

Blueprint of China's Tax Collection and Administration Reform ('Reform Plan')

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Overview of the Reform Plan

Background

- **Address some practical issues in the prevailing tax sharing system established since 1994**
- **Build up a modern tax collection and administration system by 2020**

Six main tasks

1. Streamline roles and responsibilities of SAT and LTB

2. Innovate tax services

3. Reform collection and administration mode

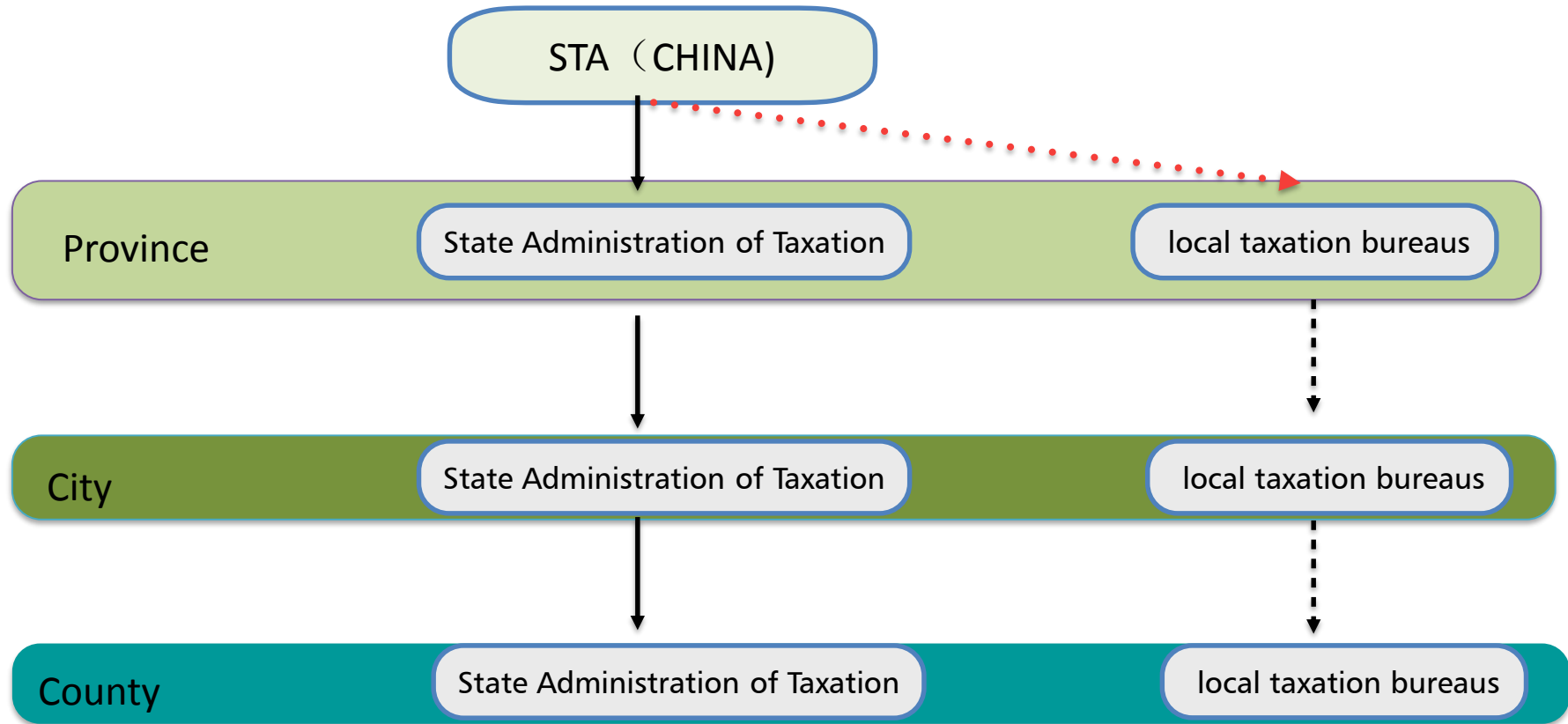
4. Participate in international tax cooperation

5. Optimise internal organisation of tax authorities

6. Improve cross-departments cooperation

1. Institutional Framework

□ Basic Institutional Framework



Highlights of the Reform Plan (1/6)

Streamline roles and responsibilities of SAT and LTB

Principle set out in the Reform Plan

- **Central tax:** SAT
- **Local tax:** LTB
- **Shared tax:** depending on the nature and administration of the taxes

Observations

What to expect?

