Research on the Personal Income Tax of Chinese Network Anchors

Yuqing He

School of Management, Xi'an Polytechnic University, Xi'an, Shaanxi, 710000, China

Abstract: With the progress of Internet technology in China, with the outbreak of novel coronavirus at the end of 2019, the development of offline industry is sluggish, but the development of webcast industry is more rapid. At the same time, there are many hidden problems behind the rapid development. From 2021 to 2022, multiple malicious incidents of online anchors evading taxes were exposed, involving a huge amount of money and attracting widespread attention nationwide. Our country's financial revenue has also caused great losses in the cases of tax evasion and evasion by these online anchors. In addition to the quality of anchors, it also reflects that China's development in personal income tax supervision has not caught up with the development of the anchor industry in a timely manner. Currently, the tax authorities attach great importance to this issue and have successively introduced some regulations on tax related matters in the online live streaming industry. However, China's laws and regulations related to personal income tax are not sufficient to meet the requirements of tax supervision. The state maintains social stability, improves infrastructure, and provides complete social security. As public figures, internet anchors, based on their own influence, cannot shirk their corresponding social responsibilities. They should bear the obligation of positive publicity and guidance to the public, and the most basic step is to pay taxes in accordance with the law. The online live streaming industry is not an impossible place, but a place full of enthusiasm and a sense of responsibility to achieve self-worth.

Keywords: Network Anchors; Personal Income Tax.

1. Concepts Related to Network Anchors

Network anchors refer to individuals who utilize internet technology to disseminate performance content with self-expression, communication, and appreciation abilities (such as dance, painting, singing, and game content) to online podcasts and generate income.

Online anchors are mainly divided into entertainment anchors, game anchors, e-commerce anchors, and consultant anchors based on their live content. Entertainment anchors are currently the largest type in the market and the main force of all live streaming platforms. The forms of live streaming range from appearance, humor, talent to outdoor, PK, and even gossip. Game anchors are actually the earliest type to receive development opportunities, and the expansion of many internet giants in the field of esports games has given rise to a large number of game anchors. E-commerce anchors are a type of platform that has emerged from the exploration of shopping guides and has gradually grown in recent years with the entry of large platforms such as Taobao. The content of consultant anchors' live broadcasts often includes legal consultation, emotional consultation, and psychological guidance, which are highly targeted and often require a certain amount of professional knowledge. Compared to other types, the anchor base is relatively small.

2. Tax Compliance Theory

Tax compliance is the degree to which taxpayers subjectively demonstrate compliance with tax laws. Simply put, it is the subjective willingness to fulfill their legal tax obligations. Failure to fulfill or attempt to evade these obligations is tax non-compliance. Internationally, many countries believe that one of the basic tasks of tax authorities is to promote taxpayers' tax compliance, which is also the main direction of China's current tax collection and management reform.

The A-S model has undergone more than 30 years of improvement, and cooperative compliance is now another compliance path described by foreign scholars, in addition to mandatory compliance. The meaning is to establish a friendly relationship of cooperation and trust between tax authorities and relevant parties, allowing taxpayers to voluntarily and voluntarily comply with tax laws from a subjective level. At present, this is reflected in the tax management systems of many countries, which is consistent with the theory of "integrity and co governance" proposed by China to deepen tax collection and management reform.

In terms of specific measures, by cracking down on tax violations and intuitively promoting "what is tax non-compliance and the consequences of non-compliance" to taxpayers, taxpayers can have an intuitive impression and feeling of the tax law. The online anchor tax evasion incident that occurred in 2021 has attracted the attention of many people to the nature and punishment of personal income tax and tax evasion, providing a vivid tax law publicity classroom for the people of the whole country.

3. Necessity Analysis of Personal Income Tax Supervision for Network anchors

3.1. Ensuring National Fiscal Revenue

Taxation is an important source of national fiscal revenue, the foundation for the country to carry out infrastructure investment and provide services, the important cornerstone for ensuring national stability and people's security, and an effective means of macroeconomic regulation. Tax revenue is an important backbone for supporting national economic development, but in recent years, the online live streaming industry has experienced frequent incidents of tax evasion and

evasion, seriously affecting the acquisition of national tax revenue, causing a serious loss of national fiscal revenue, and even causing the emptiness of national finance. The number of tax evasion and evasion by a few anchors has reached tens of millions, and if this phenomenon extends to the entire live streaming industry, the losses to the national fiscal revenue will be difficult to estimate.

