Research on Loopholes and Compliance Paths of Tax Collection and Management of Live Streaming E-Commerce Reward Income —— Take Momo Platform Anchors as an Example

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Abstract. The tax administration of live-streaming e-commerce tipping income faces challenges such as ambiguous legal definitions, lack of platform supervision, and lagging technical means, leading to national tax revenue loss and industry imbalance. This paper uses the case of Xu Guohao, a Momo streamer, who evaded taxes to analyze current loopholes in tax administration: first, unclear definition of income nature, where streamers exploit "tax category arbitrage" and tax havens; second, the failure of platform withholding mechanisms, with incomplete data reporting and regulatory blind spots in withdrawal rules; third, concealment of personal account income and the covert use of cross-border tax avoidance methods; fourth, insufficient timeliness in big data screening for taxation, and data barriers in inter-departmental collaboration. The study proposes a four-dimensional compliance path: at the legislative level, clarifying tipping income as "digital service remuneration" and unifying the basis for taxation; on the platform side, strengthening comprehensive data reporting and optimizing withholding mechanisms; in the service ecosystem, promoting tax health check tools to build a collaborative standardization framework among streamers, MCNs, and tax authorities; technologically, leveraging the "three-dimensional penetration verification" of Golden Tax Phase IV, blockchain traceability, and GMV deviation warning systems to achieve dynamic supervision. Through institutional improvements and technological innovations, systematic solutions for tax governance in the digital economy era can be provided.

Keywords: live streaming e-commerce; reward income; tax collection and administration; compliance path

1 Introduction

Live e-commerce, as a significant form of the digital economy, has seen explosive growth in recent years. Data from 2023 shows that China's online live-streaming user base reached 816 million, with e-commerce live streamers accounting for 73%, and

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the market size exceeding 4.9 trillion yuan(China News Service, "China New E-commerce Development Report 2024", 2024-9-27). However, behind this industry boom lies hidden concerns about tax governance.

Notable streamers "Xue Li" and "Viya" were required to pay additional taxes of 65.5531 million Yuan(Shanghai News, "Snowy Li was fined 65 million yuan for tax evasion, revealing the business map behind her", November 22,2021) and 1.341 billion yuan(China News Service, "Wei Ya was investigated for tax evasion, and the tax order of online live broadcasting has reached a new turning point", December 20,2021), respectively, due to tax issues, exposing loopholes in the management of tip income. The tipping mechanism, which is a core source of income for streamers, has ambiguous tax attributes and lacks effective supervision, leading to substantial funds operating outside the tax system and increasing the risk of national tax revenue loss. The virtual gift redemption mechanism on live streaming platforms forms a closed loop of "user purchase—gift tipping—platform distribution—streamer withdrawal," making it difficult for tax authorities to trace real transaction data through the virtual economy layer. The traditional "tax control by invoices" model is ineffective, and there is an urgent need to establish a tax administration system adapted to the characteristics of the digital economy.

The challenges in tax governance of tipping income focus on legal characterization disputes and the adaptation of collection mechanisms. Scholars such as Wang Peng (2021)[1] and Li Yue (2021)[2] have pointed out that the legal nature of online tipping is subject to multiple controversies under the traditional tax law framework. There is no consensus on whether it should be classified as "labor remuneration", "windfall gain," or "gift." This ambiguity in attribute definition directly leads to unclear tax bases and a significant disconnect between tax policies and the development of digital economy sectors. Existing research mostly concentrates on the overall tax governance of online live streaming, while there is still a research gap regarding the specialized collection path for tipping income, which is a core profit model. Although Li Fenghao (2021)[3] and Ouyang Xinhui (2022)[4] have noted the limitations of platform withholding and reporting mechanisms, they have not delved into the challenges posed by the unique "user purchase of coins—gift tipping—platform sharing" financial loop for data tracking. Yu Fangfang (2022)[5] mentioned the subjective tax avoidance tendencies of streamers but did not address the special interference of tax source monitoring caused by the hidden characteristics of tipping income, which relies on personal accounts and cross-border payments. Notably, current academic discussions on specific areas such as "how the legal definition of tipping income affects the design of collection rules" and "the statutory data reporting obligations of platforms in the flow of tipping funds" are relatively scarce. Related research remains at the basic level of distinguishing between "labor remuneration and business income," lacking systematic analysis of cutting-edge issues like the reconstruction of platform responsibilities under blockchain technology and dynamic monitoring models for tipping income. In terms of policy recommendations, the ideas proposed by Liang Jiayin (2022) [6] and Hu Ningqi (2021) [7], such as unifying the individual income tax standard and promoting multi-party collaboration, have macro-guidance significance. However, they lack specificity in addressing the characteristics of tipping in-

