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# Based on the Cases of Wei Ya and Fan Bingbing, it Focuses on the Management of Tax Evasion and Evasion in China

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## Abstract

**Since the founding of the People's Republic of China, tax collection and tax management and control have been constantly improved, but tax evasion still occurs frequently. There are countless people who violate tax regulations and use special means to skillfully evade taxes. Especially in recent years, with the rise of the Internet and short videos, more and more traffic figures have been exposed to large amounts of tax evasion, which seriously endangers the social justice system, And "the tax revenue of the state is used for the people. If there is no tax, the state has no right, and if there is no right, the state treasury is in deficit." This article will elaborate the phenomenon of tax evasion, draw conclusions and put forward relevant suggestions.**

## Keywords

**Chinese Tax; Tax Evasion; Internet Celebrity Economy.**

## 1. Background

### 1.1. Accumulation of Previous Causes: Tax is the Foundation of the Country, and it is the Responsibility to Pay Taxes According to Law. However, There are Shortcomings in Taxation

Taxation is the most important form and source of national financial revenue. The essence of the tax system is that the government, in accordance with the statutory standards and procedures, through the government's power, through the government's power to achieve national income distribution, thereby obtaining government income. This is a special social distribution relationship, which reflects the distribution of tax revenue between the government and taxpayers under a certain social system. Marx believed that "taxation is only the economic basis of a government agency, not everything else." Engels said, "To maintain such a public power, the people must pay for it, that is, tax. Holmes, the 19th century American justice, once said:" The team should pay taxes for a civilized society. "China's tax collection and tax payment control have been constantly improved, but the phenomenon of tax evasion and tax evasion is prominent, and there are countless people who use special means to skillfully evade taxes. The tax revenue of the country is used for the people. If there is no tax, the country has no right, and if there is no right, the national treasury is in deficit. Printing and issuing excessive money leads to inflation.

### 1.2. Focus on Current Events: The Flower of Stars is Bright, The Live Broadcast Industry is Rising, and Huge Tax Evasion Surprises Everyone

With China's booming economy and continuous improvement of the tax system, there will still be some high-income industry personnel who illegally evade taxes. In 2018, Fan Bingbing and

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his legal representative were investigated and punished for tax evasion. Finally, the mainland tax authorities released the investigation results of the Fan Bingbing case for the first time, confirming that Fan Bingbing must pay off the tax arrears and fines of RMB 880 million within the time limit. On December 2, the tax department released a notice that Huang Wei (net name: Weiya), the head Internet anchor, was fined a total of 1.341 billion yuan for tax evasion. According to the survey, Huang Wei evaded taxes of 643 million yuan from 2019 to 2020 by concealing personal income, making false declaration of the nature of income from fictitious business conversion, and other underpaid taxes of 60 million yuan. He made a decision to punish Huang Wei for tax administrative treatment according to law, and recovered taxes, collected late fees and imposed fines, totaling 1.341 billion yuan. From 2019 to 2020, Ping Rong evaded personal income tax of 19.2605 million yuan by hiding the commission income of live broadcast with goods, and failed to declare other production and operation income according to law and underpaid relevant taxes of 14.5072 million yuan. In accordance with the law, Pingrong was fined 0.6 times the amount of taxes and overdue fines, totaling 62003000 yuan.

### 1.3. Policy Breaking: Deal With Tax Evaders Seriously, Increase the Supervision of Live Broadcast E-Commerce, and Accelerate the Introduction of New Tax Supervision

#### 1.3.1. The State Administration of Taxation Firmly Supports Hangzhou Tax Authorities to Seriously Deal with Huang Wei's Tax Evasion Cases According to Law

Require tax authorities at all levels to strictly investigate and punish all kinds of tax evasion in accordance with the law, resolutely safeguard the authority of the national tax law, and promote social fairness and justice; It is required to earnestly implement various preferential policies on taxes and fees, continuously optimize tax and fee services, and promote the standardization and development of new economy and new business types in the development.

#### 1.3.2. Relevant Departments Should Introduce Financial Management Systems that Adapt to Industry Characteristics as Soon as Possible

Standardize the accounting of various incomes such as "pit fees", "rewards" and "live broadcast commissions" involved in live broadcast e-commerce, so as to provide a basic guarantee for paying taxes according to law. At the same time, further clarify the legal attributes and responsibilities of different subjects and behaviors in the process of live broadcast goods delivery through legislation or administrative regulations, so as to provide a clear regulatory basis for the regulatory authorities and also define a legal red line for operators.

