

Lithuanian Tax Inspectorate Captures Millions of Declarations On-the-fly with ABBYY FormReader

"We needed to make our tax system appropriate for each and every taxpayer in Lithuania, regardless of the way they submitted declarations - electronically or in paper form. So we were looking for an extremely accurate yet user-friendly form processing system. ABBYY FormReader was the solution that had fully met our demands."

*Mr. Modestas Kaseliauskas,
Head of the State Tax Inspectorate*

The Lithuanian Tax Inspectorate was working under conditions of ever-increasing flow of tax documents, nearly at the limit of its processing capacity. The situation was aggravated by the recent Lithuanian tax regulation under which almost all citizens in Lithuania have to declare their income. It caused even greater increase in the number of tax declarations and service requests (about 2 millions declarations per year, on average 5 pages per document). In addition, according to the new tax legislation, the State Tax Inspectorate must return overpayments to taxpayers within about a month from the date of submission. Taking into consideration that most part of declarations were submitted at the very deadline, this requirement could not be fulfilled with the current speed of declaration processing.

At the same time, all tax declarations in Lithuania were submitted in paper form and all data were entered manually to the Tax Inspectorate's information system that requires a lot of time, manpower and costs. The tax consultation services were only provided by the local Tax Offices, general information on the procedure was not easily accessible to the public and wasn't available via the Internet.

The Challenge: Improve and Speed Up Declaration Processing

In such conditions, one of the key challenges was to start using the Internet as a powerful information resource for taxpayers as well as an effective alternative tool for collecting declarations data. It was necessary to create an electronic tax system that would be easily accessible for all Lithuanian taxpayers and available on a 24/7 basis.

With such a E-tax system, all data could be quickly gathered from various places and sources using electronic forms and transferred to the Tax Inspectorate's back-office systems for processing, verification and storage. It could also improve the quality of internal operations and optimize the process of handling millions of declarations.

In spite of the rapid Internet growth, significant part of Lithuanian taxpayers could not use the Internet to submit declarations – they had to deal with paper forms. That's why another important task was to automate and speed up the processing of millions of paper declarations. To optimize the whole process of creating, updating, handling and archiving of declarations, the electronic and paper declaration forms should be identical.

The Solution: E-tax System with Integrated Paper Form Processing Software

The Tax Inspectorate had a plan to process declarations and to create all types of forms (templates, paper and electronic forms) using the same technology and software. To choose the performers of the project, the Tax Inspectorate announced a tender among local and international IT companies and service providers.

