

Thinking on Modern management of taxation system

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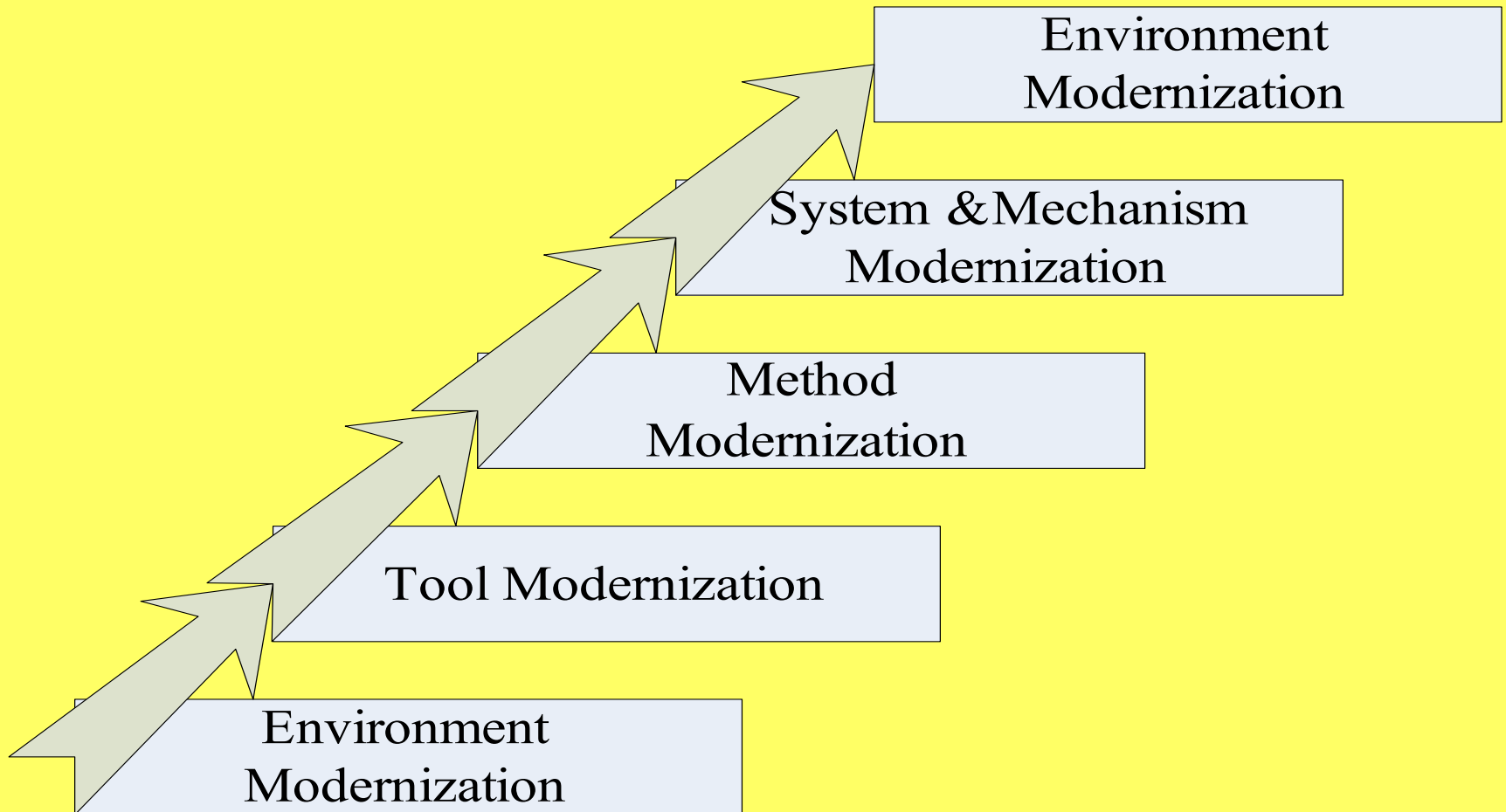
State Administration of Taxation, China

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How to manage effectively today?

- Taxation management includes:
- Internal management in taxation authorities
- Taxpayers and tax sources management

A cyclic and progressive process



Environment Modernization

- Social environment
- Legal environment
- Economic environment
- People's living environment
- Business management level
- Technologies used universally

China's environment

- An information-based era
- Good IT infrastructure
- E-commerce & e-government
- Internet has been popularized

Tool Modernization

- Two categories: universal tools and tax collection tools
- Universal tools: IT, public infrastructure, CA, application software etc.
- Tax collection tools:
 - Taxpayer's bank accounts, credit cards
 - Uniform business vouchers

Tax Collection Tools

- Bank A/Cs, credit cards: no technical barriers at all but not authorized by the law
- Invoices:
 - Electronic invoice
 - Tax control invoice
 - Invoice certification
 - Crosscheck & comparison

Attempts in invoices issuing

- The anti-fake tax control is introduced to monitor the issue and application of special VAT invoice
- The tax control POS machine are popularized to issue common invoices
- Golden Tax Project 1-2
- Online real time invoicing in future

Golden Tax Project

- GTP1: 1994-1999, to control VAT invoices
- GTP2: 1999-2002, to control VAT invoices by crosschecking and comparison
- CTAIS: 1994-present, China tax administration information system, has covered 29 provinces except Tibet, Shanghai, Taiwan, Hong Kong, Macau
- GTP3: RMB 8 billion in next 4 years

Method Modernization

- To improve quality and efficiency
- Scientific and meticulous management (by Director Xie Xuren)
- Tax forecast and plan
- Economic models to simulate the economic operation of specific enterprise
- Classify the tax sources, control the important taxpayers including suspects

Application Case

- We change the function structure into the business flow structure in CTAIS.
- Change management is introduced as a normal demand in the software design.
- Pay 80% energy of us to supervise those 30% taxpayers with low compliance.
- Improve our service for those 70% good taxpayers.

Management Philosophies

- Taxpayers as rational economic persons
- Taxpayers as customers
- Tax officers as customers in our business flows
- Business process reengineering based on informatization environment
- Modern management, Economics, game theory, information theory, operation theory has introduced in taxation management in China

System Modernization

- Institutionalize the efficient management modes, experience and methods.
- Reorganize the taxation business by scientific methods.
- Establish the internal incentive and constraint mechanism.
- Raise the organization's adaptivity.

Conclusion

- It is an everlasting topic, but the key to successful modern management of tax is how to grasp the right opportunity and stage to solve the principal contradiction and primal problem at current stage so as to make preparation for the next stage.

Thanks!