PRC Tax Collection Administration Law

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Chapter I — General Provisions

Article 1 — This Law is enacted for the purposes of strengthening the administration of tax collection, standardizing the collection and payment of taxes, safeguarding the tax revenue of the state, protecting the lawful rights and interests of taxpayers, and promoting economic and social development.

Article 2 — This Law shall apply to the collection and administration of all kinds of taxes collected by the taxation authorities in accordance with the law.

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Article 3 — The commencement and cessation of tax collection, as well as tax reductions, tax exemptions, tax refunds, and tax make-up payments shall be implemented in accordance with the provisions of the law; where the State Council is authorized by law to formulate regulations, such regulations shall be implemented in accordance with the provisions of the administrative regulations formulated by the State Council. No authority, entity, or individual may, in violation of the provisions of the law or administrative regulations, make decisions on the commencement or cessation of tax collection, tax reductions, tax exemptions, tax refunds, tax make-up payments, or other decisions inconsistent with the taxation laws or administrative regulations.

Article 4 — Entities and individuals obligated to pay taxes under the law or administrative regulations are taxpayers. Entities and individuals obligated to withhold and remit taxes or collect and remit taxes under the law or administrative regulations are withholding agents. Taxpayers and withholding agents shall pay taxes, or withhold and remit taxes or collect and remit taxes in accordance with the provisions of the law or administrative regulations.

Article 5 — The competent taxation authority under the State Council shall be in charge of the administration of tax collection throughout the country. The national taxation authorities and local taxation authorities in various places shall, in accordance with the scope of administration prescribed by the State Council, carry out the administration of tax collection separately. The local people's governments at various levels shall strengthen their leadership over or coordination of the administration of tax collection within their respective administrative areas, support the taxation authorities in the performance of their duties in accordance with the law, calculate the amount of tax at the tax rate prescribed by the law, and collect taxes in accordance with the law. The relevant authorities and entities shall support and assist the taxation authorities in the performance of their duties in accordance with the law. The taxation authorities shall independently exercise the power of tax collection and administration in accordance with the law, and no authority, entity, or individual may interfere.

Article 6 — The state shall, in a planned manner, equip the taxation authorities with modern information technology, strengthen the modernization of the tax collection and administration information system, and establish and improve information sharing systems between the taxation authorities and other government administrative authorities. Taxpayers, withholding agents, and other relevant entities shall, in accordance with the provisions of the state, truthfully provide the taxation authorities with the information relating to the payment of taxes and the withholding and remittance of taxes or collection and remittance of taxes.

Article 7 — The taxation authorities shall widely publicize the taxation laws and administrative regulations, popularize knowledge on tax payment, and provide taxpayers with tax consultation services free of charge.

Article 8 — Taxpayers and withholding agents shall have the right to learn from the taxation authorities about the provisions of the taxation laws and administrative regulations of the state and the procedures relating to tax payment. Taxpayers and withholding agents shall have the right to request the taxation authorities to keep confidential their information. The taxation authorities shall keep confidential the information of taxpayers and withholding agents in accordance with the law. Taxpayers shall have the right to apply for tax reductions, tax exemptions, and tax refunds in accordance with the law. Taxpayers and withholding agents shall have the right to make statements and defenses with respect to the decisions made by the taxation authorities; they shall also have the right to apply for administrative reconsideration, institute administrative litigation, or request state compensation in accordance with the law. Taxpayers and withholding agents shall have the right to accuse and report the illegal acts of the taxation authorities and their staff members.

Article 9 — The taxation authorities shall strengthen the building of their contingents and improve the political and professional quality of their staff members. The taxation authorities and their staff members shall enforce the law impartially, be devoted to their duties, be honest and upright, treat people with courtesy, serve the people with civility, respect and protect the rights of taxpayers and withholding agents, and accept supervision in accordance with the law. No staff member of the taxation authorities may demand or accept bribes, engage in malpractice for personal gain, neglect his or her duties, or fail to collect or under-collect the

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tax payable; nor may they abuse their power to collect more tax or deliberately make things difficult for taxpayers or withholding agents.

Article 10 — The taxation authorities at all levels shall establish and improve internal restriction and supervision and administration systems. The taxation authorities at a higher level shall supervise the law enforcement activities of the taxation authorities at a lower level in accordance with the law. The taxation authorities at all levels shall supervise and inspect the implementation of the law, administrative regulations, and the rules of honesty and self-discipline by their staff members.