3.2. Reflect Social Fairness and Justice

Social fairness and justice are the main symbols of social civilization and progress, the fundamental conditions and goals for the peaceful development of human economy and society, and the fundamental conditions for building socialism. The maximum benefit of taxation is an integral part of social fairness and justice, and the principle of taxation based on capacity is the fundamental requirement for the maximum benefit of taxation, which is the main manifestation of the maximum benefit of society in terms of taxation. In the forefront of disease prevention and control, the presence of service personnel such as security guards, volunteers, and nurses is everywhere. Without their selfless dedication, there would be no stable and orderly community atmosphere today. The large profits created by website anchors based on this will also be returned to the public through active tax payment. Therefore, it is necessary to implement corresponding tax adjustments on personal income. The theory of tax fairness is mainly divided into two levels, horizontal fairness and vertical fairness. Vertical fairness refers to people with different economic levels and tax paying skills who need to pay different amounts of taxes, which means that people with different economic abilities should be treated according to different tax policies. Only in this way can we achieve 'capacity based taxation'. Only by adhering to the basic principles of paying more taxes for those who earn more, paying less taxes for those who earn less, and not paying taxes for low-income residents, without harming the basic normal life of the people, can we solve the problem of unfair distribution of social income, reflect social justice, and maintain stable and sustainable economic and social development without damaging efficiency. However, some online anchors are willing to take all measures to evade taxes, which greatly damages social fairness and justice and must be severely punished.

3.3. Promoting the Standardized Development of the Online Live Streaming Industry

Under the current laws and regulations of the country, taxation of online live streaming income complies with national laws and regulations. The online live streaming industry is a part of the national cultural and entertainment industry. As public figures, online anchors should fulfill their corresponding social responsibilities based on their influence, undertake the obligation of positive publicity and guidance to the public, and pay taxes in accordance with the law is the most basic step. Most users who watch online live streaming tend to be younger, and the words and actions of online anchors directly affect users' cognition, attitude, and behavior, while also bringing negative demonstrations to other professionals. The public sector is very concerned about the tax issues in the online live streaming industry, but existing regulations are far from sufficient to regulate the tax management of the online live streaming industry. Strengthen the collection and management of personal income tax for online anchors, continuously improve the past "tax blind

spots", and enable the emerging industry of online live streaming to develop in a standardized manner.

4. Analysis of Personal Income Tax Issues for Chinese network anchors

4.1. The Revision of the Tax Administration Law Lags Behind

At a time when the internet economy has not yet played a decisive role in driving the market and the real economy still controls the overall consumption direction, the provisions of the National Tax Administration Law can still cover most taxpayers, restricting their obligation to declare and pay taxes in accordance with the law. With the development of the information age, many new industries have emerged driven by the digital economy. Without systematic legal regulations on how to tax and manage the online live streaming industry, the obligations emphasized in the national tax collection and management law have become chaotic, making it difficult to accurately control this industry under existing laws.

If the subjective reason for online anchors' tax evasion is their own profit seeking, then the objective reason is the current inadequate national tax legislation. The Tax Administration Law is the foundation for the implementation of tax administration and law enforcement work, but it has not kept up with the constantly updated pace of business models. These business models bring a series of collection and management problems, such as difficult cash control, difficult monitoring of network anchor accounts, and lack of tax declaration management for network anchors. There is no clear legal norm yet. Although the Measures for the Administration of Online Live Marketing (Trial) also provide clear regulations on tax related matters for online anchors, the legislative level of these similar system documents is relatively low, and it is inevitable that there will be problems of unclear rules and legal basis in various aspects of personal income tax collection and management. It is inevitable that intentional individuals will exploit legal loopholes, which restrict the improvement of collection and management efficiency. The relevant tax collection and management laws need to be improved to meet the requirements of the new situation.

4.2. Difficulty in Monitoring the Tax Sources of Network Anchors

Online live streaming activities involve many entities, resulting in complex income sources and channels for network anchors. The agreed income distribution ratios between various platforms, MCN companies, and network anchors are also different, leading to a dilemma in monitoring the tax sources of network anchors. In addition, the model of e-commerce live streaming is constantly innovating, such as sellers inviting internet celebrities or anchors to post promotional content on social platforms, making it more difficult to monitor the revenue generated by this innovative promotion model. In the original tax source monitoring, effective regional jurisdiction provided great help for tax collection and management. However, now most network anchors have live streaming locations that are inconsistent with platform registration locations. They can use internet technology to hide their IP addresses, obstruct tax authorities from investigating server locations, and increase the difficulty index of tax inspections. With the further development of mobile internet technology and the increasing complexity of

related technologies, these factors make it even more difficult for the tax bureau to monitor transaction activities in three-dimensional space.

