

# ***Research on Legal Issues of Tax Collection and Administration for Online Live Streaming Rewards***

**Jiting He<sup>1,a,\*</sup>**

<sup>1</sup>*Yunnan Normal University, Kunming, Yunnan Province, China  
a. 15125105317@163.com*

*\*corresponding author*

**Abstract:** With the tide of the digital economy, an increasing number of individuals are showcasing their talents through online live streaming and earning reward income. However, compared to other income sources of the streamers, the nature of live streaming rewards presents a significant challenge to tax authorities due to its concealed characteristics. Based on the current legislative status in our country, this paper deeply analyzes the connotation and classification of live streaming reward income, revealing numerous issues faced in the field of tax collection and administration. These issues include but are not limited to the ambiguity of the taxpayer, unclear tax categories and rates, imperfect tax reporting systems, underdeveloped tax information sharing mechanisms, and an incomplete tax credit system. To effectively address these challenges, this paper constructs an overall framework around the elements of taxation and, in conjunction with existing tax laws and regulations, proposes practical and feasible suggestions for improvement.

**Keywords:** Online Live Streaming, Internet Hosts, Reward Income, Tax Collection and Administration

## **1. Introduction**

The domestic live streaming industry has evolved from emerging in 2008, to the influx of major capital in 2014, to the rapid development in 2016 that produced a large number of streamers with tens of millions of followers, to the current operation by professional institutions. The industry is no longer limited to entertainment and leisure but has gradually expanded to sectors such as healthcare, finance, and education. However, the history of reward income in live streaming in our country is only six or seven years old. Currently, the tax rules for live streaming reward income within our country's tax legal system are not clear, especially which category of tax the streamers' reward income should be classified under and how tax authorities should effectively collect it, which are important issues that the tax law needs to address urgently. At the same time, the law has a lag, and the development of our country's tax collection and administration system is not in line with the rapid expansion of the internet host industry. The current "Tax Collection and Administration Law of the People's Republic of China" (hereinafter referred to as the "Tax Collection and Administration Law") and its implementation details have not provided clear guidance and regulations for the tax collection and administration of live streaming reward income in the internet environment. Therefore, in order to maintain tax fairness, this paper analyzes the tax collection and administration system of live streaming reward income, and in combination with our national conditions, proposes a

comprehensive plan for the improvement of our country's tax collection and administration system for live streaming reward income, aiming to prevent the beneficiaries of live streaming reward income from evading tax collection and administration by the tax authorities, thereby avoiding the loss of national tax sources.

## **2. Current Status of Domestic and International Research on Tax Collection and Administration of Online Live Streaming Rewards in China**

### **2.1. Domestic Research Status**

In the current academic research, there is no monograph with "live streaming rewards" as the core theme, indicating that this field still requires further in-depth exploration. Existing journal literature mainly focuses on the regulation of the online live streaming industry and the potential fraud that may occur in live streaming activities. However, research on the tax issues related to live streaming rewards income is relatively less, providing a new direction for tax experts and scholars. Despite this, some scholars have started to pay attention to the nature, characteristics, and classification of live streaming rewards income, providing a preliminary theoretical basis for our understanding of the economic and social impact of live streaming rewards. Specifically, the research on the tax issues of online live streaming rewards income mainly includes the following aspects: First, the definition of online live streaming rewards, such as Deng Hui, Zhou Yong, and Lin Ping defining from the perspective of the income source of the internet hosts, while Gong Guizhi defines the live streaming rewards income from the form of reward; Second, the legal issues in the taxation of live streaming rewards income, such as unclear tax categories, uncertain taxpayer, and unsmooth tax channels [1], with main researchers including Zhang Hongbang, Tao Yi, Wang Huoliang, and Bian Yumei, etc.; Third, the improvement measures for the tax collection and administration of accepting reward income on the network, which can be considered from determining the taxpayer, improving the tax reporting mechanism, and optimizing the tax information sharing mechanism, with typical representatives including Guo Jian, Wang Chao, and Feng Sishuang, etc.

