Regulations on the Implementation of the Tax Collection Administration Law of the PRC

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Unofficial English translation prepared for reference only. The official Chinese text prevails.

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Chapter I — General Provisions

Article 1: These Detailed Rules are formulated in accordance with the Law of the People’s Republic of China on the Administration of Tax Collection.

Article 2: The term “taxpayers” as used in the Tax Collection Administration Law and these Detailed Rules refers to entities and individuals obligated to pay tax as prescribed by laws and administrative regulations. The term “withholding agents” refers to entities and individuals obligated to withhold or collect tax payments as prescribed by laws and administrative regulations.

Article 3: The State Administration of Taxation shall be responsible for the administration of tax collection nationwide. The national tax bureaus and local tax bureaus established at all levels shall, based on their

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respective division of duties, be responsible for the administration of tax collection within their respective jurisdictions.

Article 4: Local people's governments at all levels and their relevant departments and entities shall actively support the tax authorities in performing their duties in accordance with the law.

Article 5: The State Administration of Taxation shall be responsible for formulating national taxation informatization plans, establishing and improving the taxation management information system, and promoting the modernization of tax collection administration.

Chapter II — Tax Registration

Article 6: Taxpayers engaged in production or business operations shall, within 30 days from the date of obtaining a business license, apply to the competent tax authority for tax registration by presenting relevant documents and materials. The tax authority shall, within 30 days from the date of receiving the application, complete the review and issue a tax registration certificate.

Article 7: Where the contents of a tax registration certificate change, the taxpayer shall, within 30 days from the date of completing the change registration with the administrative authority for industry and commerce or from the date of the change, apply to the competent tax authority for change of tax registration by presenting relevant documents.

Article 8: Where a taxpayer ceases production or business operations due to dissolution, bankruptcy, revocation, or other reasons, it shall, within 15 days from completing the deregistration with the administrative authority for industry and commerce, apply to the competent tax authority for cancellation of tax registration.

Article 9: Tax authorities shall implement a joint tax registration system for national tax and local tax purposes. One tax registration certificate shall serve for both national and local tax purposes, allowing information sharing between national and local tax authorities.

Article 10: Taxpayers shall use their tax registration certificates in accordance with relevant State regulations. No entity or individual may alter, lend, lease, or transfer a tax registration certificate. Where a tax registration certificate is lost, the taxpayer shall report the loss in a newspaper within 15 days and apply for a replacement.

Chapter III — Account Books and Vouchers

Article 11: Taxpayers and withholding agents shall establish account books in accordance with State regulations and keep accounts based on lawful and valid vouchers. Where taxpayers are unable to establish account books or are not required to do so, the tax authorities may assess the tax payable based on prescribed methods.

Article 12: Taxpayers engaged in production or business operations shall, within 15 days from the date of obtaining a business license or becoming obligated to pay tax, establish account books in accordance with relevant State regulations. The account books include general ledgers, subsidiary ledgers, journals, and other auxiliary account books.

Article 13: Taxpayers and withholding agents shall keep account books, accounting vouchers, tax payment vouchers, and other relevant materials for a period prescribed by the State Council's fiscal and taxation authorities, which shall not be less than 10 years unless otherwise provided by laws or administrative regulations.

Article 14: Taxpayers using computers for accounting shall, before using the computerized accounting software, submit the software and relevant user manuals to the competent tax authority for record-filing. The computerized accounting system shall comply with relevant State regulations and be capable of correctly

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and completely recording income, expenses, and costs.

Chapter IV — Tax Declaration

Article 15: Taxpayers shall truthfully file tax returns, submit tax declaration forms, financial and accounting statements, and other materials required by the tax authority based on actual circumstances in accordance with the law. Withholding agents shall truthfully submit withholding or tax collection report forms and other relevant materials.

Article 16: Where a taxpayer is unable to file tax returns within the prescribed time limit due to special difficulties, it may apply for an extension with the approval of the tax authority. The extension for filing tax returns shall generally not exceed three months.

Article 17: Taxpayers and withholding agents may file tax returns and submit relevant materials by mail, electronic data transmission, or other means. Where tax returns are filed by mail, the postmark date shall be the actual filing date.

Article 18: Where taxpayers have no taxable income or tax payable during a tax period, they shall file tax returns in accordance with relevant State regulations. Taxpayers enjoying tax reductions or exemptions shall file tax returns during the reduction or exemption period in accordance with regulations.

Chapter V — Tax Collection

Article 19: Tax authorities shall collect tax in accordance with the law and shall not collect tax in violation of laws or administrative regulations, including levying tax before the tax obligation arises, collecting tax in excess, or collecting tax in advance. Taxpayers and withholding agents shall pay or remit tax in accordance with the law.

Article 20: Where a taxpayer has special difficulties and is unable to pay tax on time, it may apply to the tax authority for a deferral of tax payment. The deferral period shall not exceed three months. No interest shall accrue on deferred tax payments during the approved deferral period.

