



# The Problems and Improvement Measures of Tax Inspection in Value Added Tax Collection and Management

Dazhen He

Economics School of AnHui University, No. 111 JiulongRoad, Shushan District, Hefei City  
Anhui Province, China

Author.Email:1791694351@qq.com

**Abstract.** Tax inspection is one of the important links in tax collection and management work, and value-added tax, as one of the most important parts of tax collection, has received high attention from the country. Tax inspection in the process of value-added tax collection is conducive to supervising taxpayers to pay taxes in accordance with the law, and ensuring that value-added tax is collected in a standardized, reasonable and efficient manner. It also has a very important positive significance for improving work efficiency. To this end, supplementing and improving tax inspections legally can promote the efficient implementation of tax inspection work and ensure the effective implementation of the laws and regulations on tax inspections issued by the state. This article analyzes the current situation and problems of tax inspection and law enforcement in the process of value-added tax collection and management, and proposes strategies for improving value-added tax inspection and law enforcement.

**Keywords:** Value Added Tax, Tax Inspection, Law Enforcement, Improve

## 1 Introduction

In the process of tax collection and management, tax inspection is one of the essential contents. The national tax authorities conduct tax inspections in accordance with relevant tax laws, supporting administrative regulations, and tax collection and management systems, and through tax inspections, encourage taxpayers to pay taxes and fulfill their obligations in accordance with the law. The purpose of tax inspection in value-added tax is to use this inspection method to visually see the taxpayer's tax payment situation, whether their tax payment complies with the provisions of laws and regulations. For taxpayers who evade taxes, tax collection and punishment will be carried out, and taxpayers will be supervised to pay taxes in accordance with the law. In addition, conducting tax inspections on value-added tax collection can help identify deficiencies and drawbacks in tax collection and management work, thereby improving the deficiencies in tax collection and management work, solving existing problems, and ensuring the quality and quantity of tax collection and management work, making its

© The Author(s) 2025

P. S. Borah et al. (eds.), *Proceedings of the 2025 5th International Conference on Enterprise Management and Economic Development (ICEMED 2025)*, Advances in Economics, Business and Management Research 346, [https://doi.org/10.2991/978-94-6463-811-0\\_44](https://doi.org/10.2991/978-94-6463-811-0_44)

work more efficient. Therefore, improving the enforcement of value-added tax is conducive to the efficient and orderly implementation of tax inspection work by tax departments, ensuring the implementation of tax related laws and regulations.

## **2 Current Situation of Value-Added Tax Inspection and Law Enforcement**

### **2.1 Insufficient Quality of Tax Law Enforcement Personnel**

Under the condition that China's tax system is not yet sound and perfect, some local government tax enforcement personnel are not familiar enough with the tax legal system and regulations, and do not have sufficient understanding of the risks encountered in law enforcement. They ignore the factors of law enforcement risks, sometimes violating the tax legal system, and are unaware of the height of illegality. Some law enforcement personnel have a certain sense of luck when they break the law, which seriously restricts the effectiveness of tax law enforcement<sup>[1]</sup>.

During the value-added tax inspection and law enforcement period, the main problems are reflected in the following four points: firstly, in the local tax administrative authorities, some tax officials have weak professional quality, are careless, have low ideological quality, and have a weak sense of responsibility towards their work<sup>[2]</sup>. In some cases, they abuse their power for personal gain, or use simple and crude law enforcement methods during the enforcement process, which deepens the conflict between tax workers and taxpayers, reduces the cooperation of taxpayers, and delays the enforcement time; Secondly, tax grassroots staff lack understanding of law enforcement procedures, are not familiar with relevant business knowledge of tax policies, and have not timely understood the actual situation of individuals or enterprises, resulting in irreversible loopholes in the implementation and management of tax collection work; Thirdly, a small number of law enforcement officials in the tax department have a weak awareness of the rule of law and are not strict with themselves. Unfair law enforcement breeds corruption, and they abuse their power for personal gain to promote tax integrity. This has led to the emergence of many "related parties" and "personal tax" phenomena in the tax enforcement process, increasing the risk and difficulty of value-added tax inspection and law enforcement. Fourthly, the unclear implementation of administrative management by the tax department has resulted in various law enforcement risks, which are difficult to detect but cannot be ignored. Especially in regulations such as export tax rebates, strict review and implementation are necessary. It is difficult to distinguish the authenticity of input tax amounts, which requires a strong crackdown on the phenomenon of issuing fake invoices and increased scrutiny and supervision by law enforcement agencies.