Article 11 — The functions and duties of the staff members of the taxation authorities responsible for tax collection, administration, inspection, and administrative reconsideration shall be clearly defined and separated from each other, and they shall check each other.

Article 12 — Staff members of the taxation authorities shall withdraw from the collection and inspection of taxes if they have any interest in the taxpayers or withholding agents or in the cases involving tax violations.

Article 13 — Any entity or individual shall have the right to report any act in violation of the taxation laws or administrative regulations. The taxation authorities receiving the reports and the authorities investigating the violations shall keep the reporters confidential. The people's governments at or above the county level and the relevant authorities shall reward the entities or individuals that have made outstanding contributions to the reporting of tax violations.

Article 14 — For the purposes of this Law, "taxation authorities" means the taxation bureaus at all levels, their sub-bureaus, their taxation offices, and the taxation institutions established in accordance with the provisions of the State Council and announced to the public.

Chapter II — Tax Administration

Section 1 — Tax Registration

Article 15 — Enterprises, branches established by enterprises and places of business engaged in production or business operations in other places, individual industrial and commercial households, and institutions and social organizations engaged in production or business operations (hereinafter collectively referred to as "taxpayers engaged in production or business operations") shall, within 30 days from the date of obtaining their business licenses, apply to the taxation authorities for tax registration by presenting the relevant documents. The taxation authorities shall, on the day of receiving the application, complete the registration and issue the tax registration certificate upon examination of the documents. The administrative authority for industry and commerce shall periodically inform the taxation authorities of the situation regarding the registration and issuance of business licenses. The scope and measures for taxpayers other than those provided for in the first paragraph of this Article to handle tax registration and for withholding agents to handle tax withholding registration shall be formulated by the State Council.

Article 16 — Taxpayers engaged in production or business operations shall, where any change occurs in their tax registration items, apply to the taxation authorities for the change of tax registration within 30 days from the date of completing the change registration with the administrative authority for industry and commerce or before applying to the administrative authority for industry and commerce for deregistration, by presenting the relevant documents.

Article 17 — Taxpayers engaged in production or business operations shall, in accordance with the relevant provisions of the state and with their tax registration certificates, open basic deposit accounts and other deposit accounts with banks or other financial institutions, and shall report all their account numbers to the taxation authorities. Banks and other financial institutions shall record the numbers of the tax registration certificates on the account opening documents of the taxpayers engaged in production or business operations and shall record the account numbers of the taxpayers engaged in production or business

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operations on their tax registration certificates. Where the taxation authorities inquire about the accounts of taxpayers engaged in production or business operations in accordance with the law, the relevant banks and other financial institutions shall provide assistance.

Article 18 — Taxpayers shall use their tax registration certificates in accordance with the provisions of the State Council. Tax registration certificates shall not be lent, altered, forged, or sold.

Section 2 — Administration of Account Books and Vouchers

Article 19 — Taxpayers and withholding agents shall, in accordance with the relevant laws, administrative regulations, and the provisions of the finance and taxation departments under the State Council, set up account books within 15 days from the date of obtaining their business licenses or from the date on which the tax obligation arises, keep accounts and conduct accounting on the basis of lawful and valid vouchers.

Article 20 — The financial and accounting systems or the financial and accounting methods and the accounting software of taxpayers engaged in production or business operations shall be submitted to the taxation authorities for filing. Where the financial and accounting systems or the financial and accounting methods of taxpayers or withholding agents are inconsistent with the provisions of the State Council or the finance and taxation departments under the State Council on tax, the tax payable and the tax to be withheld and remitted or collected and remitted shall be calculated in accordance with the provisions of the State Council or the finance and taxation departments under the State Council on tax.

Article 21 — The taxation authorities shall be the competent authorities for the administration of invoices, and shall be responsible for the printing, purchase, issuance, obtaining, safekeeping, and cancellation of invoices. Entities and individuals shall, when buying and selling commodities, providing or accepting business services, or engaging in other business activities, issue, use, and obtain invoices in accordance with the provisions. The measures for the administration of invoices shall be formulated by the State Council.

Article 22 — The special VAT invoices shall be printed by the enterprises designated by the competent taxation authority under the State Council; other invoices shall, in accordance with the provisions of the competent taxation authority under the State Council, be printed by the enterprises designated by the taxation authorities of the provinces, autonomous regions, and municipalities directly under the Central Government. No enterprise may print invoices without the designation of the taxation authorities provided for in the preceding paragraph.