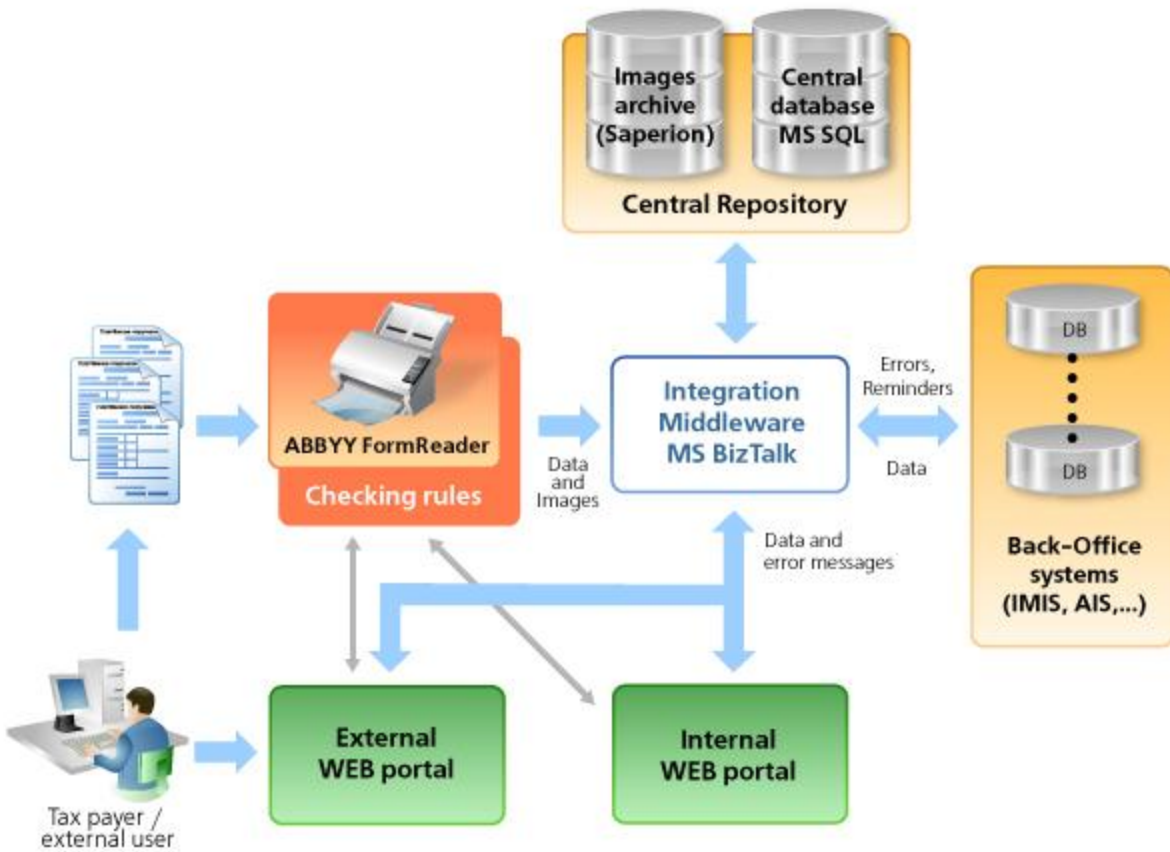
As a result, INFO-TEC UAB (**currently - Dokumentu Valdymo Sistemose UAB**), an ABBYY partner in Lithuania, became the prime contractor of the project and was responsible for overall project management, including the implementation of ABBYY FormReader and Saperion (E-document management system).

After careful research of software vendors, the Tax Inspectorate had chosen ABBYY FormReader system for handling paper documents (more than half of the number of declarations) and for creating forms. The main arguments included:

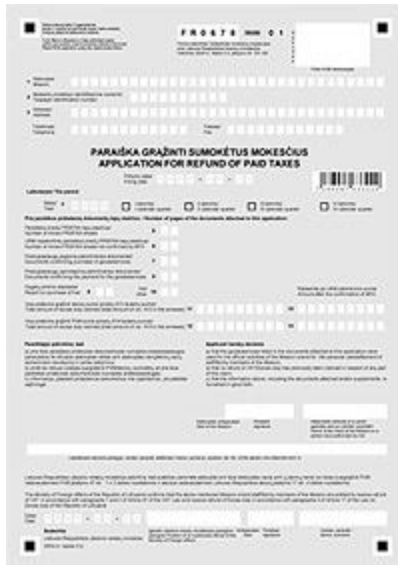
- ABBYY could provide solutions following main requirements of the Tax Inspectorate – capturing declarations from various sources and creating all kinds of forms with the same technology;
- A range of other successful projects in Lithuanian and other countries;
- Some great presentations of ABBYY's possible solutions;
- Experience of ABBYY partner, INFO-TEC.

Microsoft Lietuva created the solution concept, supplied platform software and ensured the project supervision. And Alna AB, the subcontractor, developed some additional modules for EDS, including Central Repository, internal and external web portals, integration, and authorization modules, etc. The whole architecture of the Electronic Declaration System (EDS) is represented at the figure below.

Electronic Declaration System



ABBYY software played the key role in the ESD as an entry point for declaration data. Different ABBYY applications were used at different stages to fulfill the task.