### **2.2 The Tax Department is Facing an Imperfect Assessment System**

In order to better implement inspection and law enforcement in local tax law enforcement departments in China, it is necessary to strengthen the assessment system for

tax departments. Not only can it promote the smooth implementation of law enforcement work<sup>[3]</sup>, but it can also provide a mutual supervision environment for department leaders and grassroots employees, constantly growing through continuous assessment and self-examination, and preventing the occurrence of favoritism and fraud. However, the current tax assessment system in China is relatively weak and not scientific enough to accurately reflect the average level and enforcement effectiveness of local tax law enforcement departments. Grassroots staff may disregard objective facts in order to complete the assessment content, and such assessments have lost their meaning. Artificial fraud brings great risks to tax law enforcement.

### **3 Problems in Value Added Tax Inspection**

#### **3.1 Administrative Departments Obstruct the Normal Conduct of Tax Inspection Work**

When tax authorities conduct tax inspections on local taxpayers and leading enterprises, some governments unilaterally consider local interests<sup>[4]</sup>, blindly protect enterprises in order to maintain the development of the market and ensure the prosperity of the local economy, and even intervene in the work content and direction of relevant tax departments. They require tax departments to be "flexible" and use administrative orders to make enterprises resist relevant policies, refuse to implement them, turn a blind eye to or let go of their fraudulent behavior in taxation. While tax law enforcement cannot make efficient progress, it also hinders the implementation of relevant tax policies in practice. Some local governments, in order to protect and develop local interests, blindly attract investment, giving some false companies an opportunity to take advantage of<sup>[5]</sup>. Their false registered companies do not invest locally, nor do they engage in production. They only want to defraud relevant preferential policies for financial refunds or engage in tax evasion. In this way, when tax authorities organize tax inspections, some local governments and administrative units may not cooperate with tax inspections, affecting the normal, efficient, and orderly progress of tax inspections, or fraudulent enterprises may abscond with funds during tax inspections. Individual administrative leaders, without considering the actual situation, blindly implement "tax exemption", which hinders the synchronous development of economic development and taxation. These unreasonable behaviors greatly increase the difficulty of law enforcement personnel in tax authorities, and also increase the burden on enterprise development, making it difficult for value-added tax inspection and law enforcement in China.

#### **3.2 Tax System Issues**

The reasons for the impact of China's tax system on value-added tax management and tax inspection and law enforcement are mainly reflected in the following three points. Firstly, there are issues with the current implementation of value-added tax and related tax policies. Some enterprises have a lag in determining their input tax amount, resulting in excessive purchase volume and inability to achieve current deduction for

production and imports. As a result, these enterprises have financial problems, leading to tax arrears during tax inspections. Secondly, some companies face significant tax pressure. For example, enterprises that reprocess agricultural and sideline products have the problem of inverted import and sales tax rates, which they cannot bear, resulting in their inability to produce normally and efficiently, indirectly hindering the implementation of tax inspections. Finally, there are issues with the implementation of tax policies. For example, there are tax exemption policies in certain industries, but in the specific implementation process, some regions provide exemptions and reductions, while others offer exemptions and reductions, resulting in inconsistent tax enforcement<sup>[6]</sup>.