Article 23 — The state shall popularize the use of the tax control devices in accordance with the tax collection and administration needs. Taxpayers shall install and use tax control devices in accordance with the provisions, and shall not destroy or modify the tax control devices without authorization.

Article 24 — Taxpayers engaged in production or business operations and withholding agents shall keep their account books, accounting vouchers, tax returns, financial and accounting reports, and other tax-related information for the number of years prescribed by the finance and taxation departments under the State Council. Account books, accounting vouchers, and tax returns shall not be forged, altered, or destroyed without authorization.

Section 3 — Tax Filing

Article 25 — Taxpayers shall, in accordance with the time limit for tax filing and the content of tax filing prescribed by the law or administrative regulations, or as determined by the taxation authorities in accordance with the provisions of the law or administrative regulations, truthfully file tax returns, submit financial and accounting reports, and other tax-related information that the taxation authorities require to be submitted on the basis of actual needs. Withholding agents shall, in accordance with the time limit for filing and the content of filing prescribed by the law or administrative regulations, or as determined by the taxation authorities in accordance with the provisions of the law or administrative regulations, truthfully file the reports on the taxes withheld and remitted or collected and remitted, and the relevant vouchers and other

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information that the taxation authorities require to be submitted on the basis of actual needs.

Article 26 — Taxpayers and withholding agents may directly file tax returns or submit the reports on the taxes withheld and remitted or collected and remitted with the taxation authorities, or may adopt other methods of filing such as mail or data telecommunication to file the tax returns or submit the above-mentioned reports in accordance with the provisions.

Article 27 — Where a taxpayer or withholding agent is unable to file a tax return or submit the report on taxes withheld and remitted or collected and remitted within the prescribed time limit, it may, within the prescribed time limit, apply to the taxation authorities for an extension. Where, upon verification by the taxation authorities, the taxpayer or withholding agent is approved to postpone the filing, it shall, within the tax payment period determined by the taxation authorities, prepay the tax based on the tax amount paid in the previous period or the tax amount verified by the taxation authorities, and settle the tax within the approved extension period.

Chapter III — Tax Collection

Article 28 — The taxation authorities shall collect taxes in accordance with the provisions of the law or administrative regulations, and shall not collect, cease to collect, over-collect, or under-collect taxes in violation of the provisions of the law or administrative regulations. The collection of agricultural tax, animal husbandry tax, cultivated land use tax, and deed tax shall be governed by the relevant provisions of the law or administrative regulations. No entity or individual may apportion or collect taxes in violation of the law.

Article 29 — Withholding agents shall, in accordance with the provisions of the law or administrative regulations, perform the obligation of withholding and remitting taxes or collecting and remitting taxes. The taxation authorities shall not require entities or individuals that are not legally obligated to withhold and remit taxes or collect and remit taxes to withhold and remit taxes or collect and remit taxes. When withholding agents perform their obligations in accordance with the law, taxpayers shall not refuse. Where taxpayers refuse, the withholding agents shall promptly report the same to the taxation authorities for handling. The taxation authorities shall, in accordance with the provisions, pay a handling fee to the withholding agents.

Article 30 — Taxpayers and withholding agents shall, in accordance with the time limit prescribed by the law or administrative regulations, or as determined by the taxation authorities in accordance with the provisions of the law or administrative regulations, pay or remit taxes. Where a taxpayer is unable to pay the tax on time due to special difficulties, it may, with the approval of the taxation bureau of the province, autonomous region, or municipality directly under the Central Government, postpone the payment of tax, but the maximum postponement period shall not exceed three months.

Article 31 — Where a taxpayer fails to pay tax within the prescribed time limit, or a withholding agent fails to remit tax within the prescribed time limit, the taxation authorities shall, in addition to ordering it to pay the tax within the prescribed time limit, impose a late payment surcharge of 0.05 percent of the overdue tax amount per day from the date on which the tax payment is overdue.