- B2V
- Consumption Tax
- Environmental Protection Tax
- ...



Highlights of the Reform Plan (2/6)

Reform collection and administration mode

- 1 • Tax risk-based administration mechanism on different categories of taxpayers
- 2 • For large businesses: centralised administration and customised services
- 3 • Deepen tax audit reform
- 4 • Develop a tax collection and administration system for natural persons
- 5 • Leverage big data in tax administration

Highlights of the Reform Plan (3/6)

VAT invoicing and system transformation

VAT E-invoice

In progress: General VAT E-invoice

- Since late 2013: pilot run of general VAT E-invoice in Shanghai, Beijing, Tianjin, Zhejiang, Shenzhen, etc.
- From 2016: all qualified VAT taxpayers allowed to issue general VAT E-invoices, esp. e-commerce, telecom, express delivery
- By the 1st half of 2016: issue general VAT E-invoice on mobile devices

Future...

VAT System

In progress: VAT System Upgrade

- 2015: upgrade VAT invoice system nationwide
- From 2016 Mar: Grade A taxpayer no need to scan VAT invoices to claim VAT-input
- By the 1st half of 2016: promote VAT invoice validation system
- By the end of 2016: on-line invoicing for **all invoices**

Future...



Highlights of the Reform Plan (4/6)

Innovative tax services and taxpayer credit system

Better tax services

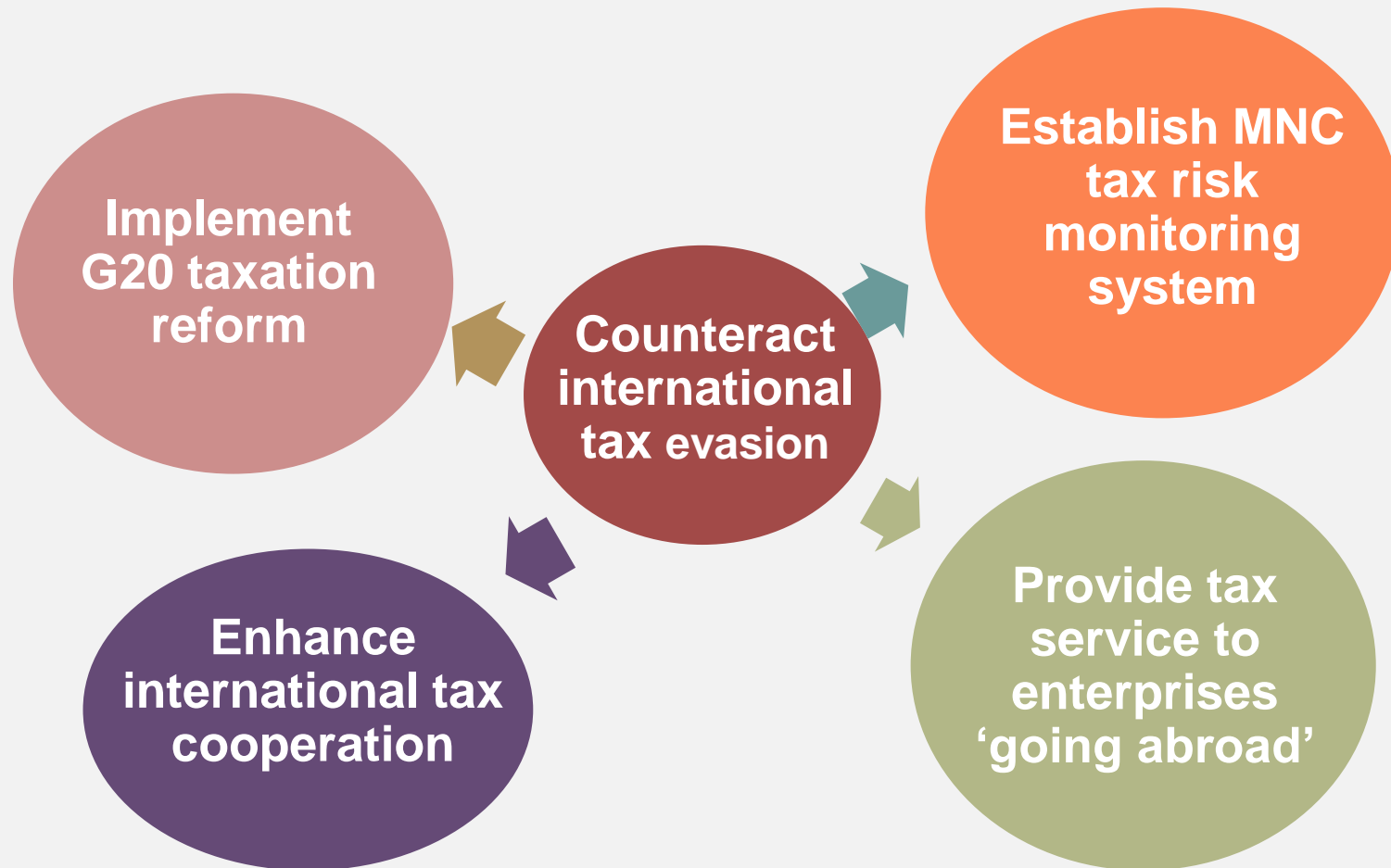
- 12366 Shanghai International Tax Service Centre
- Tax services to support Beijing-Tianjin-Hebei Area and Yangtze River Economic Zone
- QR code to access to tax-related information
- 24 hour Self-tax service, etc.