come, such as "high-frequency small amounts" and "virtual currency exchange." Xu Zhaohan (2023) [8] and Li Yue (2021) [2], while introducing blockchain technology and "Golden Tax Phase IV," have not combined these with specific application models for tipping business scenarios (such as on-chain traceability mechanisms for virtual gift flows, and early warning indicators for discrepancies between GMV and reported income).

This paper, based on the special nature of tip income, focuses on Momo platform streamers as research subjects and explores two main issues: First, from the perspective of legal and tax intersections, it systematically argues for the "digital service remuneration" attribute of tip income and its tax classification standards; Second, addressing the platform's data reporting obligations and technical governance capabilities, it constructs a three-dimensional compliance path of "legal characterization—technical empowerment—responsibility definition," aiming to provide a solution that is both theoretically sound and practically applicable for addressing loopholes in the administration of tip income.

2 Classification of Reward Income Types, Tax Treatment, and Nature Definition of Live Streaming E-commerce

2.1 Classification of Live Streaming E-commerce Reward Income and Tax Treatment

The income from tipping can be divided into five types: income from labor remuneration, income from business operations, income from wages and salaries, income from contingencies, and income from companies. Based on reference materials and tax laws, the following (Table 1) is a summary of the classification of income from tipping and its tax attributes.

Table 1. The Classification Of Income From Tipping And Its Tax Attributes

Type of income	Applicable circumstances	Tax rate/tax method	Legal basis and Key points
Income from labour remuneration	The broadcaster receives tips in his own name, without a commercial entity, and mainly relies on personal performance or interactive labor.	3%-45% (comprehensive income, calculated annually)	The reward is directly related to the labor of the anchor and is regarded as "paid service". The platform shall withhold and pay on behalf of the anchor, and the anchor shall make annual settlement and payment
Income from operations	The broadcaster conducts live broadcasting through individual industrial and commercial households, sole proprietorship enterprises and other business entities, with the characteristics of continuous operation (such as	5%-35% (five progressive tax brackets)	Costs and expenses can be deducted, and if eligible, they can be approved for collection. Risks of tax avoidance through fictitious transactions should be prevented

Type of income	Applicable circumstances	Tax rate/tax method	Legal basis and Key points
	team and equipment investment).		
Income from wages and salaries	The anchor signs a labor contract with the platform/agency company and receives a fixed salary and share as an employee.	3%-45% (total income, monthly withholding)	The characteristics of labor relations (such as attendance and management system) should be met. As the withholding agent, the platform/brokerage company shall retain labor contracts and other certificates
accidental income	In rare cases, the reward is recognized as a gratuitous gift (subject to recognition by the tax authority).	20 per cent (on a per-occurrence basis)	It needs to prove that there is no relationship between reward and consideration, which is controversial in practice. Tax authorities usually do not adopt this classification
Income of the company	The anchor sets up a company and signs a contract in the name of the legal person, and the income belongs to the company.	25% (corporate income tax) + 20% (tax on shareholders' dividends)	Income should be paid first as corporate income tax, then individual income tax when dividends are paid, and VAT should be paid according to "cultural services" (6% for general taxpayers, small scale)

2.2 Definition of the Nature of Live Broadcast Reward Income

In the field of live e-commerce, the legal nature of controversy over tipping income essentially boils down to a definitional disagreement regarding the "audience-broadcaster" legal relationship, which directly determines its tax attributes and applicable collection rules. According to Article 657 of the Civil Code, a gift contract must meet the core requirements of "non-payment" and "no consideration," meaning that the donor provides property without charge, and the recipient does not have to pay any price. However, in live streaming scenarios, broadcasters primarily engage in the continuous performance of talent shows and product promotions as business services. The audience's tipping behavior generally forms an implicit consideration relationship with the quality of content and interaction frequency—— Users pay for virtual gifts to tip broadcasters, which essentially represents their payment acknowledgment of the service, aligning with the legal characteristics of "one party providing services, the other party paying remuneration" in the Contract Chapter of the Civil Code, fundamentally distinguishing it from pure gratuitous gifts[9].