Article 32 — Where a taxpayer falls under any of the following circumstances, the taxation authorities shall have the right to determine its tax payable: (1) it is not required to set up account books in accordance with the provisions of the law or administrative regulations; (2) it is required to set up account books in accordance with the provisions of the law or administrative regulations, but has not done so; (3) it destroys account books without authorization or refuses to provide tax-related information; (4) though it has set up account books, its accounts are chaotic or its cost information, income vouchers, or expense vouchers are incomplete, making it difficult to check the accounts; (5) where a tax obligation arises, it fails to file a tax return within the prescribed time limit, and, after being ordered by the taxation authorities to file within a time limit, still fails to file within the time limit; or (6) the basis for calculating tax declared by the taxpayer is obviously on the low side and without justifiable reasons. When the taxation authorities determine the tax

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payable, they shall determine it by referring to the taxpayer's situation of the same industry or similar industry and the tax burden level.

Article 33 — Enterprises or branches of enterprises or places of business engaged in production or business operations established by enterprises in other places, and individual industrial and commercial households engaged in production or business operations shall, in accordance with the relevant provisions of the state, accept the inspections of the taxation authorities and truthfully report the situation to the taxation authorities when they are to be deregistered from their tax registration due to dissolution, dissolution, bankruptcy, or other reasons.

Article 34 — The taxation authorities shall, when collecting taxes, issue tax payment certificates to taxpayers. When withholding agents withhold and remit taxes or collect and remit taxes, they shall, upon the request of taxpayers, issue certificates of tax withholding and remittance or tax collection and remittance to taxpayers.

Article 35 — Where the taxation authorities discover that a taxpayer has failed to pay tax that should have been paid, they shall have the right to recover the tax from the taxpayer within three years; under special circumstances, the recovery period may be extended to five years. Where the taxpayer or withholding agent has failed to pay or underpaid tax due to a calculation error or other mistake, the taxation authorities may recover the tax and the late payment surcharge within three years; under special circumstances, the recovery period may be extended to five years. Where the taxpayer or withholding agent has failed to pay or underpaid tax due to the fault of the taxation authorities, the taxation authorities may require the taxpayer or withholding agent to pay the tax make-up payment within three years, but shall not impose any late payment surcharge. Where the tax underpayment is caused by tax evasion, tax resistance, or tax fraud, the taxation authorities shall recover the tax that has not been paid or is underpaid, and the late payment surcharge or the tax that has been defrauded, without being limited by the time limit provided for in the preceding paragraph.

Article 36 — The taxation authorities may, in accordance with the law, inquire about the deposit accounts of the taxpayers engaged in production or business operations and the withholding agents with the banks or other financial institutions. When the staff members of the taxation authorities inquire about the deposit accounts of taxpayers engaged in production or business operations and withholding agents, they shall, upon approval by the director of the taxation bureau at or above the county level, present the nationally uniform permit for inspection of deposit accounts. The taxation authorities shall have the right to inquire about the savings deposits of individual taxpayers when investigating cases of tax violations. The taxation authorities shall keep confidential the information obtained from the inquiry.

Article 37 — Where a taxpayer engaged in production or business operations or a taxpayer temporarily engaged in business operations fails to go through the tax registration formalities to engage in production or business operations in accordance with the provisions, the taxation authorities shall determine its tax payable and order it to pay the tax; where it fails to pay the tax, the taxation authorities may seize its commodities or goods of a value equivalent to the tax payable and sell them in accordance with the law, using the proceeds from the sale to offset the tax.

Article 38 — Where the taxation authorities have grounds to believe that a taxpayer engaged in production or business operations has committed an act of tax evasion, they may, before the prescribed time limit for tax payment, order the taxpayer to pay the tax payable within the prescribed time limit; where, in the course of the time limit, there is obvious evidence that the taxpayer has transferred or concealed its taxable commodities, goods, and other property or its taxable income, the taxation authorities may order the taxpayer to provide a tax payment guarantee. Where the taxpayer is unable to provide a tax payment guarantee, the taxation authorities may, upon approval by the director of the taxation bureau (or sub-bureau) at or above the county level, notify in writing the bank or other financial institution where the taxpayer has opened an account to freeze the taxpayer's deposits of an amount equivalent to the tax payable, or seize or

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seal up the taxpayer's property of a value equivalent to the tax payable. Where the taxpayer fails to pay the tax within the time limit prescribed in the preceding paragraph, the taxation authorities may, upon approval by the director of the taxation bureau (or sub-bureau) at or above the county level, notify in writing the bank or other financial institution where the taxpayer has opened an account to deduct the tax from the frozen deposits, or sell the seized or sealed-up property in accordance with the law, using the proceeds from the sale to offset the tax. Where the individual and his or her dependents' necessary living necessities are involved, the tax preservation measures provided for in the preceding paragraph shall not be applied.

