liabilities.

Indeed, the manner and quality of the communication with taxpayers has a considerable influence on the tax authority's image. By making use of new technologies, in addition to or instead of traditional contact (in person, by phone or postal mail), electronic administration has become more important. At the same time, the possibility for administration in person or by phone is getting widespread and modernised. The National Tax and Customs Administration employs staff with appropriate professional knowledge for personal administration and providing information via phone information systems ("TCC" system providing general information over the phone and "ÜCC" system providing the possibility of personalised administration), thus increasing the efficiency of work and the satisfaction of clients.

The use of electronic channels may shorten the time spent on administration, while the elimination of postage costs reduces the related costs. Currently, the limited range of electronic payments is being expanded. The introduction of online return of the draft personal income tax declaration will be followed in the near future by the possibility for online card payment (VPOS) as fulfilment of tax obligation (Kisvárdai, 2017).

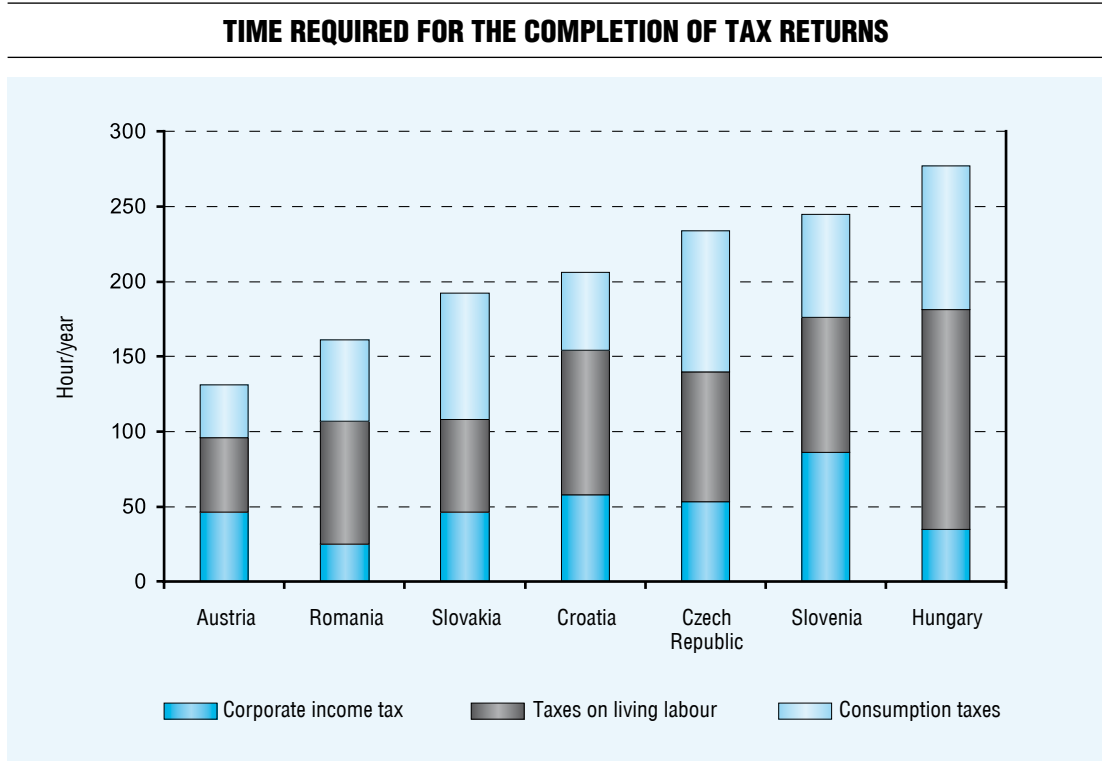
After a short summary of the applicable legislation and the relevant current measures, assessing the findings of primary and secondary research, the tax administration channels preferred by taxpayers to receive information on tax matters, the taxpayers' awareness and the practical operation of the electronic tax administration as well as the habits of private individuals related to tax administration are to be presented. As its main objective, the primary research seeks to analyse the difference between various age groups.

THE CURRENT RELEVANCE AND LEGAL BACKGROUND OF THE TOPIC

In accordance with Section 1 (5) of the Act on the Rules of Taxation, the tax authority shall provide to taxpayers the information needed for the observance of laws. It is essential the complexity of the tax system as well as the different obligations related to tax administration may prevent the development and maintenance of law-abiding behaviour. The complex comparative summary "Paying Taxes" published by PwC and the World Bank for the 11th time in 2017 includes the number of hours different enterprise types should spend on tax administration (Packman et al., 2017). Analysing Hungary, in this publication *Dóra Mathe* claims that, despite the fact that the time spent on the completion of tax returns has decreased over the past few years (mainly due to the introduction of electronic tax return), it still exceeds the average 164 hours measured in the countries of the European Union and the European Free Trade Association (EFTA) by more than 100 hours. *Figure 1* indicates the time required for administration in Hungary and in the neighbouring countries. It is an interesting piece of additional information that the number of hours needed in Hungary are exceeded only by the number of administrative hours in Bulgaria among the EU and EFTA countries.