Since the widespread use of big data in the collection work of tax authorities, tax management has become more efficient. Tax bureaus can now use technologies such as web crawlers to compare and analyze the companies, bills, bank statements, and live streaming data under the names of online anchors, screen for tax collection risks, and achieve precise supervision. Through a period of surprise efforts and key supervision of online anchors, tax loopholes can be partially blocked. However, at present, it is not possible to compare relevant tax data information. In other words, the tax department cannot determine whether there is tax evasion based on the financial and tax status of online live streaming platforms, and cannot obtain tax management information such as tax sources and tax declaration rates. As the ultimate recipient of information, the tax authorities are naturally in a passive position. The law also makes it difficult to accurately control it, and the regulation of personal income tax for online anchors has become a "gray zone".

4.3. Low Compliance with Tax Laws for Online Anchors

4.3.1. Insufficient Punishment

In terms of fines, when taxpayers are found to have violated tax laws, according to Chinese laws and regulations, they are often required to pay the taxes first, followed by late fees and fines. The amount of fines varies from 0.5 to 5 times the total amount of tax evasion according to the actual situation, and even if the circumstances are not serious, only the taxes need to be paid. For super network anchors and practitioners in the film and television industry, it's just a piece of cake. In Japan, as long as it involves tax evasion, it may directly become a poor person. By comparison, China's fines are far from sufficient. Secondly, in China, the threshold for tax evasion is relatively high, and there are only two cases where the taxpayer will be sentenced to criminal responsibility: firstly, the taxpayer has been criminally punished for tax evasion within five years, and secondly, the taxpayer has received administrative penalties from the tax department twice or more. As long as the taxes, late fees, and fines are paid on time. According to regulations, this situation does not constitute the crime of tax evasion, so criminal responsibility will not be pursued. The criminal law has given tax evaders an opportunity to reform, but it has caused high-income individuals like Chinese super internet hosts to ignore the existence of tax laws. From the situation of previous celebrities evading taxes and evading taxes, this deterrent power is far from enough. Stars who evaded taxes and evaded taxes in the past, after a period of turmoil, appeared in front of the public as if nothing had happened. So there are more and more stars and internet hosts who bravely evade taxes. As long as they pay the taxes, fines, and late fees, they will not be criminally responsible, and they will come out to make money again after one or two years.

In addition, the current outline for the construction of China's social credit system includes specific requirements for establishing complete tax credit. However, the existing tax credit management methods still focus on enterprises, and the tax credit management system for natural persons is still incomplete. This is also one of the reasons why the legal, economic, and moral costs of online anchors' tax dishonesty are relatively small. Taking the United States, Japan, and Germany as examples, as long as one makes a mistake, dishonesty will be permanently stained and will continue for a lifetime, whether it is going to school, buying insurance, or taking out a loan, it will be directly affected. China has not taken such measures to manage the credit of taxpayers, making it difficult to achieve the goal of punishing tax violations and preventing tax loss.

4.3.2. China's Tax Promotion is not Precise Enough

In addition to intentional tax evasion, some online anchors may have insufficient knowledge of tax laws, coupled with a lack of willingness to declare independently driven by interests. The tax promotion made by the tax department is not deeply rooted in people's hearts. Tax publicity should be in line with the preferences of taxpayers. Tax departments should make tax publicity work more precise, not dedicated to turning everyone into an expert who understands tax. Instead, they should play the role of tax professional service intermediaries, allowing taxpayers to understand tax laws from a more comprehensive and professional perspective, and shifting their attention to tax laws from passive to proactive.

5. Suggestions for Improving the Personal Income Tax of Chinese network anchors

5.1. Improve the Legal System for Tax Collection and Management

Out of the current 18 tax categories in China, there are 12 tax categories that have been legislated. The tax collection and management law is a guide for citizens to fulfill their tax obligations and a fundamental guarantee of their rights. While improving the legislative level of the tax collection and management law, it is also necessary to keep pace with the times and reform the national tax collection and management law. The tax collection and management law can also better serve the national tax system on the path of continuous innovation. Further improve the legal system for tax collection and management, implement the principle of tax legality, and actively promote the tax collection and management regulations of various emerging economic models such as online live streaming in the form of legislation, so that all aspects of tax management, collection, and inspection can be legally based. Specifically, regarding the collection and management of personal income tax on online live streaming, for example, in terms of sharing tax related information, other government agencies and third parties (such as third-party payment platforms) regularly submit relevant information on platform operators' tax declarations, and the scope of information sharing should be clearly defined in law. In order to better assist the tax department in obtaining more tax related information on the fees and income of online anchors from multiple channels and perspectives, and thus more fully grasp the financial trends of high-income online anchors.

