

Discussion on Tax Policy and Management from the Perspective of Internet Economy

Xiong Hui

School of Accounting, Dongying vocational institute, Dongying, Shandong, China

Keywords: Internet economy, Tax policy, Management, Discussion.

Abstract: With the rapid development of the Internet, China's economy has entered a new normal. In this context, various new business models relying on the Internet continue to emerge. However, the current Chinese tax policy and management system has not been followed up in a timely manner, resulting in chaotic tax management. The specific performance is that some of the online transaction tax objects are uncertain, and the tax authorities have difficulty controlling the tax source. The internet companies have frequent opportunistic behaviors, and the tax jurisdiction is unclear. In view of this, this article proposes countermeasures and suggestions for tax policy and management improvement under the current situation from the perspective of the Internet. It points out that relevant departments should optimize taxation policies, standardize collection standards, adopt platform withholding policies, prevent tax revenue loss, improve tax collection and management systems, and establish and improve corresponding measures.

1. Background of the study

1.1 Literature review

In 2015, the State Administration of Taxation officially issued the “Internet + Taxation Action Plan”, which aims to accelerate the modernization of the national tax system by leveraging Internet technology. Wang Lüde further pointed out that the “Internet +” tax governance capacity modernization is an important part of the modernization of state governance. In the new era, we must have advanced Internet thinking and actively introduce relevant technologies to improve tax governance (Wang, 2016). Xie Yizhe believes that the advent of the Internet era has brought about tremendous changes in human life and work, and the taxation department needs to adopt a new thinking to modernize taxation governance. On the basis of expounding the key points and difficulties of tax governance in the context of the Internet, Xie Yizhe further proposed new ideas for innovative tax collection and management initiatives (Xie, 2016). Wang Hongwei pointed out that the implementation of taxation modernization cannot be separated from advanced taxation. In the context of “Internet +”, tax reform not only needs to actively introduce new technologies, but also needs to cultivate the modernization of tax awareness. In this process, tax authorities need to use advanced technologies such as big data to improve the level of tax management, and at the same time formulate relevant specifications that are more realistic (2017). Zhang Bin pointed out that modern taxation policies should be dynamically optimized. The management is efficient, open and transparent, and has good coordination. In the process of modernizing the taxation system, it should be improved from five aspects: tax law formulation, taxation environmental governance, taxation management, taxation theory, and taxation system (Zhang, 2018). Gao Jinping and Li Zhe believe that with the rapid development of the Internet economy, current tax laws and regulations are difficult to adapt to actual needs, and it is imperative to formulate more reasonable tax policies and management strategies (Gao and Li, 2019).

1.2 Purpose of the study

With the continuous breakthrough of global network information technology, various new business models relying on the Internet continue to emerge. The new form of transaction puts higher demands on the level of tax administration. At the same time, the tax department

management environment has become more complicated. Overall, there is a clear disconnect between the current tax policy and the management system and the actual situation. For example, some Internet transactions are subject to uncertain taxation, some Internet companies have frequent opportunistic behaviors, and there are certain disputes about tax jurisdiction. In view of this, studying the problems of taxation policy and management from the perspective of Internet economy, analyzing the reasons behind it, and then proposing corresponding countermeasures and suggestions, is of great significance to the advancement of China's taxation system modernization process.

2. Problems in tax policy and management in the context of the internet economy

2.1 Some online transactions are subject to tax uncertainty

In Internet enterprise transactions, whether it is a tangible product or a purchased virtual service, it can be divided into two types: B2C or C2C. In the B2C model, the seller has completed the industrial and commercial, tax registration, and needs to have taxpayer qualifications, so the scope of jurisdiction of the tax authorities is relatively clear (Yan et al, 2016). However, in the C2C model, online platforms such as Taobao, Didi Chuxing, and Live Live have bypassed the offline tax registration, which makes it difficult to clarify the object of tax management. Moreover, in the C2C model, network transactions are liquid, virtual, and concealed. Information such as the identity, address, and business scope of the operator is difficult to verify. In short, the lack of taxation links makes it difficult to define some of the online transaction collection targets.

2.2 It is difficult for tax authorities to control tax sources

In the current Chinese tax collection and management model, the general management process is tax registration, voucher invoice management, tax filing, collection and final inspection (Jiang and Liu, 2016). For physical stores, there are strict management systems from bank accounts to tax registration and sales invoices. However, specific to the field of Internet transactions, there are major problems in the implementation of these links. Taking the C2C model as an example, its online transactions directly bypass the tax registration process, and the taxation department cannot truly grasp the tax source, and it is even more difficult to know the specific operation of the enterprise. Taking the B2C model as an example, although tax registration is required online, the traditional tax control method cannot accurately manage the tax source. In addition, in the form of Internet transactions, traditional invoices, books and other bills are hardly used, but digital data is used more. However, the current tax management methods cannot adapt to this change, and the traditional auditing and collection process is difficult to carry out in Internet enterprises.

2.3 Internet business opportunism is frequent

At this stage, Internet companies have frequent opportunistic behaviors, which are manifested in the following three aspects. The first is that the main body of advertising revenue is fraudulent and evades the construction fee for cultural undertakings. For Internet companies, traffic is often based on its roots. An important source of income for Internet companies is advertising. The charging model is divided into fixed-rate collection and collection by click-through rate. Such income should be the cultural construction fee for Jiaonan, but most enterprises will include advertising fees into platform service revenue. Accounting, in order to evade taxes. Followed by the virtual research and development costs of enterprises, enjoy the excessive tax benefits. In accordance with relevant regulations, enterprises routinely upgrade existing products, services, materials, and technologies, or simply change them, and cannot enjoy tax deduction policies. Many companies regard the routine of web pages and software as high-tech research and development, so as to enjoy corresponding offers. Finally, from the low tax rate, Internet companies tend to combine transportation revenue and online information technology services to enjoy the latter's lower tax rate.