As a related government task, *Mihály Varga*, Minister of National Economy, mentioned the development of a National Tax Strategy at the Growth Conference organised by Deloitte. In his justification, he emphasized the key role of the tax system in economic growth and the improvement of competitiveness (Varga, 2016). As a part of the aforementioned National Tax Strategy, the government openly seeks to improve the tax morale and increase tax revenues by establishing a "customer-friendly" tax authority.

Figure 1



Source: Based on Packman et al., 2017

In his study (2017), *József Varga* points at one of the most important tax policy dilemmas of the year 2016 whether “*the reduction of the administrative regulations or the tax burden is useful for ‘whitening’ the economy*”. Based on previous research, we believe that both measures are needed. *Bíró* and *Vincze* (2008) claim that the use of administrative tools is not efficient enough to ‘whiten’ the economy. Based on the findings of 12 studies, *Schneider* (2012) attributes 5–7% of the factors influencing the shadow economy to the level of government services, 10–12% to the quality of government institutions and 20–25% to the taxpayers’ morale. The improvement of the taxpayers’ morale results in the increase in tax revenues, which could be the basis for tax cuts. As a result, the number and percentage of law-abiding taxpayers may continue to increase. From a legal point of view, the tax min-

imising activity of taxpayers may vary widely; one need only mention the difference between the terms “tax fraud”, “tax evasion” and “tax planning”. *Szabó* (2014) pointed at the difficulties to assess them from a tax perspective by examining the principle of the normal exercise of rights.

According to *Balog* (2014), the decrease of tax administration is not only important because of the reduction of the relative yield of participation in tax evasion, but also because of its positive effects on the costs of tax audits, which “*along with a given audit expenditure, can increase the scope of the audit and the likelihood of catching those who commit tax-related crimes*”.

The tax gap between the theoretical and the actual tax revenues is owing to three basic shortcomings: the lack of the intention to pay taxes, the lack of the ability to pay taxes and

the lack of tax-related knowledge. In order to decrease the latter, the National Tax and Customs Administration built its communication activity on a wide basis by applying different communication channels in the case of target groups with different habits related to obtaining information. In order to promote tax awareness, the National Tax and Customs Administration organised various programmes. At several events, including Volt Festival, Sziget Festival and the Youth Days of Szeged, it answered the inquiries from interested visitors at its stand (NAV, 2016a).

It published on its official website 73 practical information brochures and more than 100 other information materials for the year 2016 in accessible language and with legal references for those who have internet connection. Paying special attention to new sole traders, the National Tax and Customs Administration sends the basic tax regulations and summarised information to their hosting space on the Client Portal (NAV Évkönyv, 2015). In order to encourage people to fulfil their tax liabilities, public advertising promoted the simplified personal income tax return last year (“An X and nothing else”). Citizens will receive detailed information about tax changes that are in force as of 1 January 2017 through the Client Portal or by post if they are not registered. In order to provide information to taxpayers, a new column (“Essential information – may be helpful”) has been added to the tax authority’s website to present those audits in the course of which some errors were detected, helping taxpayers observe the rules (NAV, 2017).

Section 175 (9) of the Act on the Rules of Taxation determines the circle of taxpayers who shall be obliged to submit their tax and contribution declaration and fulfil their data supply obligations electronically. In addition to the aforementioned taxpayers, the law offers electronic administration for other

taxable persons, as well. The range of matters that can be arranged through the Client Portal (especially by private individuals) is still limited but it is constantly expanding (Decree no. 47/2013 of the Ministry for National Economy of Hungary).

Somewhat ironically, *Vágujhelyi* (2017) calls the introduction of the identification/authentication function of the ÁNYK system, on which data forwarding is based, a real Hungarian. He presents the main disadvantage and shortcomings of the system, making a proposal for more simple and efficient operation, drawing attention to the fact that the first step for modernisation was actually taken by the National Tax and Customs Administration related to the e-filing of the personal income tax return.

Currently, electronic tax administration is optional for private individuals who are not entrepreneurs. On the other hand, due to the change of the Act on Personal Income Tax, the number of taxpayers who prefer electronic communication is expected to increase faster than before in 2017 and onwards. Due to the obligatory data supply by employers and disbursing agents, the tax authority has the most data regarding the income position of taxpayers (Varga, 2014). Based on the information received relating to tax year 2016, private individuals had the opportunity to check and correct on the Client Portal the draft tax return prepared by the National Tax and Customs Administration in accordance with Section 11 (2) of the Act on Personal Income Tax. In the case of agreement, the private individual could approve the draft without modification (e-filing of the personal income tax return). Taxpayers not registered on the Client Portal could receive the draft tax return by post or consult it in person in the customer service centre of the National Tax and Customs Administration. Upon expiry of the tax return deadline, unapproved draft tax returns shall

be considered as final tax returns. Afterwards, taxpayers shall be entitled to correct their return only in the framework of a self-audit. According to Mihály Varga, Minister of National Economy, the introduction of the new system has been a definite success, as 430 thousand taxpayers have accepted the draft without any change, and *“approximately one and a half million private individuals did not even have to switch on their computers to prepare their personal income tax returns”* (Varga, 2017).

