



# Tax Administration Product Portfolio

## Product No.13

### Establishing Standardized Systems and Processes for Tax Law Enforcement

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#### 1. Overview of Law Enforcement Norms

##### 1.1 The Concept of Tax Law Enforcement System

The tax law enforcement system refers to a series of rules, procedures, mechanisms, and organizational arrangements established by the state (region) to standardize tax law enforcement practices and ensure the effective implementation of tax laws and regulations. It constitutes a crucial component of the tax legal system, encompassing not only the powers and responsibilities of law enforcement entities but also the processes and norms governing their enforcement actions. The ultimate objective is to ensure that tax collection and administration activities are carried out in a lawful, fair, and efficient manner, thereby safeguarding the taxing rights and interests of the state (region) as well as the legitimate rights and interests of taxpayers. A standardized tax law enforcement system and process essentially represent a management and control system that is “risk-oriented, compliance-based, supervision-guaranteed, and efficiency-driven.” It serves as one of the internal control means for tax authorities. By adopting a “system-design+process-control” approach, a systematic risk defense mechanism is constructed to achieve compliance, efficiency, and security in tax law enforcement practices.

##### 1.2 Why Establish Standardized Tax Law Enforcement System and Process

Establishing standardized tax law enforcement system and process transforms the “exercise of power” in tax law enforcement into standardized actions that are “process-controllable, responsibility-traceable, and standard-verifiable”. This ultimately achieves effective defense against enforcement risks, compliance constraints on enforcement behaviors, and continuous optimization of enforcement efficiency, which fully aligns with the core logic of internal control—to “ensure the realization of organizational objectives”.

###### 1.2.1 Reducing Law Enforcement Risks through Process Standardization

There are multiple risks in tax law enforcement (such as law enforcement deviations, abuse of power, legal accountability). Standardized system and process can effectively mitigate these risks through “standardized design”. Firstly, it can minimize human arbitrariness. Tax law enforcement involves various aspects such as tax source management and tax inspection. Without unified standards, issues like “different penalties for similar cases” and “selective law enforcement” may arise. Standardized processes confine enforcement actions to a predefined framework through clear definitions of legal bases, operational procedures, and discretionary benchmarks. Secondly, it can avoid the risk of abuse of power. When tax law enforcement powers lack constraints, it is prone to malpractice and favoritism. Standardized systems establish a power checks and balances mechanism through designing such as “separation of incompatible positions” and “authorization and approval controls”, cutting off the possibility of a single entity abusing power from a procedural standpoint. This precisely aligns with the core requirement of “power constraint” in internal control.

###### 1.2.2 Ensuring Compliance through Rigid System Frameworks

As a statutory administrative action, the compliance of tax law enforcement directly impacts the realization of national (regional) tax-related rule of law. Tax authorities integrate the requirements of tax laws and regulations into the entire law enforcement process, ensuring that every enforcement action is legally grounded and preventing procedural flaws from invalidating enforcement outcomes or triggering administrative litigation. A standardized system clarifies the

enforcement responsibilities of each post, adhering to the principle of “who enforces, who assumes responsibility”, there-by compelling law enforcement officers to strictly abide by legal procedures in their operations.

##### 1.2.3 Optimizing Communication and Supervision through Information Transparency

Tax law enforcement involves multiple internal departments within tax authorities and taxpayers, with information asymmetry potentially leading to disjointed enforcement. Standardized processes clarify the channels (e.g. standardized enforcement documents) and deadlines for information transmission, ensuring efficient circulation across all stages and preventing enforcement gaps caused by poor communication. By establishing standardized systems and processes, internal audit and other supervision departments can directly assess compliance with prescribed standards, promptly identify and rectify deviations, and foster a closed-loop mechanism of “process-supervision-improvement” to continuously enhance enforcement quality.

##### 1.2.4 Enhancing Law Enforcement Efficacy through Efficiency Optimization

Standardized tax law enforcement processes directly improve operational efficiency by eliminating redundant steps and clarifying boundaries of authority and responsibility. Non-standardized processes may lead to issues such as overlapping inspections by multiple departments and repetitive submission of documentation. In contrast, standardized processes streamline operations through unified entry points and centralized processing, thereby minimizing ineffective procedures, reducing enforcement costs, and ultimately enhancing overall law enforcement efficacy.

#### 2. Guiding Framework for the Evolution of Standardized Tax Law Enforcement

The standardized development of tax law enforcement systems and processes represents a dynamic process deeply intertwined with economic structures, political systems, and technological revolutions. Its core logic embodies a transition from fragmented administration to systematic governance, and from experience-based enforcement to scientifically grounded law enforcement.