### **2.2. International Research Status**

The online live streaming industry abroad started relatively early and saw a significant surge in development around 2014. However, the unique economic model of live streaming rewards was first created and developed in China. In searching for international literature on this topic, it was found that research on the tax issues of live streaming rewards is almost non-existent. Nevertheless, we can refer to the practical experience of developed countries in taxing the platform economy, which may provide useful references and insights for China in dealing with the tax issues of live streaming rewards. Looking at the four countries listed, the United States, the United Kingdom, Germany, and Japan, these countries all define the income from live streaming rewards as personal income tax and increase corresponding tax types or other collection measures as the amount of rewards increases. In the United States, the tax collection and administration of income from live streaming rewards requires joint responsibility from individuals and platforms. In the United Kingdom, the tax collection and administration of income from live streaming rewards mainly includes income tax and national insurance. In Germany, the tax authority requires live streaming platforms to provide income information and check it against an individual's tax situation. Japan, an Asian country like China, stipulates that if an individual sells goods through a live streaming platform and receives reward income, they may also have to pay the corresponding consumption tax.

### 2.3. Brief Comment on the Research Status

The rapid development of the online live streaming industry has sparked extensive discussions in the academic community. However, due to the high degree of concealment of the industry and the uncertainty of the reward amounts, existing tax laws struggle to effectively regulate it. This situation has led to many online hosts exploiting loopholes in tax laws to evade taxes, resulting in significant losses to national tax revenue. Currently, when discussing the legal issues of tax collection and administration for online live streaming reward income in China, the focus is mainly on defining the nature of the "reward income" received by online hosts. As a key factor in measuring the ability to bear tax, the concept of "income" needs to be clearly and distinctly defined. By analyzing relevant literature, it can be found that most domestic scholars tend to regard live streaming reward income as personal income. Moreover, inquiries to the national tax hotline revealed that taxation is mainly based on the latest provisions of China's personal income tax law, classifying taxation based on whether the host has signed a contract with the platform. Compared to China, the online live streaming industry abroad has not reached the same level of development. After reviewing relevant materials, it was found that there is relatively little literature on tax collection and administration for reward income in the online live streaming industry abroad. However, countries such as the United States, the United Kingdom, Germany, and Japan have more abundant legal provisions regarding taxation in the network platform economy, which have certain reference value for the application of China's personal income tax law in the online live streaming industry. It is worth noting that due to differences in national conditions and specific circumstances, China cannot simply copy the experiences of other countries when dealing with the tax collection and administration issues of online live streaming reward income. It should be combined with China's actual situation, carefully learn from international experience, and formulate tax policies and regulations suitable for China's national conditions.

### 3. The Current Legislative Status of Tax Collection and Administration for Online Live Streaming Reward Income in China

Among the laws and administrative regulations that have been implemented, the "Personal Income Tax Law of the People's Republic of China" (hereinafter referred to as the "Personal Income Tax Law") and its "Implementation Regulations of the Personal Income Tax Law of the People's Republic of China" (hereinafter referred to as the "Implementation Regulations of Personal Income Tax Law") implemented in January 2019 have clarified the taxpayers, tax items, tax rates, calculation methods, and collection management of personal income tax. As an emerging business model, online live streaming involves rewards received by hosts, which, after clear identification, may be subject to personal income tax according to the law. However, the Personal Income Tax Law does not explicitly stipulate the tax standards and applicable procedures for live streaming rewards, presenting certain challenges for the taxation of reward income. In March 2021, the General Office of the CPC Central Committee and the General Office of the State Council jointly issued the "Opinions on Further Deepening the Reform of Tax Collection and Administration" [2], which clearly guided the deepening of tax collection and administration reform from multiple aspects, including improving the tax and fee legal system, promoting the rapid development of smart tax services, and strengthening inter-departmental cooperation. However, some difficulties still exist in the actual operation. To further make up for the deficiencies in the aforementioned legal provisions, China has successively promulgated some departmental regulations. In April 2021, the Cyberspace Administration of China, in conjunction with the State Taxation Administration and seven other departments, jointly issued the "Online Live Streaming Marketing Management Measures (Trial)" [3], which clearly defined the second to fifth paragraphs of Article 12, clarifying the definitions of live streaming marketing personnel, live streaming marketing personnel service institutions, live broadcast room operators, and