Article 39 — Where a taxpayer fails to pay the tax within the prescribed time limit and the taxation authorities order it to pay the tax within a time limit, and it still fails to pay the tax within the time limit, the taxation authorities may, upon approval by the director of the taxation bureau (or sub-bureau) at or above the county level, adopt the following compulsory enforcement measures: (1) notify in writing the bank or other financial institution where the taxpayer has opened an account to deduct the tax from its deposits; or (2) seize, seal up, or sell in accordance with the law the taxpayer's commodities, goods, or other property of a value equivalent to the tax payable, using the proceeds from the sale to offset the tax. When the taxation authorities adopt compulsory enforcement measures, they shall also impose the late payment surcharge that has not been paid by the taxpayer provided for in the preceding paragraph on the taxpayer. Where the individual and his or her dependents' necessary living necessities are involved, the compulsory enforcement measures provided for in the preceding paragraph shall not be applied.

Article 40 — The tax preservation measures and compulsory enforcement measures provided for in Articles 38 and 40 of this Law shall not be taken by any entity or individual other than the statutory taxation authorities.

Article 41 — Where a taxpayer has tax payable that is due but fails to pay it, and at the same time, the taxpayer also has debts payable to others, and the taxpayer assigns property at an obviously unreasonable low price, thus causing damage to the state tax revenue, the taxation authorities may, in accordance with the provisions of the Contract Law of the People's Republic of China, exercise the right of subrogation or the right of revocation. Where the taxation authorities exercise the right of subrogation or the right of revocation in accordance with the provisions of the preceding paragraph, the taxpayer's obligation to pay the tax that is due shall not be exempted.

Article 42 — Where a taxpayer pays more tax than it is required to pay, the taxation authorities shall refund the overpaid tax immediately upon discovery; where the taxpayer discovers the overpayment within three years from the date of paying the tax, it may request the taxation authorities to refund the overpaid tax plus interest calculated at the bank deposit interest rate for the same period, and the taxation authorities shall immediately refund the tax after investigation and verification; where the overpayment involves the refund of the tax from the state treasury, such refund shall be governed by the provisions of the laws and administrative regulations on the administration of the state treasury.

Article 43 — Where the taxation authorities adopt tax preservation measures or compulsory enforcement measures, they shall act within the scope of their statutory authority. Where a taxation authority abuses its power and illegally adopts tax preservation measures or compulsory enforcement measures, or the measures adopted are improper, causing losses to the lawful rights and interests of a taxpayer, withholding agent, or tax payment guarantor, it shall be liable for compensation in accordance with the law.

Article 44 — Where a taxpayer that owes tax or its legal representative needs to leave the country, it shall settle the tax payable and the late payment surcharge with the taxation authorities before leaving the country, or provide a guarantee. Where the taxpayer fails to settle the tax payable and the late payment surcharge and does not provide a guarantee, the taxation authorities may notify the exit administration authority to prevent the taxpayer from leaving the country.

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Article 45 — Tax collection shall take precedence over unsecured claims, except as otherwise provided for by law. Where a taxpayer's tax arrears occurred before the taxpayer's property was mortgaged or pledged, or before the taxpayer's property was seized, the tax shall be collected before the enforcement of the mortgage right, the pledge right, or the seizure right. Where a taxpayer has tax arrears and is also subject to an administrative fine decision that confiscates its illegal gains, the tax collection shall take precedence over the fine and confiscation of illegal gains. The taxation authorities shall make a public announcement of the taxpayer's tax arrears.

Article 46 — Where a taxpayer with tax arrears creates a mortgage or pledge on its property, it shall explain to the mortgagee or pledgee the situation regarding its tax arrears; the mortgagee or pledgee may request the taxation authorities to provide the relevant information on the tax arrears.

Article 47 — When a taxation authority seizes commodities, goods, or other property, it shall issue a receipt for the seized property; when it seals up commodities, goods, or other property, it shall issue a list of the sealed-up property.

Article 48 — Where a taxpayer is merged or divided, it shall report the same to the taxation authorities and settle the tax payable in accordance with the law. Where a taxpayer fails to settle the tax payable at the time of merger, the taxpayer surviving the merger or the newly established taxpayer shall continue to fulfill the unfulfilled tax obligation; where a taxpayer fails to settle the tax payable at the time of division, the taxpayers after the division shall bear joint and several liability for the unfulfilled tax obligation.