This article argues that from the perspective of analyzing the connection between legal substantive elements and tax law, income from tipping more closely aligns with the attribute of "service remuneration" and should be included in the scope of regulation under the Individual Income Tax Law: Firstly, the subject's behavior is characterized by professional operation. Streamers earn income through systematic services such as account management and content planning, to make a profit, which fits the

definition of "income from labor services" as outlined in Article 6 of the Implementation Regulations of the Individual Income Tax Law, distinguishing it from non-continuous windfall gains and gratuitous gifts; Secondly, the transaction model forms a closed-loop value relationship. Platforms link users' payment behavior directly to the quality of the streamer's service through mechanisms like gift-level systems and tipping rankings, creating a commercial loop of "content production-value recognition-remuneration payment," which aligns with the core characteristic of labor remuneration being "paid services"; Thirdly, the judicial practice supports the recognition of service value. Courts in multiple regions have already recognized frequent and regular tipping as service consumption rather than gifts in online tipping disputes, emphasizing that "the essence of tipping is the paid return for providing network services to streamers," thus setting a judicial precedent for classifying it as labor remuneration under tax law.

The nature of tipping income is currently ambiguous, fundamentally violating the principle of tax legality. Article 3 of the Tax Collection and Administration Law clearly stipulates that "the establishment of tax categories, determination of tax rates, and basic tax collection and administration systems" must be prescribed by law. However, due to the lack of clear legislation or judicial interpretation, tax authorities find it difficult in practice to accurately distinguish between "labor remuneration" and "business income," leading to streamers exploiting differences in tax categories for tax arbitrage. Clarifying the legal nature of tipping income as "service remuneration" is not only the legal basis for clarifying the tax obligations of streamers and platform regulatory responsibilities but also a necessary prerequisite for implementing the principle of tax legality and establishing a fair tax administration order.

3 Analysis of the Core Loopholes in tax Collection and Management of Live Streaming E-commerce Reward Income

Under the current tax policy framework, the revenue collection system for streamer tips faces deep-seated institutional contradictions. The core loopholes concentrate on two interrelated dimensions: the ambiguity in defining the nature of income, which creates room for tax arbitrage, and the coordination dilemma between platform data governance and tax supervision. These two loopholes, through a transmission mechanism of "vague legal characterization—distorted behavior of entities—ineffective regulatory measures," form systemic risks in the revenue collection chain.

3.1 The Nature of Income is Ambiguous and Tax Arbitrage is Normalized

The ambiguity in defining the attributes of tax law is the logical starting point for loopholes in the administration of tip income. The current Individual Income Tax Law does not specify a dedicated tax category for tips, leading to classification disputes between "income from labor services," "income from business operations," and

"windfall gains." According to the Contract Chapter of the Civil Code, streamers who continuously provide live streaming services and receive tips meet the legal characteristics of "paid services" and should be classified as "income from labor services." However, in practice, key elements distinguishing "labor services" from "business income," such as "continuous operation" and "commercial entity form," lack quantifiable standards, opening up opportunities for streamers to exploit tax categories.

The typical manifestations are "subject form transformation" and "income nature packaging." Some streamers register as individual businesses or sole proprietorships to package their prize money, which should be taxed as labor remuneration, as "business income" under the assessed collection policy. For example, Viya's team controls multiple individual enterprises such as Shanghai Weihuo, combining prize money with product commission income to exploit the tax haven's assessed collection policy, thereby avoiding the highest 45% labor remuneration tax rate(Global Times, “Viya's family involved in tax evasion has been deregistered”, 2021-12-20). By using "yin-yang contracts" to split income, they sign low-value labor contracts on the surface while actually transferring remuneration through private sharing and virtual currency exchanges, blurring the nature of income. Such operations make it difficult for tax authorities to penetrate the "legal form" to determine the true nature of transactions, leading to a management dilemma characterized by "difficulty in auditing, difficulty in characterization, and difficulty in recovery."