The first step for electronic administration is registration, which makes any natural person eligible for contacting administrative bodies online in a secure way. Clients can register in the customer service centres and branch offices of the National Tax and Customs Administration, in any township office of the Government Office, in the Central Office for Administrative and Electronic Public Services, in the customer service centres of Magyar Posta Zrt. or through the consular offices or diplomatic representations of Hungary. In 2014, 90% of registered clients opened their Client Portal account in a document office (Szabó, 2015). In 2016, the majority of newly registered clients (224 thousand people) applied for a user ID in the customer service centres of the National Tax and Customs Administration (Tállai, 2017). When applying for a new ID card, registration is automatic, therefore e-citizens have access to a lot of other information and electronic administrative services through the Client Portal.

Since 2017, the General Form Completion Programme (ÁNYK) contains the form for local business tax return. Since 2016, this form can be submitted through the Client Portal, as well (16HIPA). The National Tax and Customs Administration examines only the eligibility of the submitting taxpayer, then forwards the document to the competent local government. The modification enables the management of administrative issues re-

lated not only to central but also local taxes through the Client Portal. The possibilities for e-administration provided by local governments are not standardised at all. Some local governments do not allow downloading of a tax return form even in PDF format, while for example on the website of Győr, a town with county rank, a form completion programme has been available in the framework of a wide range of e-administration options over the past few years, and also the relevant laws can be found on the website (<http://ekozig.gyor.eu/catview/documlist/id/155/m/159>). The rules of e-administration are laid down by Government Decree no. 257/2016 (of 31/08), which was amended by Government Decree no. 100/2017 (of 28/04) on the ASP system of local governments. Although taxpayers expressed their need for electronic administration of local taxes several years ago (Kelemen, 2013), the electronic current account for local taxes included in the proposal has not been introduced yet.

The Operational Programme for the Development of Public Administration and Public Services (KÖFOP) identifies the most important areas and the relevant sources. Annex 2 of the programme includes a project for the simplification of tax administration procedures and the reduction of administrative burden. The indicative support framework of the project amounts to HUF 14.5 billion. The main objectives include the establishment of single window e-communication and e-document storage in bilateral contact with clients, the development of the basic infrastructure needed for the introduction of individual tax and contribution accounts, the improvement of related e-services, as well as the introduction of services reducing the administrative burden related to tax and contribution declaration (Government Decision no. 1004/2016 (of 18/01)). For the realisation of the latter construction, the consortium led by NISZ Zrt.

has received a non-returnable EU aid of HUF 8.385 billion, which will enable the introduction of a fast single window e-public administration service after the establishment of a Customised Administrative Portal (SZÚF) (NISZ, 2017).

As part of the Customer Relations Development Project no. EKOP–2.1.13–2012–2012–0001, the National Tax and Customs Administration considered the conditions for the entitlement of representatives responsible for tax affairs to electronic administration. The aims of the project included simplification, standardisation and the extension of entitlements (Paulik, 2015). The measure concerns a sensitive area, as some entrepreneurs, especially elderly taxpayers, find not only the taxation rules hard to understand, but the use of the computer is also a serious challenge for them.

APPLIED METHODS, THE ANALYSED SAMPLE

In our study, we focused mainly on the taxpayers' habits related to tax administration and obtaining information about taxation, paying special attention to taxpayers' awareness of the e-administration option, as well as to the actual application of e-administration in practice.

In order to gain more detailed information, we compared the data recorded and published by the National Tax and Customs Administration with the results of other research, using the summary of answers given in the customer service centres of the Hungarian Tax and Financial Control Administration in 2008, a study published by MEDIÁN in 2009, the surveys conducted by PwC Magyarország Kft. in 2013 and 2015, as well as data from primary research. In view of the above, the primary target group of the quantitative research con-

sisted of private individuals who did not deal with entrepreneurial activity. Data collection took place in the framework of a questionnaire survey.² Sampling was not representative. The majority of data sheets were filled in settlements in West Transdanubia in the course of personal interviews. A quarter of the sheets were filled in one of the central customer service centres of the National Tax and Customs Administration by queuing clients. In order to draw the conclusions, the responses were classified by the age group of the respondents, supposing that people in various age groups had different habits regarding obtaining information and administration.