5.2. Improve the Tax Source Monitoring System

The tax authorities require online live streaming platforms to withhold and pay the tax related information of online anchors. In addition to reporting relevant information, online anchors also need to declare their own tax related information. The tax authorities can then verify and compare the taxpayer's income information provided by both parties, fill in gaps, and

achieve two-way control. While improving the accuracy of relevant tax related information, it has also improved the tax source information of online anchors. China has made some progress in the two-way declaration system, which has to some extent curbed the motivation of taxpayers to evade taxes, but there are still areas that need to be improved. For example, the self declaration system for personal income tax in China only covers a portion of people, and high-income internet anchors can easily meet their needs whether they receive wages and salaries from two or more sources or have an annual income of over 120000 yuan. At present, such regulations are highly likely to result in some network anchors who meet the requirements of self declaration not being able to self declare and pay taxes, resulting in incomplete tax source information for network anchors. One of the tasks for China's next step in tax reform is to promote the implementation of a comprehensive and effective two-way tax reporting system, ensuring that the income of high-income network anchors and other groups is fully and effectively controlled.

At the same time, in order to truly regulate the tax collection and payment work of the online live streaming industry and promote the healthy development of this new industry, in the long run, it is necessary to break down the barriers between departments and achieve data interconnection between tax authorities and other institutions. And improve the tax information system, including improving taxpayers' income, property, expenditure, and tax information. Apply big data technology widely to tax work, relying on artificial intelligence and blockchain technology to automatically monitor the integrity of information on a regular and standardized basis. After collecting data from network hosts in the tax information system and transmitting it to the backend system for automatic tax calculation, the calculation results are ultimately transmitted to the network hosts. After verification by the network hosts, tax deductions are automatically made, achieving a fully automatic assembly line without human intervention, truly realizing fair taxation according to law and a tax information system without loopholes.

5.3. Improving Tax Compliance for Network Anchors

5.3.1. Increase Penalties for Tax Violations

The best way to protect law-abiding individuals is to give them a heavy blow. It is recommended to increase the cost of tax violations and criminalize tax evasion for groups such as high-income internet hosts. The main purpose of high-income online anchors evading taxes is to obtain unfair economic benefits by pocketing the portion of their income that should have been taxed. Strengthen the punishment of tax violations by high-income internet hosts and other groups, increase fines for individuals involved, effectively curb their illegal intentions, and directly and effectively crack down on tax evasion. At present, the economic penalties imposed by Chinese tax laws on taxpayers who evade taxes are not sufficient. Based on the severity of tax violations, China only imposes a fine of 0.5 to 5 times the amount of underpaid taxes, and there may even be cases where there is no punishment after paying taxes. This is in stark contrast to the high penalties imposed by developed countries on taxpayers who evade taxes. For high-income internet hosts, the current punitive measures in China's tax laws have not played a significant role in preventing or reducing their motivation to

evade taxes. Therefore, the key at present is to modify the economic punishment provisions on tax evasion in tax laws, increase the economic punishment for taxpayers, directly increase the illegal costs of tax evaders, improve their tax compliance, and truly make high-income internet hosts who are waiting for the opportunity to be afraid of tax evasion.

The punishment for the personnel involved in the case is limited to recovering taxes, late fees, and fines within a limited period of time. One of the main reasons is that with the development of the country, the punishment for economic crimes in criminal law is more focused on considering the harmful consequences and taxpayer repentance. In tax evasion cases, taxpayers pay taxes on time after being punished by the tax authorities and first-time offenders are exempt from criminal punishment. Although the exemption for first-time offenders is a protection for taxpayers, this provision also weakens the deterrent effect of criminal law on tax evasion, and has little deterrent effect on high-income online anchors. For the new economy industry, both prudent regulation and risk awareness need to be strengthened. Faced with the new regulatory challenges brought about by the development of the online live streaming industry, tax management departments must take the lead in responding and integrating management with services. For flexible high-income individual taxpayers represented by online anchors, a sound personal tax credit management system can be established to help build a new situation of joint governance of taxation. In the future, in the context of building a "social credit system", it is necessary to combine the characteristics of taxpayers in various industries, improve the tax information database based on their specific behavior, adopt more flexible incentive and punishment measures, and formulate simpler and easier to understand institutional regulations. Tax credit, as a necessary part of it, brings more credit support to high compliance taxpayers.