This ambiguity in definition is essentially contrary to the principle of legal taxation, which enables anchors to use tax differences to implement strategic tax avoidance. As an interested party, platforms often take "fuzzy treatment" to identify the nature of income, which further aggravates the information asymmetry in supervision.

3.2 The Coordination Dilemma Between Platform Data Governance and Tax Supervision

In the closed loop of "user reward--platform revenue sharing--anchor withdrawal", the platform has the core transaction data, but due to the trade-off between commercial interests and compliance costs, it forms a "principal-agent" conflict under information asymmetry with tax authorities, which is specifically manifested as incomplete data submission and failure of withholding and remittance mechanism.

3.2.1 "Selective Transparency" of Data Submission and Regulatory Blind Spots.

Platform data governance faces three major barriers: First, the lack of basic information: user anonymous tips and unverified real names make it impossible to trace transaction entities; core data such as revenue-sharing ratios between streamers and MCN agencies, as well as fund flows, are selectively reported, creating a "data black box." Second, the disruption of the transaction chain: cross-platform payments and frequent small tips are not subject to regulatory reporting; some platforms use technical means to encrypt or block sensitive data, preventing tax authorities from building a complete financial flow map. Third, the failure of abnormal behavior monitoring: for high-frequency tipping and associated account backflows, the platform's risk

control system does not share real-time warning information with tax authorities. In 2023, only 23% of such abnormal transactions detected by tax audits were preemptively flagged by the platform's risk alerts(National Taxation Administration, "Unmasking the Secrets behind the Tax Evasion of Large Amounts of 'Promotion Fees'," November 15,2024).

3.2.2 The Obligation of Withholding and Paying is Virtualized.

The platform, considering cost-benefit, generally engages in "compliance arbitrage": First, splitting contracts to avoid withholding: By signing dual contracts with streamers for "basic service fees + split rewards," the platform converts tip income into vague categories such as "technical service fees" and "marketing rewards," thereby evading the obligation to withhold labor compensation. Second, loopholes in withdrawal rules: For example, TikTok stipulates that withdrawals below 490,000 yuan are exempt from corporate settlement, allowing streamers to withdraw small amounts frequently through personal accounts (up to 50,000 yuan per transaction) to circumvent bank transfer warning mechanisms. In the "Xiamen Xiaocheng case" investigated in 2024, the streamer dispersed payments using 12 family-owned WeChat accounts, concealing over 8 million yuan in income(Guangming Net, "Tax authorities reported: Internet broadcaster "Bai Gongzi" and "Xiamen Xiao Cheng" were punished for tax evasion", 2024-12-18). Third, cross-border profit shifting: Some platforms settle tip income through overseas subsidiaries. In the case of "Hong Kong shell companies paying streamer salaries," the streamer transfers the tip income earned on domestic live-streaming e-commerce platforms to offshore shell companies via various means, and then obtains income from these offshore companies in the form of salaries(Shenzhen Tax Inspection Bureau, "State Administration of Taxation, Shenzhen Tax Inspection Penalty Notice (2021) No.150", December 8, 2021). This leverages international tax havens to reduce overall tax burdens, while tax authorities struggle to trace the ultimate flow of funds due to restrictions on cross-border data access.

3.2.3 Lagging Regulation Enabled by Technology.

Despite the "Golden Tax Phase IV" initiative promoting direct data connectivity between the tax system and platforms, three major bottlenecks remain: First, non-uniform data standards: platform transaction data does not match the fields in the tax administration system, requiring manual secondary cleaning, which leads to monitoring delays. Second, data silos among MCN agencies: income earned by streamers through their agencies is often denied detailed sharing due to the agency's claim of "commercial confidentiality," creating regulatory blind spots. Third, insufficient identification of new tax avoidance methods: the accuracy in recognizing innovative models such as "platform traffic + private domain monetization" and NFT gift exchanges is inadequate, limiting the effectiveness of "tax governance through data."

4 The Impact of Live Broadcast Reward Tax Collection Loopholes on Economy and Society

4.1 Loss of Fiscal Revenue

Currently, the live streaming e-commerce industry is developing rapidly, but issues in tax administration within this sector are becoming increasingly prominent. Particularly, the scale of fiscal losses caused by loopholes in the taxation of tip income cannot be underestimated. According to the results of a special inspection conducted in 2024, tax authorities inspected 169 online streamers, with a total amount of unreported income reaching 899 million yuan(Brightnet, "169 Internet broadcasters have made nearly 900 million yuan in income! The State Administration of Taxation announced", 2025-04-01). Among these reported incomes, hidden issues related to live-streaming tips and commission earnings from product endorsements dominate. This clearly indicates that there is an urgent need to strengthen tax administration in the live-streaming e-commerce industry to ensure the stability of national fiscal revenue.