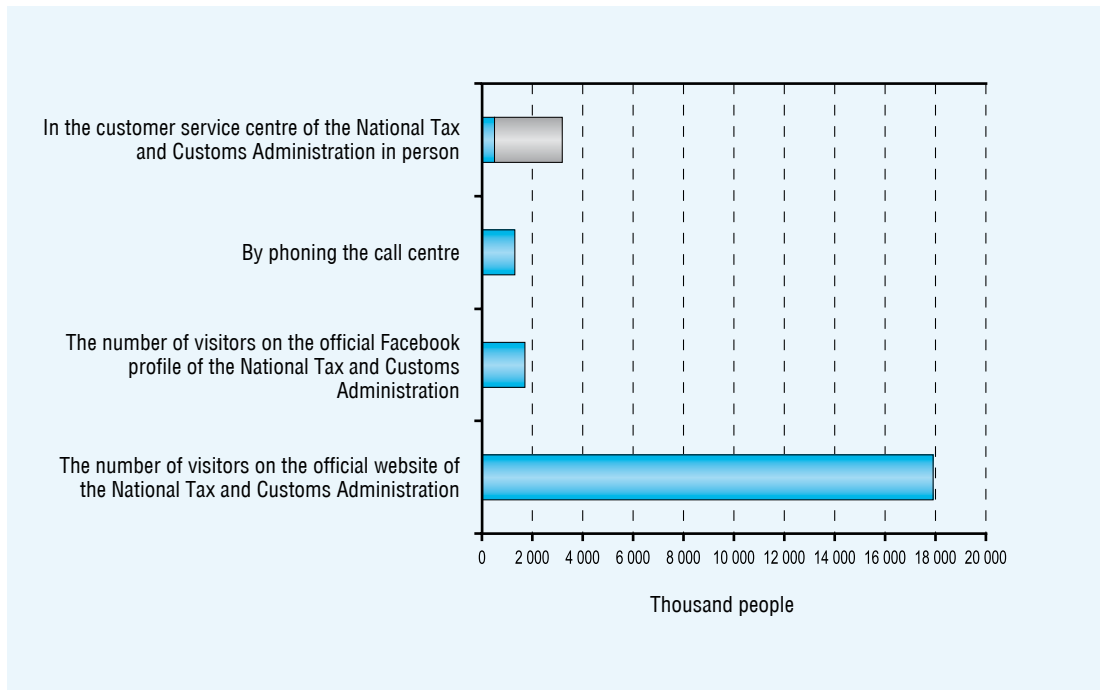
The first age group represents respondents under the age of 25 (65 people), who usually study, but one third of this age group has a source of income, as well. In the second group, respondents aged 26–35 were examined (125 people). In this group, there are people who only studied, but their percentage is significantly lower (15%). The respondents from the two age groups above belong to the Generation Y. For them, “the world of computers and the internet is as natural as breathing” (Tari, 2010). The third group included digital immigrants. We intended to examine whether, compared with other age groups, the general characteristics of the Generation X were also present related to tax issues (164 people). Out of this group, 46 people were over 51 years old. 6 of them were pensioners (as well).

FINDINGS OF THE RESEARCH

The manner of searching for information on tax issues

The demand for modern information tools is supported by *Figure 2* based on the database of the National Tax and Customs Administration, which indicates that clients clicked on

THE NUMBER OF ENQUIRIES RECORDED BY THE OFFICIAL CHANNELS OF THE NATIONAL TAX AND CUSTOMS ADMINISTRATION



Source: The Yearbook of NAV, 2016

the website of the National Tax and Customs Administration almost 18 million times in 2015, and citizens are also becoming more familiar with the Facebook profile of the tax authority launched in 2013. The two telephone information lines were called more than 1.3 million times. 490 thousand out of the 2.7 million clients visiting customer service centres sought (only) information, while the others primarily wanted to arrange other issues. Compared to earlier electronic platforms, the mobile application is still in its infancy, but more than 2,599 users downloaded it by the end of 2015.

75% of the participants of PwC Magyarország Kft.’s survey visited the website of the National Tax and Customs Administration on a regular basis (several times a week or even a day). Most of them turned to a tax advisor, as

well (Várszegi, 2015). Based on the questionnaire, which was completed by private individuals as well as enterprises, the satisfaction of taxpayers with the work of the tax authority had increased (59 points on a scale of 100), exceeding the data measured in previous years (44 points in 2012 and 51 points in 2013). However, the respondents were the most dissatisfied with the informing activity of the tax authority. 62% of the respondents indicated this area, complaining mainly about the pace of administration and the fact that the administrators were not able to provide up-to-date information (Várszegi, 2015).

