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Analysis of China's E-commerce Tax Collection and Management in the Big Internet Era

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Abstract

In recent years, the rapid development of e-commerce under the background of "Internet +" has brought major benefits and development opportunities to the traditional economy, and also brought major impacts and challenges to the traditional tax collection and management model. Existing tax registration, tax declaration, tax inspection and legal liability systems are difficult to apply to e-commerce tax collection and management, resulting in serious tax loss. This article focuses on discussing the current status and challenges of e-commerce tax collection and management in China. In addition, it analyzes foreign tax collection and management experience on e-commerce and draws lessons from it. Finally, it proposes policy suggestions for improving China's e-commerce tax collection and management.

Keywords

Internet, e-commerce, tax administration.

1. INTRODUCTION

In 2014, Premier Li Keqiang, who attended the first World Internet Conference, pointed out that the Internet is a new tool for mass entrepreneurship and innovation. On March 5, the following year, Premier Li Keqiang also presented the "Internet +" action plan for the first time when he made a government work report at the Third Session of the Twelfth National People's Congress. On September 28, 2015, the State Administration of Taxation issued the "Internet + Taxation Action Plan". In the context of "Internet +", China's e-commerce will develop more rapidly, and tax collection management will also pose more severe challenges. E-commerce refers to business activities that use the Internet for transactions. Its main models include online direct sales, CPS consignment, community marketing, WeChat, B2T, G2C, M2C, O2O, C2B, C2C, etc. According to statistics, in 2015 China's e-commerce transaction volume reached 18.3 trillion yuan, an increase of 36.5% year-on-year, and an increase of 5.1 percentage points (Zhuhai Tao, 2016). By 2017, China's online retail sales have reached the number one in the world. At the same time, the proportion of e-commerce in GDP has also increased year by year, but the tax revenue received by the country has been rare. The main problem lies in the current tax system. The virtual nature of e-commerce has increased the non-manipulability, and the advantages of the network have now become a sharp blade in the hands of criminals (Zhong Qi'an, 2017). The Nineteenth National Congress pointed out that China has entered a new era of socialism with Chinese characteristics and major social contradictions have also changed. In the future, with the continuous improvement of Internet technology, e-commerce will develop more rapidly. Therefore, we will discuss the current taxation on e-commerce in China. The issue of tax collection and management is of great practical significance to increase our government's fiscal revenue, improve the tax collection and management system, and promote the optimal allocation of resources.

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2. BASIC SITUATION OF CHINA'S CURRENT E-COMMERCE TAX COLLECTION AND MANAGEMENT

2.1. Lack of Tax Collection Legislation in E-commerce

E-commerce brings a lot of convenience to our lives, but it brings a lot of inconvenience to tax collection and management. As the law in China's taxation field has not improved, the backward tax collection and management system can no longer adapt to the rapid development of e-commerce, leading to the loss of e-commerce taxation (Luo Xiaoke, 2017). China has not formulated relevant laws and regulations on e-commerce taxation, which has brought various troubles and obstacles to the collection and management of e-commerce taxation. Without legal guarantees, tax authorities cannot implement their rights, and taxpayers will refuse to make use of excuses that cannot be trusted Tax authorities pay taxes. Therefore, the legislation of e-commerce tax collection and management is imperative.

2.2. Difficult to Identify and Monitor Taxpayers

In the e-commerce behavior, the difficulty of determining the taxpayer has become the first problem of tax collection and management of e-commerce. E-commerce is implemented based on computer technology. With the continuous development and maturity of computer technology, the virtuality and electronicization of e-commerce It is also becoming more and more obvious how to accurately determine the subject of taxation for tax authorities has become a major problem. In the field of e-commerce, merchants only need to pay a certain registration fee to participate in e-commerce transaction activities and sell their products on the Internet without tax registration. However, taxation of taxpayers by tax authorities must first be implemented through taxpayers' tax registration. Therefore, it is difficult to confirm the identity of the taxpayer for e-commerce transactions.

2.3. The Nature of Taxation Objects Is Not Easy to Distinguish

The taxation object is the basis of what tax the taxpayer pays, such as consumption tax, personal income tax, etc. Due to the different taxation object, the tax payment is different. The transaction scope of e-commerce includes both the online sales offline transmission method and the online sales online transmission method. For the former, because it is only a different sales method, there is no case where the nature of the taxable object is not different, but for the latter In terms of online sales, online sales do not need to use traditional channels such as postal services and express delivery. Such sales include software, information, e-books, etc. The nature of taxation objects is difficult to judge, and the boundaries of products and services are also limited. Very vague. Moreover, due to the special nature of digital products, they are generally protected by copyright, and most of them are encrypted when they are transmitted on the network. Before it is declassified, it is difficult for the tax authorities to judge the nature of its taxation objects. The tax authorities cannot explain what taxes the taxpayers should pay, and naturally they cannot levy taxes.

2.4. Low Enforcement of Tax Registration Regulations

The special nature of e-commerce makes it difficult to determine the specific information of transaction behavior, and the tax collection and management department has no right to enter the taxpayer's terminal to obtain data. It is easy for buyers and sellers to evade the supervision of the tax department by modifying the transaction information of the terminal. Once these data are tampered and destroyed, it is difficult to restore them (Wang Xiaodong, 2017). In order to increase the turnover of many businesses to create false transaction information, the collection and management department is difficult to identify.