Taxpayer credit system

- Taxpayers with good credit : facilitated tax and financial services
- Taxpayers 'blacklisted': stringent administration

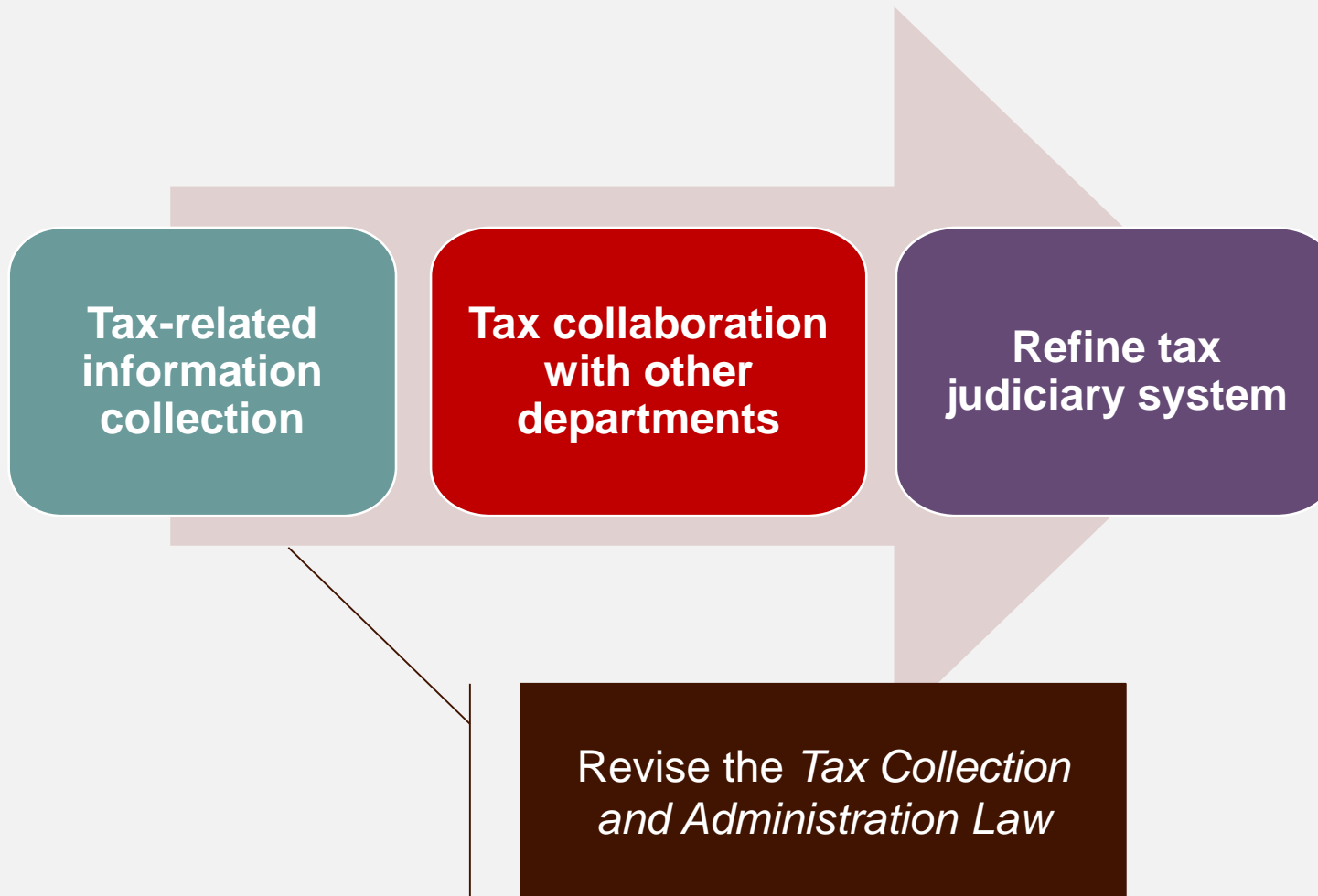
Highlights of the Reform Plan (5/6)