#### 1.3.3. All Relevant Departments are Making Joint Efforts to Standardize the Development of the Live Broadcast Industry

We need to focus on improving the system, focus on building a long-term regulatory mechanism across departments and multiple fields, strengthen the exchange and sharing of tax related information and the coordinated handling of tax related issues, increase joint disciplinary efforts, form a working pattern of joint management, and promote the healthy development of the industry at a deeper and higher level.

## 2. Literature Review

Finance is the pillar of a country's government construction, and the stability of taxation is of great significance to the country's financial construction and social stability. According to the big data analysis of alpha system (up to 2020), there have been significant increases in cases of tax evasion since 2014.

Tax evasion mainly refers to the behavior that agents deliberately use certain means or measures to meet their purposes in order to reduce their legal obligations (Alma, James; Liu, Yongzheng; Zhang, Kewei, 2018). It is universal (Ma Guangrong, Li Lixing, 2012). Because

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economic people have a high self-interest (Chen Pinglu, 2004), individuals or enterprises can bring higher benefits in the face of tax evasion, Tax evasion may be selected due to imperfect tax supervision system, relevant legal mechanism and other reasons.

In the current research process, the research on tax evasion mainly focuses on two issues: personal income tax and corporate income tax. In foreign countries, the collection mechanism of individual income tax is more perfect, and the research results are relatively more. At present, most of their theoretical and empirical studies on tax evasion focus on individual income tax, and individuals can evade income tax by underreporting their income; After exaggerated deduction, exemption or credit; Failure to submit proper tax returns; Even through barter to avoid taxes. However, these types of actions can obviously be included in other taxes. For example, in corporate income tax, enterprises can understate their income, just as individuals do in their personal income, overstating deductions or failing to submit tax returns (Alma, James; Liu, Yongzheng; Zhang, Kewei, 2018). Davis, M (2020) determined the factors that may affect the total tax evasion of the United States federal individual income tax in the study. The established tax evasion model has been updated. Age, gender and average effective state income tax rate have a higher impact on individual taxation.

# 3. Research Results

## 3.1. Preliminary Network Attention Analysis on Tax Evasion

In order to more comprehensively study the discussion and concern about the phenomenon of tax evasion on the Internet, team members took "as the three representative theme words of web crawlers according to the posting situation of various platforms on the phenomenon of star tax evasion", effectively avoiding the simplification of the data obtained. After determining the theme words, team members selected three platforms, Weibo, Bilibili and Zhihu, and used Python to make a preliminary statistics on the number of comments and posts about the theme words in the three platforms' websites. The statistical results show that among the three platforms, Weibo has the highest number of discussions, but its text value is not as good as the other two platforms. In addition, it can be seen that the distribution of the three main theme words on the microblog platform is relatively average, and the "shameful tax evasion" and "criminal punishment for tax evasion" have the highest proportion of the highest comments in Bilibili.

## 3.2. Current Situation of Social Groups' Recognition of Tax Evasion

### 3.2.1. Basic Information of Respondents

The team investigated the cognition of a small number of people on tax evasion through questionnaires. The proportion of men and women is about 6:4. The majority of respondents are young people aged 18-25. All respondents include people of all ages and income groups. The respondents are widely distributed and representative.

### 3.2.2. Education has Become an Important Factor Influencing the Understanding of Tax Law Knowledge, But the Degree of Satisfaction with the Popularity of Tax Law is High

On the basis of the survey results, the team further analyzed that the perception of tax evasion is related to education background, and different education background will affect the perception of tax evasion. However, from the survey sample, most respondents in each education background are relatively satisfied with the popularity of China's tax law, which shows that the popularity of China's tax law is fair.

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#### 3.2.3. Cognition of Chinese Residents on Tax Evasion

In this questionnaire, the question "Which of the following ways do you know about taxation?" To a large extent and intuitively, it reflects the ways and means of our residents' understanding of tax revenue. Therefore, the team made a multiple regression analysis of each indicator based on this problem, and selected three dimensions of online approach, teaching approach and community approach to summarize this problem. The analysis results show that the vast majority of our residents' understanding of tax revenue comes from online approach. It also helps the team to further publicize the tax law knowledge.