live streaming marketing platforms, providing a clear regulatory target for tax departments' tax collection and administration. In March 2022, the Cyberspace Administration of China, in conjunction with the State Taxation Administration and the State Administration for Market Regulation, jointly issued the "Opinions on Further Standardizing Online Live Streaming Profit-seeking Behavior and Promoting the Healthy Development of the Industry." The opinions emphasized that online live streaming platforms and service institutions should clearly distinguish and define the various sources and nature of income of online live broadcasters, and fulfill the withholding and remittance obligations of personal income tax in accordance with the law [4]. At the same time, tax authorities at all levels should also strengthen tax and fee publicity to enhance the tax awareness of relevant entities and ensure they pay taxes in accordance with the law. In June 2022, the "Online Host Behavior Norms" issued by the National Radio and Television Administration and the Ministry of Culture and Tourism hoped that industry associations related to live broadcasting would strengthen guidance, establish and improve the credit evaluation system for online hosts, and explore the establishment of a platform and host restraint mechanism. In order to standardize the tax collection and administration of online live streaming rewards, the General Office of the State Taxation Administration of China also issued a guiding normative document in September 2021, namely the "Notice on Strengthening the Tax Management of Employees in the Cultural and Entertainment Field." The notice emphasizes that personal studios and enterprises established by online hosts should be guided to set up and follow standardized accounting and financial management systems in accordance with the law, and it is recommended to use the account checking method for tax declaration to ensure tax compliance.

Despite the aforementioned laws and regulations enabling tax authorities to refer to certain provisions when collecting taxes on reward income, it is also clear that the Personal Income Tax Law and its Implementation Regulations do not explicitly define the elements of tax collection and administration for reward income. Moreover, although relevant departments in China have issued documents such as the "Online Live Streaming Marketing Management Measures (Trial)" and the "Notice on Strengthening Tax Management for Employees in the Cultural and Entertainment Fields" in recent years, these have to some extent cracked down on tax evasion by some online hosts. However, due to the low legal level of these systems, the authority is not high in the specific collection process, and the effect of tax collection and administration on online live streaming reward income is not significant. Therefore, based on the existing legislative norms, it is particularly important to conduct a deeper discussion on the issue of tax collection and administration for online live streaming reward income.

#### **4. The Connotation and Classification of Online Live Streaming Reward Income**

##### **4.1. The Connotation of Online Live Streaming Reward Income**

To deeply understand the connotation of online live streaming reward income, it can be explored from the two different dimensions of online live streaming and reward. Article 2 of the "Internet Live Broadcasting Service Management Regulations" provides the definition of "online live streaming," which is an activity of continuously releasing real-time information to the public through the internet using video, audio, pictures, and text. Regarding the reward model, it can be traced back to the paid reading of online novels, which specifically manifested as some online novels setting only a few chapters for free trial reading, and the subsequent parts required users to recharge cards, purchase gold coins, or open a membership to continue. This model then expanded to other industries such as Weibo, Zhihu, and food delivery platforms like Meituan and Ele.me. Driven by the internet economy, online live streaming, as an emerging force, has introduced the "reward" function when it first appeared. Over time, the income from live streaming rewards has gradually become an important

source of income for the group of online hosts. Deng Hui, Zhou Yong, and Lin Ping analyzed from the perspective of the sources of income for online hosts, pointing out that the income from online live streaming rewards is the income formed by the host exchanging the gifts rewarded by the audience after the live broadcast into corresponding cash according to a certain proportion through the live broadcast platform [5]. Gong Guizhi defines the income from live streaming rewards as the income obtained by the live broadcast platform after selling virtual gifts (such as cruise ships, rockets, flowers, gold coins, etc.) that internet users reward for the original content published or disseminated on the live broadcast platform [6].