International tax collaboration

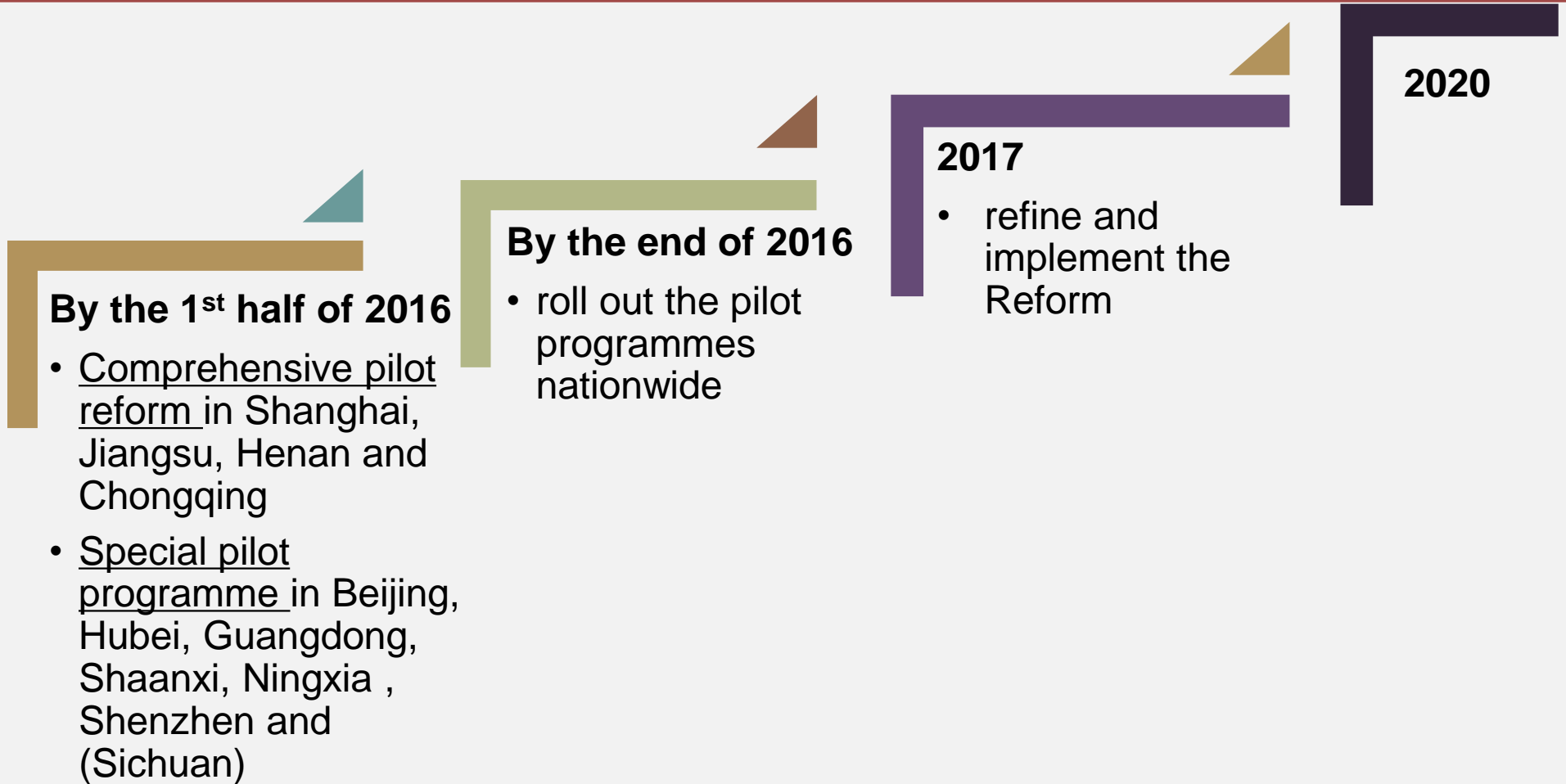


Highlights of the Reform Plan (6/6)

Improve cross-departments cooperation



Timetable of the Reform Plan



END

THANKS

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