

➤ **Q: What are tax guaranty measures? Under what circumstances may the tax department take tax guaranty measures?**

A: The tax guaranty measures are the administrative measures to ensure the complete payment of taxes in case that the tax payable could not be paid for sure due to the taxpayers' conducts or some concrete reasons.

Where the competent tax department has grounds for deeming that a taxpayer intends to escape from tax payment obligation, the competent tax department may, prior to the prescribed date of the tax payment, order the taxpayer to pay the tax payable within the prescribed time limit. In the event that evidences show that the taxpayer is obviously going to transfer or conceal its taxable commodities, goods and other property or taxable income during the prescribed time limit, the competent tax department may order the taxpayer to provide a guaranty for tax payment (including the properties not in lien possessed by the tax guarantor and the taxpayer). If the taxpayer is unable to provide a guaranty for tax payment, the competent tax department may, upon approval of director of the tax department at or above county level, implement the following measures for retaining tax revenue;

- a. Deliver the letter of temporarily suspending payment of deposit to the banks or other financial institutions with which the taxpayer has opened an account. Upon receipt of the above letter, the relevant banks or financial institutions should freeze the taxpayer's deposits of an amount equivalent to the amount of tax payable. If the taxpayer has paid the tax due within the time limit, the competent tax department should send the letter of lifting the suspension of payment of deposit to the relevant banks or financial institutions, and cancel the tax guaranty measures of freezing the deposits.
- b. Impound or seal up the taxpayer's taxable commodities, goods or other property, the value of which is equivalent to the amount of tax payable. In taking this measure, there should be two or more tax officials together and the tax department should notify the taxpayers. Where the taxpayer is citizen, the citizen or his grown-up family member should be notified to be present. Where the taxpayer is legal person or other organization, the legal representative or the chief person should be notified to be present. Their absence shall not have any effect on the execution. In impounding the commodities, goods or other property, the tax department should issue receipt. In sealing up the commodities, goods or other property, the tax department should issue the detailed list.

In the event that the taxpayer makes the tax payments within the prescribed time limit after the tax department has taken the tax guaranty measures, the competent tax department must immediately lift the tax guaranty measures. Sound the taxpayer fails to make the tax payment at the expiration of the time limit, the competent tax department may, upon approval of director of the tax office at or above county level, notify in writing the banks or other financial

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institutions with which the taxpayer has opened an account of withholding and remitting the amount of tax out of the taxpayer's deposits frozen, or sell by auction or sales the commodities, goods or property which have been impounded and use the proceeds there from to make good the amount of tax payable.

The houses and items necessary for maintaining the life of individuals and for supporting the family members are not included in the scope of tax guaranty measures.

Where the payers of customs duties on imports and exports transfer, hide the dutiable goods and other property within the time limit for tax payment, the customs may order the payers to provide duty payment guaranty. If the payers could not be able to provide the guaranty, the customs may upon approval of the director of the customs directly under the state general administration of customs or the director of the customs authorized by the state general administration of customs, take the following duty guaranty measures;

- a. Notify in written form the duty payer's account bank or other financial institutions of freezing the duty payer's deposits of an amount equivalent to the amount of duty payable.
- b. Impound or seal up the duty payer's goods or other property, the value of which is equivalent to the amount of duty payable.

In the event that the duty payer makes the tax payments within the prescribed time limit, the customs must immediately lift the duty guaranty measures. Should the duty payer fails to make the duty payment at the expiration of the time limit, the customs may, upon approval of the director of the customs directly under the state general administration of customs or the director of the customs authorized by the state general administration of customs, notify in writing the banks or other financial institutions with which the duty payer has opened an account of withholding and remitting the amount of duty out of the duty payer's deposits frozen, or sell by auction or sales the goods or properties which have been impounded and use the proceeds therefore to make good the amount of duty payable.

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