This article believes that the income from online live streaming rewards refers to the income received by hosts who conduct live broadcasts on platforms for game commentary, talent shows, and other programs, or interact with the audience, including virtual gifts and cash rewards given by fans or viewers through the platform's reward function.

## **4.2. Classification of Online Live Streaming Reward Income**

With the continuous advancement of Internet technologies such as 5G, Virtual Reality (VR), and Artificial Intelligence (AI), the online live streaming industry is embracing a period of vigorous growth. The reward mechanism operates through the interaction of multiple entities including hosts, users, platforms, and guilds. Although the reward income of online hosts comes from fans or viewers, there are situations where the amount realized from the rewards does not all belong to the host. Based on the different sources of reward income, the live streaming reward income obtained by hosts can be divided into the following two types:

### **4.2.1. Direct Reward Income**

This type of reward income refers to fans or viewers directly rewarding the host who is live streaming through the network, without going through the platform's sharing process. The host can directly receive the rewards from fans or viewers and cash them in as their own income. Under this method, the main recipients of reward income are independent hosts who conduct online live streaming on third-party platforms or self-made platforms such as TikTok, Kuaishou, and Bilibili. They display their personal WeChat, Alipay, bank account, and other private collection methods to fans or viewers. The reward money directly enters the host's personal account, becoming the host's income. Of course, this also includes fans or viewers adding the host's contact information and making private transfers to the host through the host's private channels. This paper does not discuss the income obtained from private rewards.

### **4.2.2. Indirect Reward Income**

Before the host can convert the rewards obtained from the live broadcast into actual income, they must go through the platform's sharing process and cannot directly obtain the full amount of the user's rewards. The main process involved in this method is that the live streaming platform sets up virtual gifts (in the form of flowers, red packets, gold coins, rockets, cruise ships, etc.). Users can receive or purchase these gifts in advance after entering the platform and then reward the host with these gifts while watching the host's performance or interacting with the host. However, these rewards do not directly enter the host's personal account and become their income; instead, they must go through the live streaming platform or guilds and other related entities, and be shared according to the proportion previously agreed upon with the host. Only after the sharing process can the host cash out the portion of the rewards they receive. At present, most hosts mainly obtain reward income through this form.



## **5. The Dilemma of Tax Collection and Administration for Online Live Streaming Reward Income**

### **5.1. Difficulty in Determining the Taxpayer Entity**

According to the 53rd "Statistical Report on the Development of the Internet in China" released by the China Internet Network Information Center, as of December 2023, the scale of China's online live streaming users has reached 816 million people, accounting for 74.7% of the total netizens. These users cover multiple live broadcast fields such as gaming, reality shows, concerts, and sports. With the continuous upgrading of "cloud services," the number of people entering the field of online live streaming is increasing day by day. However, the complex relationships between hosts, live streaming platforms, and guilds make it difficult to determine the taxpayer entity. The current "Personal Income Tax Law" of China clearly stipulates in Article 9, Paragraph 1, that the taxpayer is the individual who obtains the income, and the entity or individual who pays the income shall assume the withholding obligation. The main entities involved in current online live streaming activities are online hosts, online live streaming platforms, and guilds. There are various models between the host and the platform and guild: The first model is that the host registers an account on the live streaming platform by themselves and conducts live streaming on the platform. This type of host is relatively common, with a large number of people, high mobility, and when accepting user rewards, they also support private rewards through WeChat, Alipay, etc., which is not conducive to the platform's supervision and management of reward income; The second model is that the host signs a contract with the live streaming platform, and these hosts are mostly well-known top hosts; The third model is that the host signs a contract with the guild, and the guild dispatches the host to cooperate with the live streaming platform. The different relationships between the host and the live streaming platform and guild make the taxpayer entity difficult to determine under the tax collection and administration, in addition, the different distribution standards for live streaming reward income among various platforms and hosts also bring difficulties to the tax authority's tax inspection.