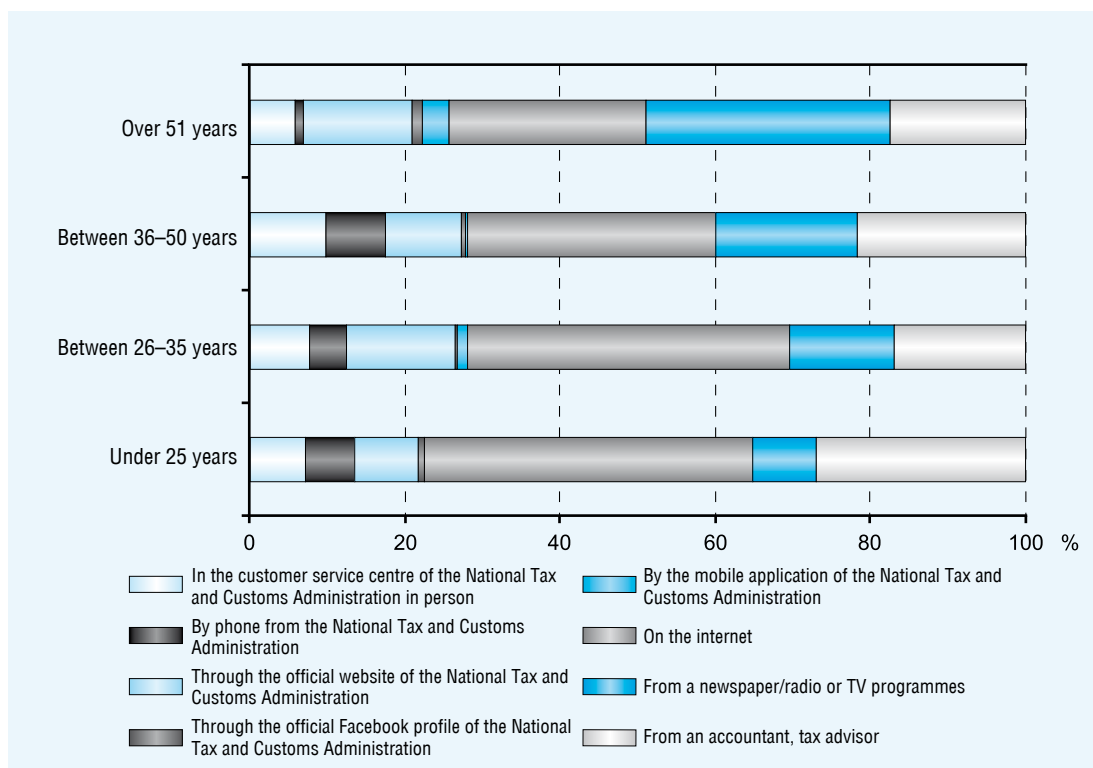
Regarding private individuals’ habits related to obtaining information, the questionnaire of the primary research listed several answers where multiple responses were allowed. Accordingly, most respondents marked two

methods. Most of them search for information on the internet, however, only 11% of the taxpayers click on the official website of the National Tax and Customs Administration. If the data are filtered by age group, the picture is more nuanced. Concerning internet usage, the superiority of the Generation Y is obvious. However, a lower percentage of them choose the website of the National Tax and Customs Administration. The content on other websites is not necessarily up-to-date and/or reliable. Clients' attention should be drawn to the possible problems arising from this fact. Internet users over the age of 51 tend to search more consciously, as half of them are interested in the official information provided by the National Tax and Customs Administration. As *Figure 3* shows, the internet has overshadowed

owned traditional channels among younger generations, while more than 30% of people over 51 expand their knowledge through radio and TV programmes, as well as from newspapers. The proportion of clients visiting the customer service centres of the National Tax and Customs Administration is the same in all four age groups (6–10%). The same is observable in the case of the number of calls recorded by the call centre (2–7%). One fifth of the respondents turns to an accountant or tax advisor for information. The knowledge base of professionals is preferred especially by the youngest clients. 80% of this age group with an income use the services provided by professionals. The respondents are probably less familiar with the official Facebook profile and mobile application of the National Tax

Figure 3

THE HABITS OF THE RESPONDENTS RELATED TO OBTAINING INFORMATION



Source: Based on a questionnaire survey (n=400)

and Customs Administration, as only 10 people marked one of these channels as a form of obtaining information, and 2 respondents marked both channels.

The awareness and use of the possibilities provided by electronic administration

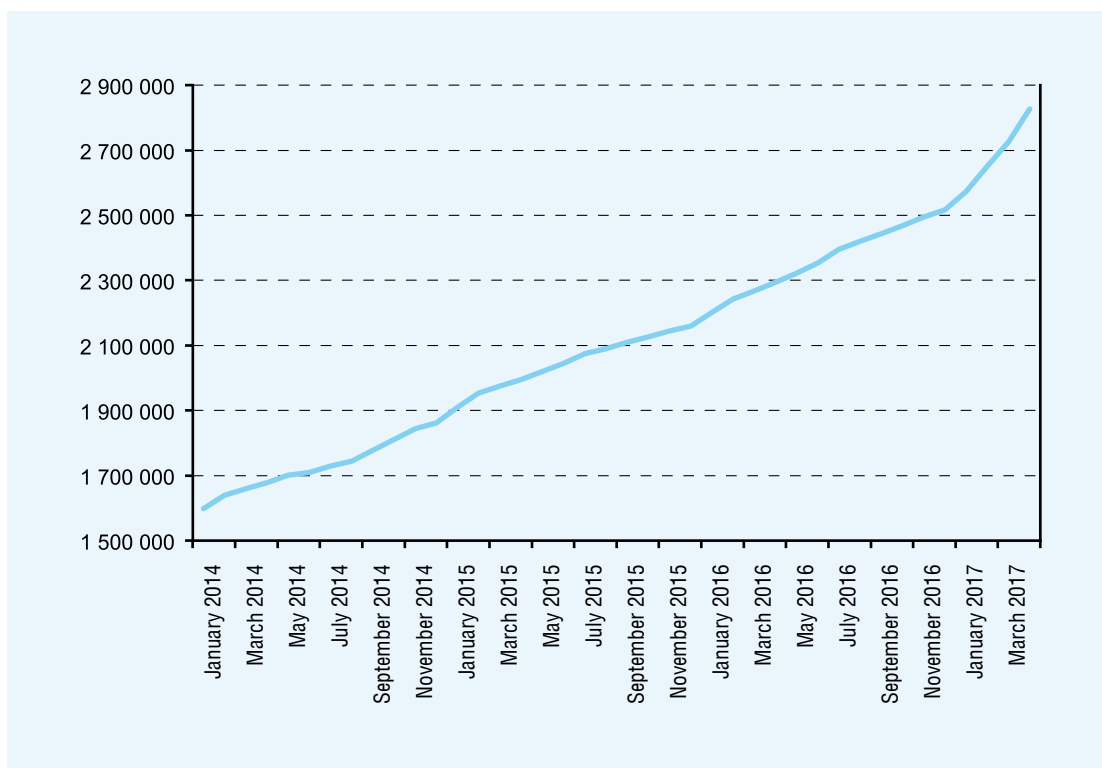
Registration on the Client Portal was launched in April 2005. In addition to accounting service providers, entrepreneurs were entitled to register. In the following years, the number of registered private individuals was continuously increasing. The introduction of the e-filing of the personal income tax return resulted in a sharp increase (see: Figure 4).