Article 49 — Where a taxpayer owes a relatively large amount of tax payable, it shall report to the taxation authorities the disposal of large amounts of its property before the disposal.

Chapter IV — Tax Inspections

Article 50 — The taxation authorities shall have the right to conduct the following tax inspections: (1) inspecting the account books, accounting vouchers, tax returns, and relevant information of a taxpayer; inspecting the account books, accounting vouchers, and relevant information of a withholding agent on the taxes withheld and remitted or collected and remitted; (2) inspecting the taxable commodities, goods, or other property of a taxpayer at the taxpayer's place of production or business operations and the place where the goods are stored; inspecting the business operation situation of a withholding agent relating to the withholding and remittance of taxes or collection and remittance of taxes; (3) ordering a taxpayer or withholding agent to provide documents, certification materials, and relevant information relating to tax payment or the withholding and remittance of taxes or collection and remittance of taxes; (4) making inquiries of a taxpayer or withholding agent about issues and circumstances relating to tax payment or the withholding and remittance of taxes or collection and remittance of taxes; (5) inspecting the vouchers, account books, and relevant information of a taxpayer relating to the consignment and transportation of taxable commodities, goods, or other property at railway stations, docks, airports, postal enterprises, and the branches thereof; and (6) inquiring about the deposit accounts of a taxpayer engaged in production or business operations and a withholding agent with a bank or other financial institution upon approval by the director of the taxation bureau (or sub-bureau) at or above the county level in accordance with the prescribed procedures. When the staff members of the taxation authorities conduct tax inspections, they shall present their tax inspection certificates and tax inspection notices, and keep the information of the person under inspection confidential; where no tax inspection certificate and tax inspection notice are presented, the person under inspection shall have the right to refuse the inspection.

Article 51 — Taxpayers and withholding agents shall accept the tax inspections conducted by the taxation authorities in accordance with the law, truthfully report the situation, and provide relevant information, and shall not refuse or conceal information. When the taxation authorities conduct inspections in accordance with the law, the relevant entities and individuals shall provide cooperation and assistance, and shall truthfully report to the taxation authorities the relevant information on the receipt of money and property by taxpayers

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and withholding agents and other tax-related information.

Article 52 — The taxation authorities shall have the right to investigate a taxpayer or withholding agent that has obtained a tax refund from the state treasury for which there is suspicion of fraud. For the purposes of investigating tax violations, the taxation authorities may, upon approval by the director of the taxation bureau (or sub-bureau) at or above the county level, inspect the relevant account books, accounting vouchers, tax returns, vouchers, account books, and other relevant information of a taxpayer or withholding agent, provided that such inspection is necessary for investigating the case of the taxpayer or withholding agent; they may record, videotape, photograph, and copy the information relating to the case.

Article 53 — The taxation authorities shall conduct tax inspections by selecting appropriate cases from the pool of tax inspection cases, and shall check the tax payment situation of taxpayers and withholding agents within the prescribed time limit. The tax inspection authorities shall report the results of the tax inspections to the tax collection authorities, and the tax collection authorities shall process the results of the inspections in accordance with the law. The taxation authorities shall conduct inspections of the tax payment situation of taxpayers and withholding agents, and shall keep confidential the information obtained from the inspections.

Article 54 — When the taxation authorities conduct inspections on the tax payment situation of taxpayers and withholding agents, they shall, upon approval by the director of the taxation bureau (or sub-bureau) at or above the county level, use the nationally uniform permits for inspection of deposit accounts when inquiring about the deposit accounts of the taxpayers engaged in production or business operations with the relevant banks or other financial institutions; when inquiring about the savings deposits of individual taxpayers involved in cases, such inquiries shall be subject to the approval of the director of the municipal (prefectural) or higher level taxation bureau. The taxation authorities shall keep confidential the information obtained from the inquiries about the deposit accounts and savings deposits provided for in the preceding paragraph.

Article 55 — Where the taxation authorities find that a taxpayer engaged in production or business operations has committed an act of tax evasion, and the taxpayer has transferred or concealed its taxable commodities, goods, and other property, or its taxable income, the taxation authorities may adopt tax preservation measures or compulsory enforcement measures in accordance with the prescribed approval authority.

Article 56 — Where a taxpayer or withholding agent shall provide but fails to provide tax payment guarantees, and the taxation authorities are unable to collect the overdue tax and the late payment surcharge after adopting compulsory enforcement measures provided for in Article 40 of this Law, the taxation authorities may notify the exit administration authority to prevent the legal representative of the taxpayer from leaving the country.