### **5.2. Unclear Tax Categories and Rates for Reward Income**

At present, tax authorities face a significant challenge in determining the application of tax categories and rates when collecting taxes on the reward income of live streamers. Since the revision of the "Personal Income Tax Law," the personal income tax system has been transformed from a classification system to a combination of a comprehensive and classification system, which has a positive significance in ensuring tax fairness. However, the revisions mainly address the tax collection and administration of traditional personal income, and there are still loopholes in the tax collection and administration for the emerging industry of live streaming rewards. The tax categories and rates for taxing reward income are not clearly defined. In addition, the same situation exists in laws and regulations such as the "Tax Collection and Administration Law" and the "Implementation Regulations of the Personal Income Tax Law." Upon consulting with tax authorities through the 12366 tax service hotline, it is understood that the tax authorities have not yet clearly distinguished the tax categories and rates for the reward income from live streaming, leading to different opinions among tax personnel on the specific tax categories and rates applicable to reward income. There are currently many viewpoints in the academic community, some believe that the reward income obtained by the host from live streaming belongs to the salary income, while others believe it belongs to the gift income. However, in the current "Personal Income Tax Law," salary income and gift income cannot be combined for calculation, and they correspond to different tax categories and rates. Therefore, due to the lack of relevant legal provisions, tax authorities face difficulties in clarifying the classification and collection of live streaming reward income, which has led to incidents of tax

evasion by some web hosts, such as Xu Guohao, Jia Yaya, and Jia Chan Chan, who have exploited legal loopholes.

### 5.3. Deficiencies in the Tax Declaration System

Under the influence of internet technology, China's electronic tax declaration system has been gradually developing. However, there are still certain deficiencies in the current electronic tax declaration system in China, which can be mainly reflected in the following three aspects:

Firstly, the responsibility for tax declaration is unclear. The payment of taxes in China's online live streaming industry mainly adopts the method of electronic tax declaration. Although this method saves a lot of manpower and material resources compared to traditional tax declaration, it relies to some extent on the taxpayers' awareness of self-taxation. Due to the complex relationships between online hosts, live streaming platforms, and guilds, it may lead to mutual shirking when making tax declarations, resulting in the electronic tax declaration system being merely nominal and not truly implemented.

Secondly, the implementation of the tax declaration method is not in place. The premise of electronic tax declaration is that the platform needs to keep an online record of every reward from users during the host's live broadcast. In the live streaming field, the increasing amount of rewards received by the host will gradually form a huge financial scale. Due to the concealment of cashing out virtual gifts and the frequent changes of hosts, it is not easy for the live streaming industry to establish a sound financial statistics system like other traditional industries, making it difficult to provide qualified electronic financial vouchers.

Lastly, there is a lack of incentives for tax declaration. This is mainly manifested in the lack of positive incentives for taxpayers. Currently, Chinese tax authorities over-emphasize the obligatory constraints on taxpayers, which can cause taxpayers or withholding agents to gradually lose enthusiasm for tax declaration, leading to a mentality of being reluctant to fulfill tax obligations among online hosts, live streaming platforms, and guilds.

### 5.4. Underdeveloped Tax-Related Information Sharing Mechanism

Against the backdrop of the big data era, the state has gradually initiated the construction of an information-based tax collection and administration system for individual income taxes, but there are still deficiencies that have prevented the development of a comprehensive tax-related information sharing mechanism. These deficiencies are mainly manifested in three aspects:

Firstly, there are limitations on the scope of reporting entities for third-party tax-related information sharing. In the current tax laws of our country, the description of the entities responsible for sharing third-party tax information is limited to "relevant departments" or "other relevant units," without explicitly proposing the concept of "third parties." However, in practice, the reporting entities for third-party tax information are not limited to financial institutions such as banks and industrial and commercial departments; they can also extend to market supervision departments, insurance companies, and third-party payment platforms.