### 3.3. Policy Implementation of the Government and the State Administration of Taxation

#### 3.3.1. Policy Implementation of the Government and the State Administration of Taxation in the Fan Bingbing Incident

At the beginning of June 2018, people reported that Fan Bingbing was suspected of tax evasion by using the "Yin Yang contract", which attracted great attention from the State Administration of Taxation. That is, the State Administration of Taxation ordered Jiangsu and other local tax authorities to carry out investigation and verification according to law. The investigation results showed that the people reported truthfully, and Fan Bingbing did have tax evasion. Once the event was announced, it caused heated discussion on the Internet, Netizens have expressed their different views on Fan Bingbing's tax evasion. In October of the same year, the state tax department announced the specific investigation of the case, requiring Fan Bingbing to pay taxes, late fees and fines on time totaling 884 million yuan. Fan Bingbing himself immediately issued an apology letter on the social platform, expressing his apology for the illegal and criminal acts. In order to rectify the current situation of the entertainment industry, the government, together with the State Administration of Taxation, the Central Propaganda Department, the State Administration of Radio and Television, the State Film Administration and other departments, requested the film and television industry to rectify the sky high film remuneration, tax evasion and tax evasion, and severely punish the tainted artists.

#### 3.3.2. Policy Implementation of the Government and National Tax Authorities in the Weiya Incident

Coincidentally, after Fan Bingbing's "Yin Yang Contract" incident, the well-known anchor Weiya (Huang Wei) was also exposed to tax evasion. In December 2021, the Inspection Bureau of Hangzhou Municipal Taxation Bureau of Zhejiang Province found out that Huang Wei, an Internet anchor, was involved in tax evasion. According to relevant laws and regulations, the Inspection Bureau of Hangzhou Municipal Taxation Bureau of the State Administration of Taxation pursued Huang Wei's tax payment, added late fees and imposed a fine, totaling 1.341 billion yuan. This skyrocketing tax surprised netizens again. Everyone knows that the income of the anchor with goods is high, and his personal income should not be low, but he did not expect that the income of the anchor with goods should be so high, even exceeding many first-line stars. Later, Weiya's account in Taobao APP was frozen, Tiktok's account and Weibo's account were closed in turn, and the China Federation of Internet Social Organizations also revoked Huang Wei's title of "Internet Integrity Propaganda Ambassador". Huang Wei's fame and wealth were damaged, which shows how much loss will be caused to a person's future development once tax evasion is found. The team can see from the investigation of "Big Sister" Weiya's tax evasion in the cargo industry that the tax authorities have a fair and just attitude towards public figures' tax evasion. No matter how famous they are, once they are suspected of illegal and criminal acts, they will never forgive them lightly. This also shows that any emerging industry should pay taxes in accordance with the law, do not take chances, and compliance with the law is the first.

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# 4. Significance of Investigation

## 4.1. Strengthen the Whole People's Awareness of Paying Taxes According to Law and Establish Correct Values of Paying Taxes

The tax system itself is the economic basis of the basic society in a modern economic country. It has five basic characteristics: the basic scientific and normative nature of the national tax system, the mandatory nature of collection, the basic market economy stability of income, and the basic social and economic publicity of application.

For a long time, influenced by the dual policies of "exploitation theory" of state tax revenue in the current feudal era and "no tax theory" of modern planned economy in China, on the one hand, tax revenue is not very sensitive among China's grass-roots citizens in the current era, and the citizens' awareness of self-discipline in basic social tax management is still weak, sometimes they do not know when, how, and whether to pay taxes. On the other hand, many groups experience the need to pay taxes through cash transactions It is not necessary to make invoices, modify transaction records and other forms to evade taxes on a small scale, or even to evade taxes on a large scale through a series of operations for personal gain. However, little makes a mickle. The state uses it for the Hope Project, bridges and roads around the country, promotes the development of aerospace and high-speed railway in China, and even earthquake relief, epidemic prevention and treatment, medical security, all of which rely on the support of the state tax, without the timely payment of taxes by citizens, These will be difficult to run.

## 4.2. Disclose the Tax Evasion of Weiya and Other Public Figures, and Guide Taxpayers to Actively Pay Taxes According to Law

It is known to the world that the salary of Chinese artists is sky high. Fan Bingbing was easily fined 800 million yuan for tax evasion. When the incident happened, public opinion was in a uproar. With the rise of live broadcast with goods in recent years, Weiya was fined 1.341 billion yuan for tax evasion, Zheng Shuang was fined 299 million yuan for tax evasion, Sydney was fined 65.55 million yuan for tax evasion, and Kwai anchor Lv's sister-in-law Pingrong was fined 62 million yuan... There were even a lot of hot words, "What's the use of reading? It's better to be an online celebrity".

