

➤ **Q: What inspections does the tax department have the right to conduct?**

A: The tax department has the right to conduct the following tax inspections:

- a. Inspect a taxpayer's accounting books, supporting vouchers for the accounts, statements and the relevant information, inspect a withholding agent's accounting books, supporting vouchers for the accounts and the relevant information in respect of the amount of tax withheld and remitted or collected and remitted.
- b. Inspect a taxpayer's taxable commodities, goods or other property at the taxpayer's premises where production or business operations are conducted and places where goods are stored, inspect a withholding agent's operational conditions in respect of the withholding and remittance of tax or the collection and remittance of tax.
- c. Order a taxpayer or withholding agent to furnish documents, evidentiary materials and relevant information pertaining to the payment of tax or the amount of tax withheld and remitted or collected and remitted.
- d. Make inquiries of a taxpayer or withholding agent regarding the relevant issues and circumstances connected with the payment of tax or the amount of tax withheld and remitted or collected and remitted.
- e. Inspect supporting documents, vouchers and relevant information pertaining to the taxable commodities, goods or other property transported by consignment or sent by post by a taxpayer at railway stations, docks, airports, and/or enterprises engaged in postal services and the branches thereof
- f. After approval by director of the tax department at or above county level, the tax department may inspect the saving accounts that a taxpayer or a withholding agent has opened with banks or other financial institutions by presentation of a permit for the inspection of saving accounts which is of nationally unified form. In investigating the tax-related cases, the tax department may, upon approval by the tax offices at municipal level or above, inspect and inquire the saving deposits of the persons concerned with the cases. The materials obtained in the inspection and inquiry should not be used for other non-tax purposes.

In conducting the tax inspection, the tax official sent by the tax department should show the tax inspection card and the tax inspection notice (otherwise, the persons inspected have the right to refuse the inspection), and is responsible for confidentiality for the taxpayers inspected.

When finding any discrepancy between the tax registration and the actual condition of the taxpayers, the tax department may order the taxpayers to rectify it, and collect the tax according to the actual condition.

Where the tax department finds any behavior of the taxpayers of avoiding payment of taxes

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and the activities of transferring, hiding taxable commodities, goods and other property or taxable income when conducting tax inspections on the tax payment materials of the taxpayers engaged in production or business operation in previous years, the tax department may take tax guaranty measures or tax enforcement measures by law.

The taxpayers and withholding agents should accept the tax inspections by the tax department according to laws, make true disclosure and provide relevant materials, and should not refuse or conceal anything.

In course of tax inspection by the tax department according to laws, the tax department has the right to investigate the relevant units and individuals on the payment of taxes or the withholding or collecting of taxes by the taxpayers, withholding agents or other parties concerned. The relevant units and individuals have the obligation to truly provide relevant materials and evidential documents.



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