

A study of tax investigation from the perspective of administrative process with a focus on the income tax

【Abstract】

Taiwan adopts an annual self-reporting system for income tax return. Such reporting system involves massive and recurrent information. Hence tax authorities would collect all kinds of tax information before the annual income tax reporting period and use such information to set out the norms for different types of income and expenses as basis for taxation. Upon receiving the annual income tax returns filed by taxpayers, tax officers would check the filed data against the collected tax information, and based on the results, determine the taxpayers to be audited and the assessed income tax. The information contained in an annual income tax return and the results of assessment become the source of basic tax information and comparison for following year's return. Hence income tax returns of two successive years are interrelated and can form

discrete units for research purpose. In order to grasp the full view of the tax investigation system, comprehensive examination of the system is necessary. Thus this study employs the methodology of the “theory of administrative process” originated in Japan to examine the tax investigation system under the prevailing law in a macroscopic manner, from the process of tax administration, pre-filing tax information collection, the means, procedure and attributes of post-filing investigation, legal relationship of the parties concerned, to the effect of investigation and remedies available. This study attempts to discover problems, and based on which, propose solutions or suggestions for regulatory amendment.