4.2 Distorted Industry Ecology

The lack of a multi-party collaboration mechanism exacerbates information asymmetry due to data silos. Effective data-sharing mechanisms have yet to be established among streamers, MCN agencies, and tax authorities, leading to fragmented income information. Leveraging the unique transaction anonymity characteristic of platform economies, these systems allow for the concealment of yin-yang contracts and fabricated business flows, increasing the risk of cross-regional income concealment. In 2024 alone, tax authorities identified fictitious business flow amounts totaling 320 million yuan. These loopholes not only result in tax revenue loss but also distort the fairness of digital economy taxation. Urgent legislative refinement, technological empowerment, and collaborative governance are needed to address these issues.

4.3 Crisis of Social Equity

4.3.1 Distort the Competitive Environment of the Industry.

For streamers and related professionals who pay taxes according to the law, loopholes in tax administration create an unfair competitive environment. Streamers who evade taxes can reduce costs and allocate more funds to marketing, equipment upgrades, and other areas, thereby gaining a more advantageous position in market competition. This puts other law-abiding professionals under greater competitive pressure, making it difficult for them to secure fair development opportunities. In the long run, this may undermine the enthusiasm of legitimate practitioners, hinder the healthy development of the entire live streaming industry, and violate the principle of equal opportunity under market mechanisms.

4.3.2 Hinder Social Mobility.

The live-streaming industry, as an emerging sector, originally offered many people the opportunity to change their social status. However, unfair competition caused by tax loopholes has led to excessive concentration of resources among streamers who evade taxes. This makes it difficult for talented newcomers who lack funds and resources to stand out in the industry, limiting their path to social mobility through personal effort. The obstruction of social mobility has solidified the existing social class structure, hindering social progress and equitable development.

5 Case Analysis of Xu Guohao, a Popular Momo Broadcaster

As a typical case of loopholes in the collection and management of live-stream e-commerce tipping income, the Xu Guohao case highlights two core issues: "vague definition of income nature" and "ineffective platform data governance," directly resonating with the theoretical framework discussed earlier. The distortion of subject behavior and flaws in regulatory mechanisms reflected in this case provide a micro-level perspective on the challenges of collecting and managing tipping income.

5.1 Basic Information of the Case

In 2022, the Fuzhou City Tax Bureau of Jiangxi Province discovered through tax big data analysis that Xu Guohao, a Momo live streamer, was suspected of significant tax evasion. Upon investigation, it was found that from 2019 to 2020, he earned income through live streaming tips and evaded taxes in two ways: first, by underreporting personal income tax by 17.5557 million yuan, concealing part of the tip income from inclusion in the annual settlement; second, by fabricating business transactions to alter the nature of income and evade taxes by 19.1419 million yuan. By taking advantage of the tax haven policy in Fuzhou, Jiangxi, he set up an empty shell company, "Jiangxi Zemu Film and Television Co., Ltd.," and packaged his personal labor remuneration as corporate operating income, subjecting it to assessed collection policies. Ultimately, the tax authorities legally recovered a total of 108 million yuan in taxes, late fees, and fines(State Administration of Taxation, "Fuzhou Tax Bureau of Jiangxi Province dealt with the case of Xu Guohao, an Internet broadcaster, who evaded tax according to law", 2022-06-16).

5.2 The Tax Collection Loopholes Reflected in the Case

5.2.1 Systematic Arbitrage Driven by tax items —— Maps the Core Vulnerability of "Ambiguous Definition of Income Nature".

Xu Guohao implemented tax arbitrage through "subject form conversion + policy abuse," directly corroborating the issue of "ambiguous legal characterization of tip income leading to tax arbitrage" mentioned in Chapter Two. The Jiangxi Zemu Company he established had no employees, no office space, and no substantive business

operations; it merely served as a channel for capital flow. However, by leveraging the "sole proprietorship" business entity form, he transformed labor remuneration, which should have been taxed at a rate of 45%, into operating income subject to an assessed collection rate of 5%-10%, resulting in a tax burden reduction of 77.8%. This operation exploited the ambiguity in the distinction between "labor remuneration" and "operating income" under the Individual Income Tax Law, as well as the loopholes in local tax havens' assessed collection policies, creating a tax avoidance model that is "legally compliant but economically distorted."