Secondly, the legal responsibilities of third-party tax information entities are ill-defined. In Article 5, Paragraph 3 of our country's "Tax Collection and Administration Law," it is only stipulated that "all relevant departments and units" have the obligation to assist tax authorities in reporting tax-related information, without clarifying the legal consequences and responsibilities that the entities should bear if they fail to fulfill this obligation. Such vague provisions are not conducive to the tax authorities' collection of tax-related information.

Lastly, there is an imbalance in the development of tax-related areas. Compared with traditional tax jurisdiction models, online live streaming, relying on the development of the digital economy, has

gradually broken through regional restrictions. As long as the host has the equipment to conduct live streaming, they can carry out cross-regional live broadcasts anytime, anywhere, and accept rewards from the audience. This change also makes it difficult for tax authorities to track and collect tax-related information. Moreover, due to the differences in economic development levels across regions, there is inconsistency in the tax standards for reward income, and there may also be differences in tax collection forms, which hinders the sharing of cross-regional tax-related information among various areas.

### **5.5. The Tax Credit System is Not Well-Established**

Compared to China's online live streaming industry, the development pace and scale may not be as advanced in some foreign countries. However, some countries implement many effective measures for tax collection in the online live streaming industry through legislation or other means within their tax credit systems. Taking the United States and Germany as examples, the United States established a unified national personal tax information management platform as early as 1988 and authorized the Internal Revenue Service to use this platform to track taxpayers' information from multiple dimensions, strictly supervising the tax-related information and tax credit of local residents. In addition, the United States also promotes the payment of taxes in accordance with the law by enacting laws and regulations such as the Fair Credit Reporting Act. Germany, on the other hand, maintains its domestic tax credit system by increasing the punishment for tax defaulters. In addition to publicizing dishonest individuals and establishing "tax police," German courts also impose hefty fines or even imprisonment sentences.

Looking back at the construction of China's tax credit system, although tax authorities have also used big data for integrity control of tax payments and have included the tax payment behavior of online hosts or other withholding platforms in credit records in accordance with the law, the supervision has not been fully implemented, leading to low tax compliance among some hosts. At the same time, although China's tax authorities record the tax violation information of hosts or live streaming platforms and guilds and impose some punishments for illegal actions, the punishment is not severe enough and lacks a deterrent effect, which is not effective in maintaining tax order. In addition, some areas still have the phenomenon of non-transparent tax information, lacking open and transparent channels for taxpayers to understand their credit status, which is not conducive to taxpayers' self-restraint and correction of errors.

## **6. Suggestions for Improving the Tax Collection and Administration Dilemma of Online Live Streaming Reward Income**

### **6.1. Reasonably Determine the Taxpayer and Withholding Agent**

The first step in tax collection and administration for host reward income is to accurately define the nature of the reward income to determine the specific type of tax that the host should pay. Starting from the academic perspective that live streaming reward income is characterized as personal income, China's "Personal Income Tax Law" implements a classified comprehensive tax system for individual tax payments. The different types of income obtained by hosts vary greatly in terms of tax declaration, tax rate calculation, and tax incentives. Based on the content already described, this paper will further focus on the complex relationships between online hosts, live streaming platforms, and guilds, and conduct a more detailed discussion on the tax subjects.

Amateur hosts conduct live streaming in their own name [7]. When hosts independently carry out live streaming activities, they only need to pay a certain live room usage fee to the platform to start personal live streaming. The resulting reward income is considered labor remuneration and should be declared for taxation by the host personally.



The online host personally forms a cooperative relationship with the live streaming platform. This model usually refers to the host personally deciding on the content and form of the live broadcast, just using the live streaming platform to complete the broadcast, forming a labor relationship with the platform. At this time, the reward income obtained by the host is calculated as labor remuneration, and the live streaming platform acts as the withholding agent, fulfilling the obligation to withhold and remit taxes on behalf.

