
Chinese auditors find nearly \$2 bln taxes illegally postponed for collection

BEIJING, July 17 (Xinhua) -- Chinese auditors have discovered billions of yuan in unpaid taxes and illegal tax cuts, the National Audit Office (NAO) said Friday in a report.

The report details the results of audits on the taxation departments in 16 provinces, autonomous regions, or municipalities, including Guangdong, Hubei and Inner Mongolia, over the past two years.

The NAO found 13.1 billion yuan (1.9 billion U.S. dollars) of taxes, which should have been turned in by 71 enterprises to the central government, went uncollected.

The amount accounted for 54 percent of the total due from the enterprises.

Meanwhile, 62 county-level taxation departments in 13 provinces wrongly collected 2.34 billion yuan of taxes from 169 enterprises, either paid in advance or in excess of what they owed.

A random check of 116 advanced technology enterprises in 11 provinces found 85 companies enjoyed tax cuts totaling 3.63 billion yuan to which they were not entitled.

The NAO also discovered that almost 60 percent of 176 audited enterprises underpaid their taxes by 360 million yuan, as they paid a fixed amount illegally, instead of based on profits.

Only enterprises that failed to establish proper account books were allowed to pay a fixed amount of taxes in China, the report said.

The office also said 44 of 52 producers of wine, alcohol and cosmetics checked by auditors underpaid consumption taxes by 11.6 billion yuan during 2007 and 2008, by undervaluing their factory prices.

More than half of 287 high-polluting, high energy-consuming firms examined by auditors either failed environmental standards, or should have been shut down or ordered to reduce capacity, but they falsely claimed tax cuts totaling 1.9 billion yuan in 2007, said the report.

In a separate auditing of fiscal and budget management of 18 provinces, autonomous regions and municipalities, the NAO found many local governments failed to put proceeds from land under the framework of government budgets.

The NAO said about 84.8 billion yuan non-tax profits failed to be put under the management of government budgets at 10 provincial-level, 23 prefecture-level, and 41 county-level governments in 2007.

Of the total, 62.6 billion yuan, or more than 70 percent, was government proceeds from land transactions.

The office also discovered that 28.3 billion yuan, which had been classified as government spending for 2010, failed to match any projects, at 11 provincial-level, 11 prefecture-level, and eight county-level governments in 2007.