##### 2.1 System Founding Stage: Unified Tax Policy and Initial Exploration

In the early stages, taxation in various countries (regions) primarily served national (regional) fiscal needs such as warfare and infrastructure development, with law enforcement authority heavily subordinate to monarchs or local lords. This resulted in fragmented tax systems characterized by inconsistent tax categories and decentralized enforcement powers at the local level. During this period, standardized tax law enforcement systems had yet to emerge, as countries (regions) were in the initial stages of exploring standardized enforcement systems and processes. Three key features defined tax enforcement norms at this stage:

Fragmented System Framework: Tax regulations existed mainly in the form of imperial edicts and customary laws, lacking a systematic legal framework.

Arbitrary Enforcement: Tax collection authority was directly controlled by monarchs or local lords, unconstrained by

clearly defined procedural safeguards.

Primitive Technical Methods: Taxation relied predominantly on in-kind taxes and poll taxes, with manual bookkeeping and on-site collection leading to inefficiencies and corruption vulnerabilities.

##### 2.2 Rule-Building Stage: Initial Establishment of the Rule of Law and Professionalization

The Industrial Revolution drove economic complexity and diversification, prompting tax functions to evolve from a mere “fiscal tool” to an “economic regulator”. Tax enforcement gradually embraced the rule of law, while the rise of nation-states spurred the development of modern tax systems, shifting enforcement toward rule-based governance. Countries (regions) codified the principle of tax legalism through constitutional provisions or specialized tax legislation, established rule-based frameworks for tax categories, created independent tax authorities with refined divisional boundaries, and initially developed an “input-output credit” mechanism for tax collection and administration. During this period, standards for enforcement processes began to take shape, and tax law enforcement processes gradually achieved standardized regulation.

##### 2.3 System Refinement Stage: Tax-Sharing System Reform and Standardized Law Enforcement

As socioeconomic development progressed, tax law enforcement underwent a transformative shift toward legalization, professionalization, and coordination. Through scientific allocation of tax powers and unified standardization of processes, tax enforcement system continued to mature. This phase of development was deeply intertwined with the enhancement of national (regional) governance capacity and the acceleration of economic globalization. Countries (regions) tailored their reforms by adopting centralized, decentralized, or shared tax-sharing systems based on national (regional) conditions. Meanwhile, as information technology advances in tandem with socioeconomic development, tax authorities are leveraging digital tools to empower law enforcement, enabling a paradigm shifting from experience-based to data-driven governance.

##### 2.4 Digital Transformation Stage: Smart Taxation and Precise Governance

The rise of economic globalization and the digital economy has compelled a paradigm shift in tax governance, with enforcement transitioning to “data-driven” models, achieving full-cycle digitalization and intelligence. The construction of smart taxation centers on “data empowerment”, integrating invoice, declaration, and financial data enable automated risk warning and targeted policy delivery. Deep technological integration permeates all stages of tax administration, such as blockchain for end-to-end traceability of electronic invoices, artificial intelligence (AI) for transfer pricing review in cross-border transactions, and big data analytics for detecting fraudulent invoicing. This digital transformation has standardized the tax law enforcement systems, enhanced institutional compliance, and refined internal controls with unprecedented precision.

3. Typical Cases of Standardized Tax Enforcement Practices

Currently, numerous countries (regions) worldwide have established standardized tax law enforcement system and processes, which will be illustrated through two representative cases below.

3.1 China Issues “Operational Guidelines for Tax Collection and Administration”

The State Taxation Administration of China has formulated and issued *The Operational Guidelines for Tax Collection and Administration*, further standardizing tax and fee service processes to address the most pressing challenges identified by taxpayers, fee payers, and grassroots tax officers, which reduces compliance costs and enhances administrative efficiency. China has achieved nationwide uniformity, standardization, and procedural regularity in tax and fee collection operations through the implementation of *The Operational Guidelines for Tax Collection and Administration*. This initiative has significantly streamlined administrative processes and documentation requirements, enabled scientific categorization of tax collection matters based on handling entities and nature, and facilitated precision-driven policy implementation.

3.2 China Issues “Tax Audit Compliance Guidelines”

The State Taxation Administration of China has issued the *Tax Audit Compliance Guidelines*, further standardizing tax audit operations across key areas including tax evasion case investigations, case management, and comprehensive tax audit administration. Developed with the objectives of guiding tax auditors in lawful, standardized, efficient, and secure enforcement, the guidelines take the handling process and management of the tax audit case as its core framework, take the job responsibilities across all processes as the foundational benchmark, conduct a thorough examination of job responsibilities and legal authorities for each stage of tax audit plan management, case source management, inspection management, adjudication management, and enforcement management, thereby establish a fully integrated and closed-loop tax audit workflow from business processes to internal governance, from operational foundations to risk alerts, and from pre-audit preparation to post-audit oversight.