Based on the data provided by the National Infocommunications Services Company Ltd. (NISZ), in 2015, the percentage of private individuals aged 25–59 was dominant (75%) regarding the age distribution of the more than 2 million private individuals registered on the Client Portal.

As the National Tax and Customs Administration has the highest number of clients in the Hungarian public administration, it is not surprising that the most frequently used service on the Client Portal is the tax and contribution declaration available through the eBEV interface (Szabó, 2015). Electronic documents have a fixed format. The forms are available on the website of the National Tax and Customs Administration using the required framework programme. The advantage

Figure 4

THE NUMBER OF REGISTRATIONS ON THE CLIENT PORTAL



Source: Government Portal (<https://ugyintezes.magyarorszag.hu/dokumentumok/mohustat.xls>)

of the General Form Completion Programme (ÁNYK) is that the direct contact through the Client Portal may accelerate administration, whereas the incorporated control program and the optional guide for the different forms help clients fill in their tax returns more accurately.

89% of the participants in MEDIÁN’s survey (2009) were familiar with the possibility for submitting their tax returns electronically, but only 13% fulfilled their obligation in such form.

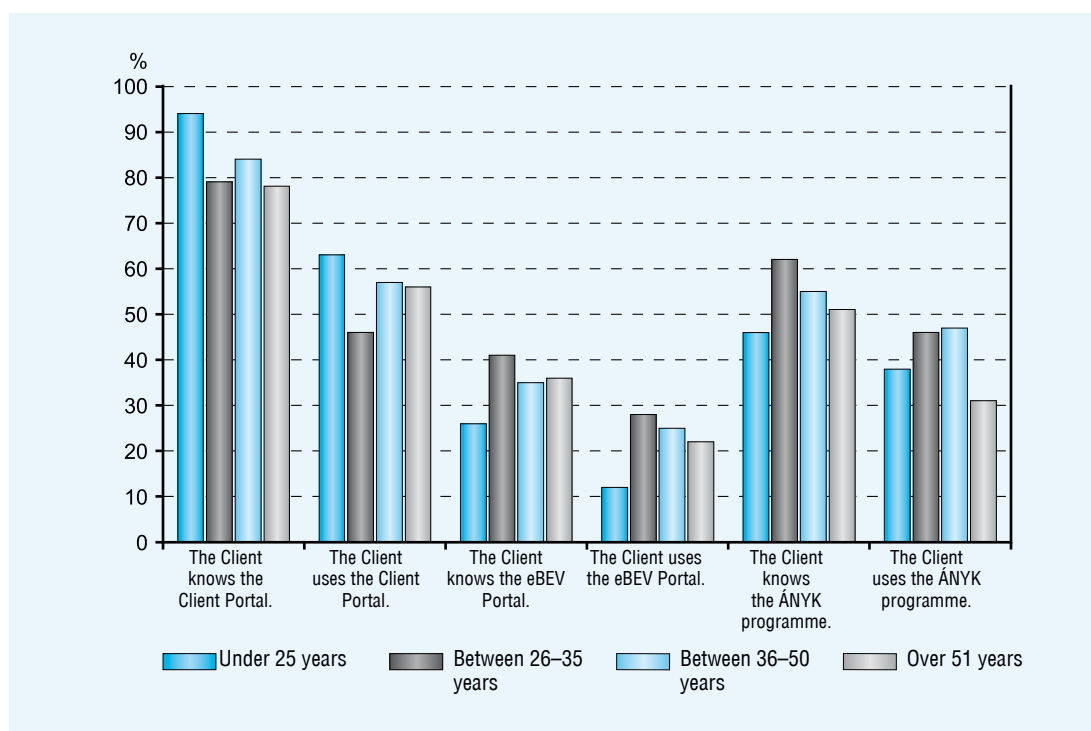
In 2015, 75% of the 22.7 million tax returns were submitted electronically, mainly owing to legal requirements (NAV, 2016a). However, it is remarkable that 86% of the personal income tax self-declarations were prepared through the electronic form com-

pletion programme of the National Tax and Customs Administration, and nearly three fourths were forwarded to the tax authority through the Client Portal (NAV, 2016c). The nearly 3 million tax returns include the compulsory e-tax returns sole traders shall submit (typically through an authorised person, that is an accountant or a tax advisor). The number of clients who registered on the Client Portal by the return deadline has probably increased, as well.