2.5. Tax Collection Process Is Difficult

Order processing of e-commerce transactions, payment of money and all other transaction links are completed on the network. The encryption systems of third-party transaction platforms and payment platforms make it difficult for tax collection and management departments to enter taxpayer terminals to obtain data. This data can be easily modified. In order to increase the transaction volume, some merchants make false transactions and create false transaction information. At present, the collection and management department cannot identify them. In addition to human factors, other damage to transaction data and accounting information due to force majeure will also cause some difficulties in the collection and management work, and eventually lead to tax loss.

3. LESSONS LEARNED FROM FOREIGN ELECTRONIC COMMERCE TAX COLLECTION AND MANAGEMENT

In terms of e-commerce tax collection and management, especially in developed countries, foreign countries have rich and relatively general experience. This article mainly compares and analyzes the practices of the United States and the European Union. At the same time, it also introduces some developing countries' regulations on e-commerce tax collection and management.

3.1. U.S. E-commerce Tax Collection and Management Experience

Whether or not e-commerce is taxed, the US approach has always attracted worldwide attention. The United States is not only one of the most developed countries in e-commerce in the world, but it also has a certain degree of dominance and influence in the choice of e-commerce taxation. In the early days of e-commerce development, in order to ensure the predominance of e-commerce in the United States, state governments did not levy taxes on e-commerce transactions. The purpose was to minimize and participate in the government's regulation in order to promote the development of e-commerce. However, due to the impact of the international financial crisis, states in the United States have fallen into a "fiscal cliff" crisis. In order to find new tax sources to maintain the normal operation of the economy, state governments have to consider the issue of e-commerce taxation. In May 2013, the US Senate passed the Market Fairness Act, requiring states to levy taxes on online sales or services from internet retailers in other states, and e-commerce companies charge consumers a consumption tax. E-commerce collects sales tax.

3.2. Tax Experience in Developed Countries Such as the EU

The European Union has formulated stricter inspection and management measures for e-commerce. It believes that the tax system should have legal certainty, and that tax obligations should be open, clear, predictable, and tax neutral. That is to say, emerging trade methods should not bear additional costs compared to traditional trade methods. Taxation, but it cannot exempt the existing taxation for e-commerce. The existing taxation system should be covered by the improvement of the existing laws. The European Union believes that e-commerce transactions for goods and services fall into the category of value-added tax, and advocates no new taxes on e-commerce. Its member states have begun to analyze how to use the comprehensive tax policy within the EU to solve the problem. For example, the British government clearly stipulates that all online sales of goods are subject to value-added tax, the tax rate is consistent with the entity's business, and is implemented with "no difference"; France proposes to levy an e-commerce tax on online transactions including online online advertising taxes.

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3.3. Tax Experience in Developing Countries

Both India and Singapore attach great importance to tax management of e-commerce and have a strong attitude towards taxation (Wang Wenqing, Liang Fushan and Xiao Dansheng, 2016). On April 28, 1999, the Indian government issued a rule stating that payments made by Indian companies to US companies using computer systems outside the country are deemed to originate from royalties in India and are subject to withholding tax in India. This measure is very different from the US tax-exempt position, and India has become one of the first countries to tax e-commerce. On August 31, 2000, the Singapore government issued the e-commerce tax administration regulations, which determine the basis for e-commerce income tax based on operating in Singapore as a tax source; in the sale of goods, if the sales registration operator occurs online in Singapore Sales and physical store sales are taxed according to the same requirements. In the provision of labor services, if a registered service operator is liable to perform taxable labor services in Singapore, the tax shall be levied at a rate of 3%, excluding the provision of labor services that are at zero tax rate. Tax services.

In summary, it can be seen that for most countries that develop e-commerce, on the one hand, they will consider the negative impact of e-commerce taxation, and on the other hand, they will not consider the lack of taxation to balance the tax burden. In particular, developed countries occupying strong economic forces have always maintained a cautious attitude of waiting and seeing and weighing the advantages and disadvantages of e-commerce taxation.

4. POLICY SUGGESTIONS FOR IMPROVING CHINA'S E-COMMERCE TAX COLLECTION AND MANAGEMENT

In practice, most countries gradually levy e-commerce taxes. At present, 90% of China's e-commerce transactions are engaged in B2C transactions in the form of C2C. A large number of transactions are free from legal supervision and tax management. Levying e-commerce taxes is beneficial to prevent erosion of tax sources and regulate the e-commerce market. Of course, the development of e-commerce in China is far from mature, and more efforts are needed to support it. In the context of "Internet +", tax collection and management of e-commerce in the future requires more rational thinking and exploration (Zhu Haitao, 2015). For the gradual improvement of China's e-commerce tax collection and management in the Internet era, this article puts forward the following suggestions.