Form Designing Software

5 workstations with ABBYY FormDesigner, eFormDesigner and FormReader Template Designer were installed in the Tax Inspectorate Head Office. Using these applications specialists from INFO-TEC and the Tax Inspectorate IT Department had created approximately 150 various types of multipage forms and templates for various types of tax declarations with built-in checking rules. The important thing was that the same form template was used for both paper-based and electronic forms.

Processing of Paper Forms

11 FormReader Enterprise Edition installations throughout the country provided processing of completed paper forms. The processing of about 70% of the declarations was distributed among 10 Tax Inspectorate local offices. The 30% of paper were processed in specialized Processing Center in Druskininkai.

The Processing Center was built in Druskininkai city specifically for this project and future large-scale document processing using ABBYY FormReader Enterprise Edition. Later it had been unofficially named "FormReader House" (see the photo).

The volume of paper declarations processed in the center is approximately 30 000 pages per working day.

The center comprises of large, specially conditioned depository for paper declarations, sorting and scanning section, verification and administration sections. About 40 employees have been engaged to verify document recognition results, including 5 senior verifiers that solves specific problems.



Hardware used in the Processing Center in Druskininkai includes:

- 1 MSSQL 2000 Server
IBM Netfinity 5500 PII-400;RAM 256 MB;SCSI2 URAID;4x9.1GB SCSI HDD
- 1 ABBYY FormReader Enterprise Edition server
HP Proliant DL380G3 2xIntel Xeon 3.0 GHZ, HDD 4x146.8, HDD 2x72.8 GB, 3.7 GB RAM
- 6 Scanning stations (Fujitsu M4099M with VRS)
HP Workstations Xw4100 Pentium 4 3 GHz, 512 MB DDR, 36 GB SCSI HD
- 6 Correction stations
HP Workstations Xw4100 Pentium 4 3 GHz, 512 MB DDR, 36 GB SCSI HD

- 40 Verification-Correction stations
HP Compaq D530 Pentium 4 2.6GHz, 512MB DDR, 40GB HDD
- 4 Export and monitoring stations
HP Compaq nx7010 – 2;
HP Compaq D530 Pentium 4 2.6GHz, 512MB DDR, 40GB HDD – 2

Submitting Declarations Electronically

Using ABBYY eFormFiller application with open license, every taxpayer in Lithuania can now submit a tax declaration electronically via the Internet. To do this, a taxpayer should connect to the Tax Inspectorate Web portal and download the small-sized eFormFiller application together with electronic forms created with ABBYY eFormDesigner. eFormFiller allows taxpayers to easily fill out the electronic forms, check the data and quickly submit finalized forms to the Tax Inspectorate Web portal.

Resume

The whole project had taken approximately two years, from analysis of the project scope to creation of forms and staff training. The customer didn't have enough time for preparing and testing phases, so the system was build without a pilot. It had a quick start, with a huge amount of declaration to be processed right after the launch.

INFO-TEC prepared training documentation using materials provided by ABBYY and special classes for the Tax Inspectorate employees, where about 80 employees from all offices had been training for two weeks. INFO-TEC also prepared help desk team for technical support.

The overall process of ABBYY FormReader deployment took about one month. The system proved its efficiency immediately, processing huge amounts of declarations quickly and accurately. With ABBYY FormReader implementation, document processing speed has increased by 4 – 5 times. It also has helped to dramatically reduce the quantity of mistakes in comparison with manual input.

ABBYY eFormFiller application that is publicly available from the Tax Inspectorate website and known to almost every taxpayer (i.e. every citizen) in the country has made ABBYY well-known in Lithuania.

About Lithuanian State Tax Inspectorate

The State Tax Inspectorate under the Ministry of Finance of Lithuania is a central tax administrator

and, therefore, works with legal acts or prepares their drafts in order to implement tax legislations. It also makes suggestions to the Ministry of Finance on tax legislations, legal acts, and improvement of taxation procedures and administration of taxes. State Tax Inspectorate (STI) administers assessment and payment of taxes and other contributions that are paid to the state (municipal) budgeted and funds. For more information, visit STI website at <http://www.vmi.lt/>.