This case highlights the practical consequences of an unclear definition of the "service remuneration" attribute of reward income —— When the tax law does not specify its exclusive tax items, anchors can legally avoid high tax rates through formal compliance with subject design, exposing the specific rules missing in the implementation of the principle of tax legislation.

5.2.2 Failure of Platform Data Governance and lack of Responsibility —— Confirm the "Dilemma of Platform Data Supervision Coordination".

As a core trading hub, the Momo platform has suffered from three major regulatory failures, corroborating with the third chapter's "incomplete data reporting + evasion of withholding obligations": First, the lack of fund flow tracking. The absence of monitoring on third-party payment channels led to Xu Guohao concealing over 30% of his reward income; large rewards were not labeled with risk tags and were not synchronized with tax authorities. Second, the virtualization of withholding obligations. The platform failed to classify and withhold income as required, allowing streamers to settle through shell companies, resulting in the platform's share not being included in the taxable base. Third, delayed identification of abnormal behavior. The platform's risk control system did not trigger warnings for scenarios such as linked account inflows and frequent nighttime withdrawals, leading to the tax authorities only discovering the financial anomalies during subsequent audits. This case highlights that, driven by commercial interests, the platform tends to relax its data reporting and withholding obligations, leading to a phenomenon of "regulation capture," which urgently requires legislative clarification of the platform's statutory data responsibilities.

5.2.3 The Gray Planning Under the Participation of Intermediary Agencies —— Exposes the Shortcomings of the Industry Compliance Ecology.

In the Xu Guohao case, professional tax intermediary agencies assisted in designing a standardized tax avoidance scheme of "shell company + contract splitting + low-lying area registration," reflecting two major issues in the live streaming industry's tax services: First, the lack of compliance guidelines. The industry lacks detailed tax handling rules for tip income, allowing intermediaries to exploit policy ambiguities and transform "tax planning" into a "tax avoidance tool." Second, prominent moral hazard: some intermediaries forge service contracts and inflate costs and expenses to help streamers comply with assessed collection policies, fostering an unhealthy ecosystem where "professional assistance is illegal."

5.2.4 Lagging Technology Supervision and Data Barriers —— Highlight the Bottleneck of "Taxation by data".

Despite the tax authorities 'discovery of abnormal signals linking zero-insured companies to high transaction volumes through big data, two major limitations remain: First, the accuracy of risk models is insufficient. The system's delay in identifying "no substantive operations + high capital flow" fails to issue early warnings at the onset of transactions. Second, there are barriers to cross-institutional data sharing. The tax authorities have not obtained detailed account statements from Momo platforms or transaction records from third-party payment institutions, leading to incomplete traceability of funds and increased audit costs.

5.3 Industry Implications and General Significance of the Case

Xu Guohao's case is not an isolated phenomenon. The transmission mechanism exposed by "ambiguous legal characterization--subject's impulse to arbitrage--platform collision data packaging-- lagging regulatory technology" is typical in the live broadcasting industry.

5.3.1 Policy Implementation.

The verification and collection policy of tax havens should be supplemented with a "substantive operation" review to curb the abuse of shell companies.

5.3.2 Platform Governance.

A mechanism of "full chain data trace" for reward income should be established, and the platform should be forced to report the distribution ratio and third-party payment data in real-time to break the "data black box".

5.3.3 Technology Empowerment.

The application of blockchain technology in reward transactions should be accelerated to realize the whole process of "user purchase of coins--gift reward--fund withdrawal" on the chain and block the possibility of hidden income from the source.

This case proves that the solution to the loopholes in the collection and management of reward income needs to break through a single link repair, and then build a collaborative governance system with "clear legal attributes + platform responsibility and technical supervision in place", which also provides a direct practical basis for the design of compliance path in the following text.