Article 57 — Where any discrepancy is found between the tax returns, invoices, account books, and vouchers, the taxation authorities may inspect the relevant information of the taxpayer's counterparties.

Chapter V — Legal Liability

Article 58 — Where a taxpayer commits any of the following acts, the taxation authorities shall order it to make corrections within a time limit and may impose a fine of not more than RMB 2,000; where the circumstances are serious, a fine of not less than RMB 2,000 but not more than RMB 10,000 may be imposed: (1) failing to apply for tax registration, change registration, or deregistration within the prescribed time limit; (2) failing to set up or keep account books or to keep accounting vouchers and relevant information in accordance with the provisions; or (3) failing to report its financial and accounting systems or its financial and accounting methods and its accounting software to the taxation authorities for filing in accordance with the provisions.

Article 59 — Where a withholding agent fails to set up or keep account books for the taxes withheld and remitted or collected and remitted in accordance with the provisions, or fails to keep the accounting vouchers

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and relevant information about the taxes withheld and remitted or collected and remitted in accordance with the provisions, the taxation authorities shall order it to make corrections within a time limit and may impose a fine of not more than RMB 2,000; where the circumstances are serious, a fine of not less than RMB 2,000 but not more than RMB 5,000 may be imposed.

Article 60 — Where a taxpayer fails to file a tax return and submit tax-related information within the prescribed time limit, or a withholding agent fails to submit the report on taxes withheld and remitted or collected and remitted and relevant information to the taxation authorities within the prescribed time limit, the taxation authorities shall order it to make corrections within a time limit and may impose a fine of not more than RMB 2,000; where the circumstances are serious, a fine of not less than RMB 2,000 but not more than RMB 10,000 may be imposed.

Article 61 — Where a taxpayer forges, alters, conceals, or destroys account books or accounting vouchers without authorization, or sets up multiple accounts or fails to truthfully file tax returns, and the act constitutes tax evasion, the taxation authorities shall recover the tax that has not been paid or is underpaid and the late payment surcharge, and shall impose a fine of not less than 50 percent but not more than five times the amount of the tax that has not been paid or is underpaid; where a crime is constituted, criminal liability shall be pursued in accordance with the law. Where a withholding agent fails to pay or underpays the tax it has withheld or collected by forging, altering, concealing, or destroying account books or accounting vouchers without authorization, or setting up multiple accounts or making falsified entries in account books or making false expense claims without justifiable reasons, the taxation authorities shall recover the tax that has not been paid or is underpaid and the late payment surcharge, and shall impose a fine of not less than 50 percent but not more than five times the amount of the tax that has not been paid or is underpaid; where a crime is constituted, criminal liability shall be pursued in accordance with the law.

Article 62 — Where a taxpayer fails to pay the tax payable within the prescribed time limit and transfers or conceals its property after the taxation authorities order it to pay the tax within a time limit, thus causing the taxation authorities to be unable to recover the tax that has not been paid or is underpaid and the late payment surcharge, the taxation authorities shall recover the tax that has not been paid or is underpaid and the late payment surcharge, and shall impose a fine of not less than 50 percent but not more than five times the amount of the tax that has not been paid or is underpaid; where a crime is constituted, criminal liability shall be pursued in accordance with the law.

Article 63 — Where a taxpayer or withholding agent fails to pay or underpays the tax payable within the prescribed time limit, the taxation authorities shall order it to pay the tax within a time limit; where it fails to pay the tax within the time limit, the taxation authorities may, in addition to adopting compulsory enforcement measures provided for in Article 40 of this Law to recover the tax that has not been paid or is underpaid, impose a fine of not less than 50 percent but not more than five times the amount of the tax that has not been paid or is underpaid.

Article 64 — Where a withholding agent fails to fulfill its withholding or collecting obligation, the taxation authorities shall recover the tax from the taxpayer and impose a fine of not less than 50 percent but not more than five times the amount of the tax that should have been withheld or collected but has not been withheld or collected on the withholding agent.

Article 65 — Where a taxpayer or withholding agent evades, refuses, or obstructs the taxation authorities' inspections by any means, the taxation authorities shall order it to make corrections and may impose a fine of not more than RMB 10,000; where the circumstances are serious, a fine of not less than RMB 10,000 but not more than RMB 50,000 may be imposed.