2.4 Tax jurisdiction is not defined

In China's current tax collection and management system, the criteria for determining tax

jurisdiction are mainly the taxpayer's place of business or residence. For traditional companies, this system is more applicable. However, the invisibility and liquidity of Internet transactions make it difficult for tax authorities to determine the taxpayer's business address and the place where tax liabilities occur. The cross-regional and virtual characteristics of Internet transactions make the physical space of transactions often inconsistent, and the definition of tax jurisdiction is not clear. Moreover, China's Internet transactions are mainly based on third-party platforms. Most of these platforms are registered in large cities such as Beishangguangshen and Shenzhen, and platform products are sold throughout the country. For example, if the online seller is in the A, the buyer is in the B, and the goods are in the C, then the taxation of the product in the A, B, and C places is not clear, resulting in loopholes in the implementation of the tax jurisdiction.

3. Tax policy and management improvement suggestions from the perspective of internet economy

3.1 Optimize tax policy and standardize collection standards

For those engaged in Internet operations, self-employed persons can calculate the light powder according to the month. The sales volume will reach 30,000 yuan or more, and the value-added tax will be levied at a rate of about 3%. If you do not reach 30,000 yuan, you can exempt individual VAT. If a business license with a business license is used, if the income meets the taxpayer's standard, it will be calculated according to the general tax calculation method. If it is not available, the proposed tax calculation method can be used. At the same time, it is stipulated that individual industrial and commercial households must go through tax registration in accordance with the requirements of the taxation department and improve their own information. Regarding the cost accounting problem, based on personal income, the profit rate is determined according to the industry category, and after deducting the operating expenses, the taxable income is finally obtained. In addition, in order to avoid cross-regional registration of Internet companies, the specific taxable income rate should be uniformly standardized by the State Administration of Taxation and implemented throughout the country.

3.2 Adopting the platform withholding policy to prevent tax revenue loss

From a legal point of view, the personal income generated by the e-commerce platform exchange is subject to VAT and personal income tax. In this link, the operator can be regarded as the taxpayer, and the deduction policy is implemented on the e-commerce platform to prevent the loss of tax revenue. The platform withholding amount is the responsibility of the local tax authority. Monthly payment is used to pay within 15 days of each month. Moreover, since the operator may have income that is not sold through the Internet, the operator should declare it in time and enter it through the electronic filing system. For individual industrial and commercial households with business licenses, they can report to the organization on a monthly or quarterly basis. At the time of declaration, the withholding amount shall be treated in accordance with the tax payment. For individuals whose personal income is less than 120,000, they can be exempted from applying for personal income tax returns. For individuals with incomes exceeding 120,000, registration is required, and audits are intensified to raise the level of supervision.

3.3 Improve the tax collection and management system, establish and improve corresponding supporting measures

To a certain extent, the current tax collection and management system cannot adapt to the Internet business model. Therefore, it is necessary to further improve the tax collection and management system and optimize it according to the characteristics of the Internet business model. Taking the revision of the Tax Administration Law as an opportunity, the disclosure obligations of the platform-based Internet shall be detailed. For example, Article 57 of the Tax Administration Law stipulates that the tax authorities conduct inspections, and the individuals and units concerned are obliged to provide relevant certification materials. The actual situation is that outside the bank

and financial institutions, the information leakage measures of other institutions are not clear, which leads to the slack behavior of Internet companies when presenting relevant certification materials. In this regard, the national legislative department should repair relevant laws and regulations as soon as possible. On this basis, establish and improve corresponding supporting measures. For example, the establishment of an online taxation agency to carry out specialized management of e-commerce tax administration, please refer to the practice of the Wanluo Commodity Exchange Supervision Division. In each province, the network tax office can be set up to increase the control of payment information and transaction information, and promote the “Internet + taxation” to modernization.

References

- [1] Wang L.D. (2016). Opportunities and Challenges of Modernization of Tax Governance Capability under the Background of “Internet +”. *Economic Research Reference*, 25(11), 4-6.
- [2] Xie Y.Z. (2016). Research on the Mechanism of Improving the Quality of Taxation Work Under the Background of “Internet”. *China Market*, 23(37), 140-140.
- [3] Wang H.W. (2017). Modernization of Tax Governance from the Perspective of “Internet +”. *Tax Research*, 33(03), 24-27.
- [4] Zhang B. (2018). Reflections on Advancing the Modernization of Taxation Governance. *Financial Science*, 32(08), 25-29.
- [5] Gao J.P., Li Z. (2019). Preliminary Study on Tax Policy and Management of Internet Economy. *Tax Research*, 35(01), 76-82.
- [6] Yan S.Q., Chen Q.X., Ding X.Z., et al. (2016). Research on Tax Policy for Promoting the “Internet +” Economic Development Model--Based on the Practice Exploration of Zhaoqing City, Guangdong Province. *Journal of Zhaoqing University*, 31(6), 16 -twenty one.
- [7] Jiang X.M., Liu G.J.(2016). Research on Promoting the Modernization of Tax Administration--Based on the Perspective of “Internet + Taxation”. *Economic Research Guide*, 12(17), 150-153.