

➤ **Q: How to deal with tax arrears?**

A: The tax department collects taxes, which are the first priority than the credits without guaranty except otherwise stipulated. Where the taxes owed by taxpayers occur prior to mortgage, pawn or lien of the property of the taxpayers, taxes should be prior to mortgage creditors, pawn creditors and lien creditors.

In case that the taxpayers owe taxes and at the same time are imposed fines and confiscation of illegal income by the administrative department, the taxes are prior to the fines and confiscation of illegal income.

The tax department should make public the information concerning the tax arrears.

When owing taxes, the taxpayers should explain to the mortgage creditors or the pawn creditors when making mortgage or pawn with their property. The mortgage creditors and the pawn creditors may request the tax department for providing the information on tax arrears.

In case of merging or split-up, the taxpayers should report to the tax department and clear up taxes by law. Where the taxpayers fail to clear up the taxes in case of split-up, the taxpayers after split-up should bear related responsibility for the obligation not performed.

The taxpayers with large amount tax arrears should report to the tax department before disposing their immovable property or assets of large value.

Where the taxpayers cause tax revenue losses to the state due to reluctance to perform their creditor right due, or giving up the creditor right, or transferring property free from charge or transferring property at a comparatively low price at the knowledge of the transferees, the tax department may exercise the authority of replacement or rescission. When the tax department exercise the above authority, the tax obligation and the legal responsibility shall remain existing.

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