Article 66 — Where an entity or individual, in violation of the provisions of the law or administrative regulations, prints invoices without authorization or forges or alters invoices, the taxation authorities shall destroy the illegally printed or forged or altered invoices, confiscate the illegal gains and the tools used in the

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illegal activities, and impose a fine of not less than RMB 10,000 but not more than RMB 50,000; where a crime is constituted, criminal liability shall be pursued in accordance with the law.

Article 67 — Where a taxpayer or withholding agent illegally provides its bank accounts, invoices, certifications, or other conveniences, resulting in the failure to pay, underpayment, or defrauding of the state tax, the taxation authorities shall, in addition to confiscating its illegal gains, impose a fine of not more than the amount of the tax that has not been paid, is underpaid, or has been defrauded.

Article 68 — Where a bank or other financial institution refuses to accept the inspection of a taxpayer's or withholding agent's deposit accounts by the taxation authorities in accordance with the law, or refuses to implement the decision made by the taxation authorities to freeze deposits or deduct tax, or, after receiving the written notice from the taxation authorities, assists the taxpayer or withholding agent in transferring deposits, thus causing a loss of tax revenue, the taxation authorities shall impose a fine of not less than RMB 100,000 but not more than RMB 500,000, and shall impose a fine of not less than RMB 1,000 but not more than RMB 10,000 on the directly responsible person in charge and other directly responsible persons.

Article 69 — The administrative penalties provided for in this Law shall be decided by the taxation bureaus at or above the county level; the fines of not more than RMB 2,000 as provided for in the administrative penalties may be decided by the taxation offices.

Article 70 — The taxation authorities and the staff members of the taxation authorities shall transfer the cases of tax violations that constitute crimes to the judicial authorities for criminal liability to be pursued in accordance with the law; where they fail to transfer the cases, sanctions shall be imposed on the directly responsible person in charge and other directly responsible persons in accordance with the law.

Article 71 — Where the taxation authorities and the staff members of the taxation authorities illegally collect or cease to collect taxes, or over-collect or under-collect taxes, the taxation authorities at a higher level or the administrative supervision authority shall recover the over-collected or under-collected taxes and order them to make corrections, and sanctions shall be imposed on the directly responsible person in charge and other directly responsible persons in accordance with the law; where a crime is constituted, criminal liability shall be pursued in accordance with the law.

Article 72 — Where a staff member of the taxation authorities, by taking advantage of his or her position, accepts or demands bribes from a taxpayer or withholding agent, engages in malpractice for personal gain, or neglects his or her duties, resulting in the failure to collect or under-collection of tax payable, thus causing heavy losses to the state tax revenue, he or she shall be subject to sanctions or criminal liability in accordance with the law.

Article 73 — Where any act violates the provisions of the law or administrative regulations by making a decision on the commencement or cessation of tax collection, tax reductions, tax exemptions, tax refunds, tax make-up payments, or other decisions inconsistent with the taxation laws or administrative regulations, in addition to revoking such decisions in accordance with the provisions of this Law and recovering the tax payable, the taxation authorities at a higher level shall recover the tax that should have been paid, and sanctions shall be imposed on the directly responsible person in charge and other directly responsible persons in accordance with the law; where a crime is constituted, criminal liability shall be pursued in accordance with the law.

Chapter VI — Supplementary Provisions

Article 74 — Where a taxpayer or withholding agent may, in accordance with the provisions of the law or administrative regulations, entrust a tax agent to handle tax matters on its behalf.

Article 75 — The collection and administration of customs duties and the taxes collected by the customs on behalf of the taxation authorities shall be governed by the provisions of the law or administrative regulations.

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Article 76 — Where the provisions of a tax treaty concluded between the People's Republic of China and a foreign country are different from the provisions of this Law, the provisions of the tax treaty shall prevail.

Article 77 — The provisions of this Law shall apply to the collection and administration of the taxes collected by the taxation authorities before the implementation of this Law where there are no specific provisions; the specific measures shall be formulated by the State Council.

Article 78 — The State Council shall formulate detailed implementation rules for this Law in accordance with this Law.

Article 79 — This Law shall come into force as of May 1, 2001. The Law of the People's Republic of China on the Administration of Tax Collection, adopted at the 27th Session of the Standing Committee of the Seventh National People's Congress on September 4, 1992, shall be repealed simultaneously.

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