Based on the findings of the primary research, 84% of the respondents (at least partially) know the system of the Client Portal, however, every third respondent does not have access to it or does not use it. The higher figures in the under 25 age group (*Figure 5*) are probably due to the registration required for

Figure 5

THE AWARENESS AND USE OF THE POSSIBILITIES PROVIDED BY ELECTRONIC ADMINISTRATION



Source: Based on a questionnaire survey (n=400)

the higher education admission process and the application for the new ID card. It is good news that respondents with an income use the General Form Completion Programme to fulfil their tax returns liability. Two third of them still print the form. The proportion of those respondents who know and use the General Form Completion Programme package and the eBEV portal is the highest in the age group 26–35. The answers given by the members of the Generation X reveal that those who spend time and energy on getting acquainted with the digital world use the internet for administrative purposes in greater proportion. The age group over 51 was the least familiar with electronic solutions. Hardly 30% of the respondents use the General Form Completion Programme, but they tend to submit their tax returns electronically.

The manner of administration

Based on the representative query by MEDIÁN (2009) (N=1,435 people), more than half (51%) of the taxpayers opted for personal administration, while only 15% preferred online contact. The use of the latter channel was more widespread in the younger generation and among people with higher education. 35% of the internet users visited the official website of the tax authority (at the time of the survey: the Hungarian Tax and Financial Control Administration). The questionnaires compiled by the Hungarian Tax and Financial Control Administration were completed in the customer service centres (APEH, 2008), therefore it is not surprising that more than two thirds of the respondents (N=13,764 people) usually preferred personal consultation. 90% of the respondents who visited the customer service centres in person had not contacted the tax authority online at all.

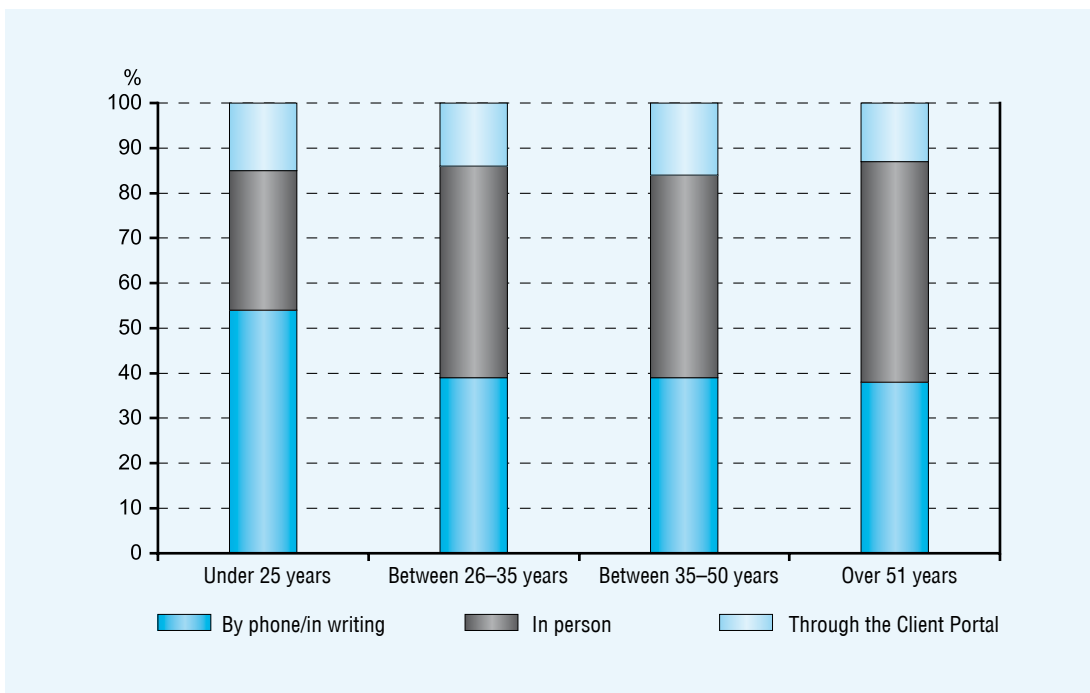
Over the past 5 years, on average at least 2.5 million taxpayers had turned to the customer service centres with their matters in person, most of them as private individuals. Most clients visited the centres in the tax return period: several clients wanted to ask questions, while others submitted the completed forms. Later, clients turn to the customer service centre to request a tax certificate or have their tax return forms corrected. Despite alternative options, personal administration still seems to be popular.

The use of the general information system (TCC) could be the first step towards administration by phone. Specific questions are answered through the Client Information and Administration System (ÜCC) after registration and requesting a PIN code in advance. More than half of the clients call the centre related to their tax returns, at local tariff (Sol-tész, 2016).