5.3.2. Accurate Tax Promotion

At present, in addition to holding regular tax publicity classes, tax authorities also use official WeChat official account, microblog and other we media to conduct tax publicity. While conducting these daily publicity, they should also use some more accurate publicity methods to let the public know about tax knowledge.

Firstly, we can invite some top online anchors who pay taxes in accordance with the law and have a high level of tax credit to serve as tax service promotion ambassadors. Utilize the influence of public figures to drive the influence of tax laws, allowing taxpayers to have a more comprehensive and in-depth understanding of tax laws, and consciously resist and dislike tax violations. It can not only strengthen tax promotion for online anchors, but also maintain a good image of the industry. This precise promotion method clarifies to the public, and even to every taxpayer in the industry, that paying taxes in accordance with the law is their obligation

Secondly, select some tax intermediaries with high professional quality and good social reputation to collaborate and carry out joint promotional activities. Given that the current rules of personal income tax in China are relatively complex for some taxpayers and require a relatively high understanding of tax law knowledge for taxpayers to declare themselves, high-income internet hosts often use tax intermediaries to declare taxes. Intermediaries not only help them understand the risks of non-compliance with tax laws, but also enable them to enjoy the benefits of tax policies in accordance with the law. The cooperation between tax

departments and tax intermediaries to jointly uphold tax laws not only benefits tax authorities in implementing tax management, but also enhances the tax compliance of high-income network anchors.

5.4. Suggestions for Personal Improvement of Network Anchors

Enhance taxpayers' awareness of their rights and obligations, consciously pay taxes in accordance with the law and in good faith, and actively exercise taxpayers' rights. Citizens should enhance their awareness of supervising national public officials and public power, actively pay attention to the collection, management, and use of taxes by the state with a master's attitude, criticize and report acts of corruption and waste of national resources, in order to safeguard the interests of the people and the country.

6. Conclusion

In summary, the issue of personal income tax payment and collection for online live streaming requires the joint cooperation of the government, tax agencies, and online live streaming platforms, to improve relevant laws and regulations and collection and management mechanisms, standardize enterprise operations, strengthen publicity and education, and other comprehensive means to ensure the legality and effectiveness of online live streaming hosts' tax collection, achieve tax fairness and the economic interests of the people.

References

[1] Berenson. Income tax Administration trends for Network anchors [J]. Information Visualization,2008,17(3).

[2] Susana Aldeia. A New Approach to E-Commerce Multi-Agent Systems[J].The Annals of Dunarea de Jos" University of Galati Fascicle III Electrotechnics Electronics Automatic Control and Informatics, 2017(1): 11-18.

[3] Gatchair. ldeology and Interests in Tax Administration Reform in Jamaica[J]Politics and Policy,2015, Vol.43(6).

[4] Omar Khalil. Recognition and Measurement Obstacles of the Conceptual Framework of Fonancial Accounting Underlying E-commerce Business[J]. Internet Bank Commer, vol.21.2016.

[5] Jason Huang, Juan Rios. The Battle Over E-commerce Sales Taxes Heats Up[J]. Journal of Information Systems Management, 2016.28(4):321-326.

[6] Nora`a D K. Tax Compliance within the Context of Gain and Loss Situations, Expected and Current Asset Position, and Profession [J]. Journal of Economic Psychology, vol.22.2016.

[7] Jonathan. Fox W.E.Commerce in the Context of Declining State Sales Tax Bases[J].National Tax Journal,December 3,2018;53(4):1373-1388.

[8] Jason Axelrod.An Exploratory Study on Consumer Purchase Behavior From Live Webcasting E-Commerce:A Means-End Chain Analysis Using Amazon Live Webcasting [J]. International Journal of Online Marketing (IJOM), 2017, 10(3):10-20.

[9] Grant Coulter. "Taxation of Digital Goods and Services,"New York University Annual Survey of American Law,vol.70,2017.

[10] Ulph D, Da Mjanovic T.Tax progressivity,income distribution and tax non-compliance[J].European Economic Review, 2020, 54 (4):594-607.

[11] Chang Gyun Park,Jin Kwon Hyun. Examining the Determinants of Tax Compliance by Experim ental Data:A Case of Korea[J].Journal of Policy Modeling.2018(25):673-684.

[12] Connie Smotek. Rationalizing Tax Administration Reform in Philippine [J].Journal of Communist Studies and Transition Politics.2018,Vol.24(1).