4.1. Defining the Various Tax Elements of E-commerce

The first is to accurately define e-commerce as a specific form of the circulation of goods and services. The transactions that occur must be incorporated into the existing tax system to bear various types of taxes, and are mainly based on value added tax and income tax. The second is to accurately define the taxpayers of e-commerce, and it is recommended to divide the taxpayers of e-commerce into indirect e-commerce taxpayers and direct e-commerce taxpayers. The former only uses the network to complete the information flow and capital flow, and its logistics activities are still in the traditional mode, which can be managed with reference to the traditional mode. The latter is a new type of taxpayer accompanying the birth of the e-commerce model. All transaction links are completed online. The real name registration system of the information network and the IP addresses of both parties in the transaction can be used to determine the taxpayer. The third is to accurately define the taxable objects. It is proposed to add virtual goods to the original three types of taxable objects of income, behavior and property, redefine the applicable tax rates for goods and services, or give them based on the current uniform VAT rate. Transitional tax support policy. The fourth is to accurately define the elements such as tax time and tax location, and should adhere to the principle that both regional jurisdiction and resident jurisdiction are equal. At the same time, the source determination

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criteria and the resident status determination criteria should be adopted to minimize the possibility of tax avoidance and tax evasion by taxpayers. In practice, the platform server, the location of the operating website, the location of the specific network agent and the online store's tax registration certificate can be used as a permanent establishment, and the taxation can be reported to the competent tax authority where the permanent establishment is located. Basic principles of jurisdiction.

4.2. Amend E-Commerce Related Tax Laws

The first is to amend, supplement and improve some of the provisions of China's tax entity law. For example, in conjunction with the completion of "tax reform", the introduction of the value-added tax law has been initiated, and the elements of the value-added tax system under the e-commerce model have also been improved. The second is to improve the tax collection and management law, redefine and standardize the tax registration, tax declaration, and electronic ticket identification of e-commerce in the network environment, as well as tax collection and management, collection, deduction, and payment management methods, and establish and improve the e-commerce Developed tax collection and management regulations.

4.3. Improve the E-Commerce Tax Collection and Management System

The first is to establish an industrial and commercial registration and tax registration system for online transaction business entities. In the existing tax registration system, it is necessary to add tax registration management provisions on e-commerce and actively implement the e-commerce tax registration system. At the same time, tax authorities should appoint special personnel to be responsible for the tax registration of e-commerce companies, and strictly do a good job of maintaining the confidentiality of taxpayer information. The second is to promote the use of special invoices for e-commerce transactions and establish a tax supervision and payment system. Each time a transaction is concluded through e-commerce, a special invoice must be issued, and the special invoice issued must be sent to the bank via email in order to settle the payment of the electronic account. At the same time, the electronic account set up by the taxpayer in the bank must be registered with the tax authority, and a formal resident identity card should be used to prepare a tax ID in accordance with uniform rules for tax collection and management. Third, in order to solve the high liquidity and concealment of e-commerce tax collection and management, the payment system of e-commerce should be used as an important part of monitoring, tracking and auditing.

4.4. Use A Third-Party Payment Platform to Build A New Pattern of Tax Collection and Management

First, the validity of valid financial information obtained by tax authorities from third-party online trading platforms and third-party payment institutions as electronic evidence should be clarified, and the tax authority should be given law to extract and inspect the information system of third-party payment institutions in accordance with the law. Right of taxpayer's electronic information as legal evidence. The second is to appropriately open the tax authority's right to monitor and inspect taxpayer sales information through third-party transaction platforms, and clear obstacles in law enforcement and auditing for e-commerce tax collection and management. The third is to treat different types of businesses differently. For non-recurring, scattered transactions, and the amount of income does not exceed the individual tax regulations, they may not be included in the scope of tax collection and management. And for the purpose of making profits, merchants that have begun to take shape offline can be merged into the B2C model and require them to register for tax. Other merchants should also register on the basis of tax registration offline and register on a third-party payment platform. Fourth, third-party payment platforms should be required to register and verify certain basic information of customers, and if they discover illegal or criminal activities, they should stop

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their payment service business. These regulations should be accompanied by relevant network registration system measures during specific operations, and it is likely that further specific product properties need to be clarified in specific operations. Fifth, the third-party payment platform, as a currency transaction payment platform, should also have a certain grasp of the transaction payment. It can use certain software technologies to monitor the transaction content, amount, and number of times, and set different thresholds for tax warning for different industries. , Can also provide a strong basis for reducing the cost of tax inspection.

5. CONCLUSION

Finance is the foundation and important pillar of state governance. Taxation is the main source of fiscal revenue. E-commerce taxation is an important source of fiscal revenue. The serious loss of e-commerce taxes has not only harmed the country's fiscal revenue, but has also undermined the unity of the market and fair competition. In the context of the Internet era, at the same time that China's e-commerce is developing rapidly, tax collection and management are also facing increasing challenges. Traditional tax collection and management laws cannot solve the current problems of e-commerce tax collection and management. The contradiction between e-commerce and tax collection and management needs to be resolved by gradually improving the relevant legal system of tax collection and management. This paper analyzes the relevant general situation of tax collection and management of e-commerce in China, and introduces relevant foreign experience. Finally, it puts forward some suggestions for improving the tax collection and management of e-commerce in China.

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