3.3 Indonesia Issues “Tax Audit Procedures”

Indonesia has released the Tax Audit Procedures, which clarify the categories and time limits for tax audits. The procedures standardize discussions on provisional investigation results, establish exceptions for deadlines for submitting supporting documents, outline procedural coordination with tax-related criminal investigations, and specify methods for submitting official documents, thereby streamlining tax audit processes.

3.4 Greece Enacts “New Tax Procedure Law to Improve Tax System”

In 2024, the Greek government passed a new Tax Procedure Law to enhance its tax system.

According to Greek Tax Procedure Code, personal income tax declarations are filled out and submitted by the taxpayers and the tax is calculated by the Tax Authority (the relevant tax assessment is issued by the Tax Authority).

Key provisions include:

Electronic service of notices: Administrative notices and documents will primarily be delivered electronically, with legal service deemed effective 10 days after dispatch to the taxpayer’s account or email.

Document submission deadlines: Taxpayers must submit requested tax-related materials within 10 days, while those using simplified bookkeeping are exempt from submitting accounting records to tax authorities.

Tax assessment framework: The statute of limitations for tax assessments is 5 years, divided into provisional tax assessment and automatic tax assessment. Taxpayers may file belated or amended tax returns within 10 days after receiving assessment notices.

Audit closure timelines: Tax audits must conclude within one year, with extensions limited to six months and only permitted once.

3.5 Macao, China Promulgates “Tax Code”

The Macao Special Administrative Region of the People’s Republic of China has introduced the Tax Code, set to fully take effect on January 1, 2026. The code consolidates existing standalone tax laws, defining rights and obligations in tax legal relations, and prescribing principles and procedures for tax administration, tax litigation, and tax enforcement. Its aim is to safeguard Macao’s tax interests while protecting taxpayers’ legitimate rights.

3.6 Gambia Organizes Enforcement Activities by Business Function

Domestic Taxes Department enforcement activities are organized by business function, rather than by tax type. Each tax office performs taxpayer registration, receives returns and processes payments, collects debt and enforces compliance as applicable.

The department has developed a taxpayer registration and register maintenance manual and a returns & payment processing manual to manage the core tax obligations of taxpayers: registration, filing and payment.

An Enforcement Manual is prepared for the Domestic Taxes Department of the Gambia Revenue Authority. The manual provides guidelines for staff engaged in the day-to-day enforcement of tax return filing and the payment of taxes. The manual is also used as a reference by other staff collecting taxes on behalf of GRA.

Additionally, there is a debt recovery procedure manual to also guide officers on the processes for tax arrears recovery. There are also procedure manuals for identification of potential taxpayers, taxpayer services and a VAT operational manual, all supporting the tax law enforcement.

4. Future Development Prospects for Tax Law Enforcement Norms

The future evolution of tax law enforcement system and processes will deeply integrate technological innovation, regulatory reforms, and governance philosophy upgrades.

4.1 Technology-Driven Transformation: Leap from Digitalization to Intelligence

Currently, AI models are capable of automatically analyzing corporate financial statements, detecting abnormal transaction patterns, and generating audit recommendation reports. In the future, AI will be deeply integrated into enforcement systems, evolving from a “support tool” to a “decision-making hub” that enables fully automated risk warning, policy customization, and audit plan generation. The application of emerging technologies will be systematically incorporated into tax law enforcement systems and processes, further enhancing enforcement efficiency and precision.

4.2 Regulatory Innovation: Adapting to the Digital Economy and Emerging Business Forms

With the rise of emerging business models and the digital economy, profound and all-encompassing transformations have taken place across the tax administration landscape. The virtualized and diversified nature of transactions in the digital economy poses challenges for traditional tax systems in accurately defining taxable subjects. The restructuring of taxable elements has driven institutional and procedural innovations, achieving a dynamic equilibrium between “tax collection efficiency” and “taxpayer equity”. For instance, targeting individual operators in the platform economy, by tracing transaction data while establishing interoperability with market regulatory and banking systems, automatic tax registration for “unlicensed operators” can be realized, with corresponding adjustments made to tax administration processes.

4.3 Governance Collaboration: Building a Diverse and Coordinated Governance Ecosystem

In the future, data sharing will extend to more sectors, enabling cross-departmental interoperability and deep integration of government data, depending on the tax law and regulation of the respective jurisdiction. For instance, corporate electricity consumption data can be leveraged to verify production scale and prevent fraudulent invoicing. Additionally, the establishment of an “Online Tax Dispute Mediation Platform”, which involves third-party participants like lawyers and certified tax agents, will facilitate strengthening governance collaboration in tax administration.



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