6 Design of tax Compliance Path for Live Streaming E-Commerce Reward Income

6.1 Clarifying the Nature of Income and tax basis: Consolidating the Legal Basis for Characterization

6.1.1 Clarify the Legal Relationship Between Taxpayers and Withholding Responsibilities.

When clarifying the legal responsibilities between taxpayers and withholding agents, it is crucial to clearly define the legal relationship between online platforms and individuals. If the streamer or author of online articles is an employee of the platform, the platform has the responsibility to withhold and remit individual income tax according to the applicable tax rate for wages and salaries. When the streamer or author of online articles signs a cooperation agreement with the platform and there is no employment relationship between them, the platform still needs to assume the duty of withholding and remitting individual income tax[10]. For cases where individuals meet the conditions for self-reporting and paying taxes, taxpayers must strictly comply with the law and promptly fulfill their obligations to report and pay taxes.

6.1.2 The Legislation Clarifies the tax Nature of "Digital Service Remuneration".

It is recommended to add a sub-item "Digital Service Remuneration" in the Implementation Regulations of the Individual Income Tax Law, clarifying its constituent elements and tax category. The constituent elements must meet three criteria: "continuous content output," "user payment consideration," and "platform revenue-sharing mechanism." This distinguishes it from sporadic income and gratuitous gifts. In terms of tax categories, individual streamers should be classified as "income from labor services," while those operated by commercial entities should be categorized as "business income." A "substantial business operation" determination standard should also be established to prevent tax arbitrage through "shell companies" at the source.

6.2 Strengthen the Tax Coordination Responsibility of the Platform: Build a Data Governance Community

6.2.1 Full Data Submission: Legalization, Standardization, and Phased.

E-commerce platforms for live streaming hold a large amount of data related to tipping income, including private domain transfers and cross-border transactions. According to Article 14 of the "Measures for the Administration of Online Transactions," platforms must retain transaction information for at least 10 years, and Article 20 of the "Personal Information Protection Law" stipulates that data sharing must specify its purpose. Therefore, to strengthen tax administration, platforms should take responsibility for reporting all data. Private domain transfers involve financial transactions between streamers and viewers outside the platform, which are relatively hidden and can easily create blind spots in tax supervision. Cross-border transactions, on the other hand, involve differences in tax policies and administration across different

countries and regions, adding complexity to tax management. Platforms should establish comprehensive mechanisms for data collection and reporting, ensuring that all data, including private domain transfers and cross-border transactions, is promptly and accurately reported to the tax authorities. This allows the tax authorities to fully understand the income situation of streamers and prevent tax leakage.

6.2.2 Optimize the Withholding Mechanism: Process Automation and Responsibility Rigidity.

By improving relevant laws and regulations, the legal responsibilities and obligations of live streaming platforms in withholding and remitting taxes should be clarified. In addition to withholding and remitting taxes, platforms should also be required to provide detailed taxpayer information to tax authorities, including the identity information of streamers, income details, payment times, etc., for regulatory and verification purposes. Furthermore, platforms should establish convenient and efficient withholding and remittance processes, utilizing technical means to achieve automated operations. After completing the withholding and remittance, platforms should promptly transmit relevant information to tax authorities, facilitating data comparison and subsequent management.

6.3 Optimize the Tax Service Ecology of Anchors: Build a Collaborative Governance Network

6.3.1 Promote the "Tax Health Check" Tool: Risk Self-inspection and Compliance Guidance.

To help streamers better manage their tax compliance, the "Tax Health Check" tool should be promoted. This tool can conduct a comprehensive review of the streamer's tax status, identifying potential tax risks. For example, by analyzing the relationship between the streamer's family accounts, it can identify whether there are any risks such as using family accounts to transfer income or evade taxes. Streamers can regularly use this tool for self-checks, promptly identify issues, and take corrective actions to avoid legal risks and economic losses caused by tax problems.

6.3.2 Establish a fiscal and tax Management Standard for the Cooperation Among Anchors, MCN Agencies, and Tax Authorities: MCN Agencies Become Compliance Hubs.

MCN institutions should improve their financial management, standardize financial processes, accurately calculate income and costs, optimize tax withholding services for streamers, provide tax and finance training, and actively communicate and collaborate with tax authorities. Streamers should enhance their awareness of taxation, report income truthfully, and cooperate with MCN institutions to provide accurate information and assist in financial management.