In the questionnaire survey of the primary research, the respondents had to choose the type of administration they used the most frequently out of 3 options. Regarding the whole database, the proportion of personal administration was higher by only 1%. On the other hand, the age group analysis indicates that respondents under 25 clearly prefer electronic administration (54%), while nearly half of the clients over 51 prefer personal administration (*Figure 6*). Administration by phone or mail is less popular. Only 15% of the respondents choose this channel on a regular basis. In view of the above, we agree with Szabó (2015), who believes that “*new (...) administrative methods should be found or developed to ensure the advantages of the personal procedure. At the same time, the taxpayers who do not intend to take part in a personal procedure should be guaranteed the same security as during the personal procedure (taxpayer and case identification, as well as guaranteed success of the administration)*”.

Figure 6

THE MOST COMMON WAY OF TAX ADMINISTRATION



Source: Based on a questionnaire survey (n=400)

CONCLUSIONS

The complicated and time-consuming administrative tasks related to taxation constitute a disproportionate and often unnecessary burden for most taxpayers. A significant percentage of taxpayers sacrifice time and financial resources to understand the regulations and fulfil their obligations. On the other hand, several taxpayers try working to windward or staying hidden among tax laws. By developing the client-friendly tax authority, the National Tax and Customs Administration introduced a lot of measures to simplify administration, expand the knowledge of taxpayers on taxation and broaden the range of available administrative options, satisfying the various needs of clients. Based on earlier projects, the decrease of time required for tax administration seems to have a positive effect on taxpayers' behaviour.

Of course, the application of new technologies and the possibilities inherent in them play a major role in the course of the modernisation process. The Y and the succeeding Z generations constitute a special group, as their members are almost incapable of living without electronic contact. In order to make most of them law-abiding taxpayers, the aforementioned channels should be used as means of contact. In the case of the younger generation, one of the main limits of the spread of e-administration is the lack of tax-related information, while in the case of the older generation, it is the digital gap. Promoting the Facebook profile and the mobile application of the tax authority is of key importance, as almost everyone from Generation Y uses Facebook, but a significant part of middle-aged taxpayers also follow the posts of the social networking site. New measures

related to information channels, possibilities for accessing information and administration methods will definitely further increase the percentage of e-taxpayers. The rate of demand and use of the electronic support is indicated by the fact that the General Form Completion Programme was used for 86% of income tax returns submitted for the year 2015, while in the case of the tax year 2016, a considerable number of private individuals was exempted from completing the form by approval of the draft tax return.

The questionnaire survey proved our assumption that the habits of obtaining information differ by age group: electronic channels play a more important role among young clients, while the members of the older generation prefer traditional sources of news (television, radio, newspaper). It may be surprising that the highest percentage of clients who turn to tax advisors are under 25. It might be the sign of their mature, tax-conscious attitude.

Another important finding of the survey is that although a high percentage of the respondents know and use the services available on the Client Portal, many of them prefer visiting the tax authority in person. A major difference between generations is that clients under 25 clearly prefer using the Client Portal for administration, while the habits of the other three age groups are almost the same. Clients under 25 hardly ever use the eBEV portal and the General Form Completion

Programme. After becoming members of the active workforce, significantly more clients submit their tax returns through the above-mentioned channels. As they grow older, the number of people who use the eBEV portal and the General Form Completion Programme decreases. Among the participants of the primary research, this percentage is lower compared to the national data published by the National Tax and Customs Administration, which may be due to the fact that one quarter of the respondents completed the questionnaire in customer service centres, therefore they tend to prefer administration in person.

Although the most frequently chosen service on the Client Portal is related to tax and contribution declaration, the list of matters that especially private individuals could solve on the Client Portal should be expanded, the eBEV portal should be further promoted and the system should be modernised. The amendments to the Act on Personal Income Tax make these suggestions particularly relevant. By expanding administration by phone, more clients would in all likelihood turn to call centres. At the same time, the continuous modernisation of customer service centres is needed, so that the well-prepared administrators can serve taxpayers at the highest possible level in the shortest possible time, strengthening confidence, the feeling of satisfaction caused by successful administration and, possibly, tax-consciousness.

NOTES

¹ The work was born in the framework of the priority project Public service development establishing the basis of good governance (ID no.: KÖFOP–2.1.2-VEKOP–15–2016–00001), in collaboration with the National University of Public Service and the Budapest Metropolitan University.

² In addition to the data downloaded by Krisztina Németh and István Ódor from the Sándor Lámfalussy Faculty of Economics at the University of West Hungary for their thesis in August 2016, we collected further information in October. As a result, 400 questionnaires were processed in total.

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LEGISLATION:

ACT CXVII of 1995 on Personal Income Tax

ACT XCII of 2003 on the Rules of Taxation

DECREE NO. 47/2013 (of 07/11) of the Ministry for National Economy of Hungary on the rules of electronic administration of tax matters before the state tax authority and amending other ministerial decrees on taxation

GOVERNMENT DECISION no. 1004/2016 (of 18/01) on the establishment of the annual development budget of the Operational Programme for the Development of Public Administration and Public Service

GOVERNMENT DECREE no. 257/2016 (of 31/08) on the ASP system of local governments

GOVERNMENT DECREE no. 100/2017 (of 28/04) on the amendment of Government Decree no. 257/2016 (of 31/08)