### **3.3 The Laws and Regulations on Taxation Are Incomplete**

For some criminal acts, there should be legal basis for punishment and relevant laws and regulations should be improved. Comprehensive laws and regulations can prevent and combat criminal activities to the greatest extent possible. For a long time, the Tax Administration Law has been the highest action standard and norm for every inspection cadre. Due to some significant deficiencies and the lack of specific regulations on supervision and constraints in law enforcement, there is a lack of rigidity and authority in the actual operation process. The discretionary power of tax inspection is usually 1-5 times, but the difference between the upper and lower limits of the discretionary power is too large. When solving tax cases, sometimes the final result may change due to the transfer of subjective and objective conditions, and sometimes two opposite solutions to the same problem may arise. In the issuance and collection of illegal invoices, on the one hand, punishment can be imposed according to specific provisions of relevant laws and regulations, and the punishment is relatively light. On the other hand, there are also relevant laws and regulations indicating that this issue can be treated as a tax evasion crime with heavier penalties, which makes it difficult for relevant tax law enforcement personnel to handle it in the specific operation process. In some large-scale tax cases, the relevant penalties for partial payment of taxes cannot be thoroughly enforced due to the lack of corresponding supporting materials.

## **4 Improvement Strategy for Value-Added Tax Collection and Management Inspection Work**

### **4.1 Enhance the Legal Status of the Tax Inspection Law**

Firstly, comprehensively deepen the enforcement scope of tax inspections in the law. At present, the crackdown on tax evasion and fraud is becoming increasingly fierce, although the latest legal provisions have clearly stipulated that tax inspectors have administrative enforcement powers in their inspection work. However, from the actual process of tax inspection and law enforcement, it is imperative to legislate to grant relevant personnel the authority of criminal investigation. That is to say, when the person or enterprise being investigated has committed tax evasion or fraud crimes, in

emergency situations, they have the right to bypass the national public security organs and continue the investigation, so that the case can be efficiently handled and the cost of handling cases can be minimized to the greatest extent possible

The behavior has been dealt with to the greatest extent possible, and there is a successful precedent for customs anti smuggling police in this regard. Secondly, the "Regulations on Tax Inspection Work" should be revised, supplemented, enriched and improved to elevate it to the status of administrative laws and regulations. At present, the "Regulations on Tax Inspection Work" is an internal charter formulated by the national tax regulatory authority and does not belong to laws and regulations, and has no legal status. Therefore, the behavior of tax inspections cannot be standardized uniformly, and it is difficult to conduct in-depth tax inspections on suspected tax thieves and fraudsters. Therefore, elevating the "Regulations on Tax Inspection Work" to the level of laws and regulations is conducive to accelerating the legalization process of tax inspection.

#### **4.2 Enhance the Legal Status of the Tax Inspection Law**

Firstly, increase the tax scope of value-added tax. Incorporate intangible assets involved in various industries into the scope of value-added tax collection. The reason is that some industries' intangible assets have the potential and space for appreciation. By using value-added tax invoices and offsetting them in the next process, the deduction of value-added tax appears formal and standardized, avoiding criminals from using invoices to steal and evade taxes. Secondly, limit the scope of tax exemption. Enrich and supplement the various links of value-added tax deduction. In terms of tax rates, the lack of uniformity will increase the cost of purchasing tax-free raw materials.

The high tax burden on processed products caused by industrial enterprises, and there are also cases where tax paid products are used as raw materials for duty-free products. However, due to the lack of value-added tax special invoices, it is easy for unscrupulous individuals to take advantage of tax collection and management. From the current situation, the scope of tax exemption should be narrowed and reduced, fully reflecting the principles of fairness and impartiality in tax collection. In addition, the requirement of zero export tax rate should be strictly implemented, and the behavior of differentiated tax rebate rates should be banned, so that the implementation of export tax rebates can meet the relevant requirements, which is conducive to the export of domestic goods.