Article 21: Tax authorities may, based on the needs of tax collection, lawfully inquire about a taxpayer’s deposit account information from financial institutions. When tax authorities inquire about a taxpayer’s deposit accounts, they shall present a nationally uniform permit for inspection of deposit accounts.

Article 22: Where a taxpayer fails to pay tax within the prescribed time limit and a withholding agent fails to remit tax within the prescribed time limit, the tax authority shall order payment within a prescribed time limit and impose a late payment surcharge of 0.05% of the overdue tax amount per day from the date of default.

Article 23: Where a taxpayer engaged in production or business operations or a withholding agent fails to pay or remit tax within the prescribed time limit and still fails to pay after being ordered to do so, the tax authority may, with the approval of the director of the tax bureau at or above the county level, take the following enforcement measures: (1) notify the bank or other financial institution in writing to withhold the tax from its deposits; (2) seize, seal up, auction, or sell commodities, goods, or other property to the extent equivalent to the tax payable.

Article 24: Tax authorities shall strictly implement tax reduction and exemption policies in accordance with State regulations. Where a taxpayer’s circumstances change and it no longer meets the conditions for tax reduction or exemption, it shall report to the tax authority and resume tax payment in accordance with regulations.

Chapter VI — Tax Inspection

Article 25: When conducting tax inspections, tax authorities shall produce tax inspection permits and tax inspection notices and shall inform the taxpayer or withholding agent of the scope and matters of inspection.

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Tax inspectors shall recuse themselves from cases in which they have a direct interest.

Article 26: When conducting tax inspections, tax authorities shall have the authority to: (1) inspect a taxpayer's account books, accounting vouchers, statements, and relevant materials; (2) inspect a taxpayer's commodities and goods at its production or business premises and storage sites; (3) order a taxpayer to provide documents, certification materials, and other relevant materials; (4) inquire of a taxpayer about issues and circumstances related to tax payment; and (5) inspect stations, docks, airports, postal enterprises, and their branches where a taxpayer ships or mails taxable commodities, goods, or other property.

Article 27: When tax authorities lawfully conduct tax inspections, the taxpayer or withholding agent shall accept the inspection and truthfully report the situation and provide relevant materials. No refusal or obstruction is allowed.

Article 28: Where a tax authority discovers during a tax inspection that a taxpayer has committed tax evasion, tax fraud, or other violations, it shall recover the tax, impose late payment surcharges, and impose administrative penalties in accordance with the law. Where the case constitutes a crime, it shall be transferred to the judicial authorities.

Chapter VII — Legal Liability

Article 29: Where a taxpayer fails to apply for tax registration, change of registration, or cancellation of registration within the prescribed time limit, the tax authority shall order it to make corrections within a prescribed time limit and may impose a fine of not more than 2,000 yuan; where the circumstances are serious, a fine of not less than 2,000 yuan but not more than 10,000 yuan may be imposed.

Article 30: Where a taxpayer fails to establish or keep account books or fails to keep accounting vouchers and other relevant materials in accordance with regulations, the tax authority shall order it to make corrections within a prescribed time limit and may impose a fine of not more than 2,000 yuan; where the circumstances are serious, a fine of not less than 2,000 yuan but not more than 10,000 yuan may be imposed.

Article 31: Where a taxpayer fails to file tax returns and submit tax-related materials within the prescribed time limit, or a withholding agent fails to submit withholding or tax collection report forms within the prescribed time limit, the tax authority shall order it to make corrections within a prescribed time limit and may impose a fine of not more than 2,000 yuan; where the circumstances are serious, a fine of not less than 2,000 yuan but not more than 10,000 yuan may be imposed.

Article 32: Where a taxpayer evades tax by forging, altering, concealing, or destroying account books or accounting vouchers without authorization, or overstating expenditures or understating or failing to report income, or refusing to file tax returns, the tax authority shall recover the tax not paid or underpaid, impose late payment surcharges, and impose a fine of not less than 50% but not more than five times the tax not paid or underpaid. Where the case constitutes a crime, criminal liability shall be pursued.

Article 33: Where a withholding agent fails to withhold or collect tax that should have been withheld or collected, the tax authority shall recover the tax from the taxpayer and impose a fine on the withholding agent of not less than 50% but not more than three times the tax that should have been withheld or collected.

Article 34: Where a taxpayer or withholding agent refuses to pay tax by means of transferring or concealing property, the tax authority may recover the tax, impose late payment surcharges, and impose a fine of not less than 50% but not more than five times the tax refused to be paid. Where the case constitutes a crime, criminal liability shall be pursued.

Chapter VIII — Supplementary Provisions

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Article 35: The State Administration of Taxation shall be responsible for the interpretation of these Detailed Rules.

Article 36: These Detailed Rules shall enter into force as of the date of promulgation.

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