Tax authorities should strengthen the publicity and popularization of tax policies, carry out special guidance for MCN institutions and anchors, and establish and improve the tax supervision mechanism for the live broadcasting industry.

6.4 Technology Enables the Innovation of Collection and Management: Build A "Data + Rules" Regulatory System

6.4.1 Golden Tax Phase IV "3D Penetration Verification": Accurately Locate Risk Scenarios.

The "Three-Dimensional Penetrative Verification" function of the fourth phase of the Golden Tax Project (covering cash flow, logistics, and contract flow) can provide strong support for tax administration of live-streaming e-commerce earnings. Monitoring cash flow, helps to understand the sources and destinations of streamers 'income, identifying any abnormal financial transactions; verifying logistics can confirm the authenticity of product transactions, preventing false sales; and reviewing contract flow ensures the legality and compliance of transactions. Through "Three-Dimensional Penetrative Verification," tax authorities can gain a comprehensive and in-depth understanding of the true situation of live-streaming e-commerce business[2], accurately grasp the earnings from streamers' tips, and effectively combat tax violations.

6.4.2 Application of Blockchain Technology: Realize the Whole Chain Traceability of Reward Income.

Blockchain technology features decentralization, immutability, and traceability, making it suitable for the tax administration of live-stream e-commerce tipping income. By recording virtual gift exchange records and other related information on the blockchain, the origin of tipping income can be traced. Tax authorities can query detailed information about tipping income through the blockchain platform, including the time, amount, and source of the tips, ensuring the authenticity and accuracy of the tipping income[8]. Additionally, the application of blockchain technology can enhance the transparency and credibility of tax administration, reducing human intervention and information asymmetry in the process.

6.4.3 GMV-Declaration Income Deviation Warning System: Dynamic Monitoring and Graded Response.

GMV (Gross Merchandise Volume) is a key indicator of the scale of live e-commerce business, while declared income serves as the basis for streamers to report taxes to tax authorities. Establishing a "GMV-declared income" deviation warning system and setting thresholds can effectively monitor the authenticity of streamers 'declared income. When the discrepancy between a streamer's GMV and declared income exceeds the set threshold, the system automatically issues a warning, prompting tax authorities to conduct further verification of the streamer's income situation. This method can promptly identify potential tax violations such as concealing income or false reporting, thereby enhancing the efficiency and accuracy of tax administration.

7 Conclusion

This study systematically identifies critical loopholes in tax administration for live streaming e-commerce reward income, emphasizing ambiguous legal definitions, platform-driven data governance failures, and technological limitations as core challenges. Through the case analysis of Xu Guohao on the Momo platform, the research highlights how vague income classification enables tax arbitrage, while incomplete data reporting and evasion of withholding obligations exacerbate fiscal leakage. Key findings reveal that the lack of explicit tax categorization for reward income allows streamers to exploit gaps between "labor remuneration" and "business income," with platforms' selective transparency and cross-border profit-shifting further undermining regulatory efforts. These issues collectively result in significant fiscal losses, distorted industry competition, and social inequity. The proposed four-dimensional compliance framework—legal clarity, platform accountability, technological empowerment, and ecosystem collaboration—provides actionable solutions. Legislatively defining reward income as "digital service remuneration" eliminates classification ambiguities, while mandating comprehensive data reporting and blockchain traceability enhances transparency. Integrating Golden Tax Phase IV's multi-dimensional verification and GMV deviation warnings enables dynamic oversight. These measures not only curb tax evasion but also restore fairness in the digital economy.

Implications for practice: Policymakers must prioritize legal reforms to address digital service taxation, while platforms should adopt automated withholding mechanisms and real-time data sharing. MCN agencies and tax authorities need standardized collaboration frameworks to bridge compliance gaps.

Limitations and future directions: The study's focus on Momo platform cases may limit generalizability, necessitating broader empirical validation across diverse platforms. Technical challenges, such as blockchain adoption complexities and cross-jurisdictional data-sharing barriers, require further exploration. Additionally, resistance from platforms to transparency mandates and behavioral incentives for compliance remains under-researched. Future studies should investigate international best practices, assess the scalability of proposed technologies, and explore behavioral economics to incentivize tax compliance. By addressing these gaps, a resilient, equitable tax governance system for the digital economy can be realized, fostering sustainable growth in the live-streaming industry.

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