#### **4.3 Reduce Discretionary Power in Tax Enforcement Penalties**

For the discretionary power of law enforcement in tax inspections, in other words, it is the administrative power of discretionary power. When administrative actions are taken without specific provisions on enforcement content in relevant regulations, administrative agencies should consider national interests to determine the right to implement them. The discretionary power of law enforcement in value-added tax inspections should be maintained fairly. If unfair phenomena occur during the punishment process and the law has improper discretion, administrative litigation should be carried out. In

summary, the law enforcement process should have more impact indicators to ensure fairness and impartiality in law enforcement.

#### **4.4 Various Departments Cooperate With Each Other And Improve the Judicial Supervision and Guarantee System**

The workload of tax personnel is large and the form is complex, so the cooperation between various departments is the premise and foundation for the orderly and normal implementation of tax law enforcement. However, the relevant laws and regulations on the cooperation between tax departments are not detailed enough, and there is no specific summary of the allocation of responsibilities and obligations, which makes the relevant provisions have little practical value and weakens the enforcement force<sup>[2]</sup>.

On the surface, various tax authorities and relevant administrative departments have established public network connections, but the actual number of convictions adopted is relatively small, ultimately making it impossible to establish a corresponding relationship between illegal tax behavior and high-risk violations. Due to weak awareness of tax behavior and weak law enforcement, the environment for value-added tax collection and management in China has become increasingly harsh. Some illegal tax laws and behaviors that violate the law have not been punished to a certain extent, making it difficult for tax authorities to demonstrate the seriousness of tax laws. Therefore, it is necessary to establish a complete tax judiciary and strengthen the judicial supervision and protection system. Based on this, relevant departments can implement law enforcement, pursue criminal responsibility, and impose penalties on some lawful behaviors. Intensify efforts to crack down on tax evasion and fraud, improve the judicial supervision system, promote tax inspection and law enforcement of value-added tax management in China, and effectively prevent the occurrence of tax crimes<sup>[4]</sup>.

## **5 Conclusion**

This article analyzes the enforcement difficulties of tax inspection in China's value-added tax collection and management, revealing core issues such as professional deficiencies of law enforcement personnel, local administrative intervention, and deficiencies in tax system design (such as inverted input and output tax rates). Propose a systematic solution: promote the legislation of the Tax Inspection Regulations to strengthen legal effectiveness, reconstruct the value-added tax deduction chain and standardize tax incentives, establish quantitative discretion standards to compress discretionary space, build cross departmental collaboration mechanisms and judicial protection systems, and synchronously implement the professionalization of the inspection team and the hierarchical assessment system. By implementing legal and standardized reforms, we can effectively enhance the efficiency of tax collection and management, and maintain market fairness and order.

## References

1. Liu Mingli The Problems and Countermeasures of the Fiscal and Taxation System under the New Situation [J]. *Investment and Entrepreneurship*, 2025, 36 (07): 16-18.
2. Chen Cui, Jiang Liping Practical Research on Tax Risk Management of Manufacturing Supply Chain in the Era of Big Data: A Case Study of X Company [J]. *Business Accounting*, 2025, (07): 101-104.
3. Du Yongkui, Wang Jie Research on the Implementation Effect of Value Added Tax Retention and Refund Policy: A Literature Review [J]. *Financial Management Research*, 2025, (04): 29-35.
4. Zhou Zhibo, Huang Qinghua, Jin Qiang Theoretical Logic and Practical Path of Digital Transformation in Tax Governance: Analysis Based on Opportunity Structure [J]. *China Administration*, 2024, 40 (12): 93-104. DOI: 10.19735/j.issn. 1006-0863.2042.09.
5. Fu Ruihong Analysis of Tax Management Issues and Solutions for Environmental Protection Enterprises [J]. *Marketing*, 2023, (24): 77-79.
6. Sun Zheng Tax governance of gig economy for platform enterprises under smart taxation: theory, logic, and countermeasures [J]. *Tax Economics Research*, 2023, 28 (06): 11-20. DOI: 10.16340/j.cnki. ssjyj. 2023.06.009.

**Open Access** This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