As a public figure, you should pay attention to your own words and deeds, not to mention tax evasion, which is a major event related to the national economy and the people's livelihood. When it comes to this, the government should not only increase the inspection of tax evasion by enterprises, but also increase the attack on stars and anchors for tax evasion, and increase the punishment for such acts. Stars and anchors who have tax evasion should be listed as tainted artists, and their names should be banned, They are severely restricted in the performing arts industry and live broadcast industry, and their income is seriously affected. They also restrict their children's parents' loans and appearances in the future to a certain extent, so as to achieve a deterrent effect and play the role of warning taxpayers to actively pay taxes according to law.

## 4.3. Promote the Public to Pool Their Wisdom to Reduce Loopholes in the Tax Law and Further Improve China's Tax Law

The survey is based on questionnaires, interviews and microblogs. The national tax revenue is closely related to the national economy and the people's livelihood. The self regulatory legal system of tax management is not sufficiently sound and relatively perfect. There is basically a lack of consistency in basic ideas and value perception among taxpayers, taxpayers and taxpayers of tax legal entities, and a tacit understanding in the actual behavior of other grassroots tax related personnel, The difficulty of tax management work charged by the tax investigation report and the cost of tax economic management needed to be paid in time for tax

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collection are relatively high, which also requires the public to brainstorm and the government to make a decision. Although the forum is more of the public's roast about such behavior, saying that they may not be able to earn so much money in their lifetime, However, this also shows the impact on the public of the event that star online celebrities can earn high salaries but still evade taxes, which is worth exploring by the team.

# 5. Recommendations

## 5.1. Increase Publicity

As the user and distributor of taxes, the government should use all feasible methods and means to increase publicity. First of all, it is necessary to define the publicity goal of the team. The goal of the team is to improve the public's awareness of tax payment. Therefore, taxpayers in different industries will have different tax psychology and ways and means to evade tax payment. The government should adopt different publicity methods to promote and educate people in different industries, For example, negative cases of evading taxes and being punished by law, and positive cases of paying taxes according to law or daring to report offenders.

## 5.2. Improve Relevant Laws and Regulations

If we want to have laws to abide by in the face of tax evasion, we must constantly revise and improve the existing tax collection and management legal system. Therefore, improving the relevant legal system has become the basic work of the government. The improvement of tax collection and management includes tax declaration, case filing and inspection, handling of violations, protection of taxpayers' rights, etc. In our country, taxpayers should pay taxes according to law, which is the obligation of every citizen. Therefore, only the tax department has absolute authority can better ensure the smooth progress of the whole social tax work. The personnel of the tax department should make clear the compulsion of paying taxes according to law, eliminate all obstacles and interference to complete their own tax work, safeguard their legitimate rights and interests for active taxpayers, and have the courage to expose and punish those who evade taxes.

## 5.3. Increase the Degree of Punishment

At present, China's punishment for tax evasion, tax evasion and tax evasion is not very strong, so more and more people will drill the loopholes of the law and constantly challenge the bottom line of the law to meet their greed. Therefore, the tax department can strengthen the punishment of tax evasion, tax evasion, tax evasion and other illegal acts, and increase the opportunity cost of taxpayers' illegal crimes. Only when they have enough fear of the consequences of crimes, taxpayers dare not challenge the bottom line of the law easily.

## 5.4. Introducing Big Data to Innovate Tax Collection and Management

The arrival of the big data era has brought an unprecedented reconstruction revolution to all fields and industries in China. In recent years, with the continuous research on taxation in China, China's tax management is constantly combining with the modern network society and big data. However, China's relevant managers need to understand the specific direction of tax collection in the context of the big data era. Through a series of management, tax can be carried out more smoothly in the big data era, which is important for China's overall tax big data construction and tax optimization, It has a very positive promoting significance. During the reform, if you want to effectively connect the tax data with big data and information technology, you should constantly optimize the working state of the tax itself. In this way, the tax collection and management mode under the background of big data can be effectively reformed, which is conducive to the establishment of a complete tax management system and the improvement of China's overall tax environment.

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