The online host personally forms a labor relationship with the guild. The host signs a labor contract with the guild, and both parties are equal in status. The guild sends the host to the live streaming platform for broadcasting, and the host only needs to provide live broadcasting services. The resulting live broadcast reward income is calculated as the host's labor remuneration, with the guild responsible for tax payment on behalf.

The online host personally forms a labor relationship with the live streaming platform. The host signs a legally valid labor contract with the online live streaming platform and conducts live streaming as an employee of the platform under the constraints of the labor relationship. In this case, the reward income obtained by the host through live streaming first flows into the live streaming platform, and then the platform pays the host's salary according to the terms of the labor contract. The live streaming platform thus becomes the withholding entity and fulfills its tax obligations in accordance with the law.

The online host personally forms a labor relationship with the guild. This situation is the same as when the host forms a labor relationship with the live streaming platform. At this time, the host is an employee of the guild, and there is a managed and managing relationship between the host and the guild, making the guild the withholding entity for taxes.

The online host establishes a sole proprietorship and forms a cooperative relationship with the live streaming platform. In this case, the reward income obtained by the host is classified as business income and should be taxed according to business income. Tax authorities usually use methods such as account checking or fixed amount assessment to tax business income. According to this provision, the responsibility for tax declaration should be borne by the host who has established a sole proprietorship, and the live streaming platform does not need to bear tax obligations.

## **6.2. Scientifically Set the Tax Collection Standards for Reward Income**

The collection of personal income tax in China is based on a classified tax system. This paper has already conducted a specific analysis of the tax-paying subjects of live broadcast reward income under different circumstances from the perspective of the relationship between the online host and the live broadcast platform and guild in the first part of the suggestions for improvement. Therefore, it is possible to determine which tax items and corresponding tax rates to use based on this, providing some reference for improving relevant legal provisions in tax laws such as the "Tax Collection and Administration Law" and the "Personal Income Tax Law". This allows tax authorities to have laws to follow and to collect taxes according to the law during the tax collection and administration process of live broadcast reward income. This paper shows the specific situations of the tax items and tax rates corresponding to the reward income under different legal relationships in the following Table 1. As for the tax payment period, it is stipulated in the second paragraph of Article 11 and the first paragraph of Article 12 of the "Personal Income Tax Law" that the personal income tax for comprehensive income is calculated on an annual basis; if there is a withholding agent, this agent must pre-deduct and pre-pay the tax in advance on a monthly or per-instance basis. For business income, the personal income tax is also calculated on an annual basis, and taxpayers need to submit tax returns to the tax authorities and pre-pay the corresponding taxes 15 days after the end of each month or quarter.

Table 1: Tax Items and Rates Corresponding to Reward Income

Legal Relationship	Corresponding Tax Item	Tax Rate
Amateur hosts conducting live streams in their own name	Labor Remuneration	Comprehensive Income Tax Rates:  1. 3% to 45% 2. 45% on amounts exceeding 960,000 yuan
Online host personally forms a cooperative relationship with the live streaming platform	Labor Remuneration	
Online host personally forms a labor relationship with a guild	Labor Remuneration	
Online host personally forms a labor relationship with the live streaming platform	Wages and Salaries	
Online host personally forms a labor relationship with a guild	Wages and Salaries	
Online host establishes a sole proprietorship and forms a cooperative relationship with the live streaming platform	Business Income	1. 5% to 35% 2. 35% on portions exceeding 500,000 yuan

### 6.3. Improve the Tax Declaration System

To address the shortcomings in the tax declaration system, improvements can be made in the following areas:

Firstly, clarify the tax declaration responsibilities of the tax-paying entities. Since the taxable entities have been categorized and discussed in the previous sections, it can be summarized as follows: When there is no guild involved, the live streaming platform first deducts a certain percentage of the rewards, and then pays the remaining part to the host; in this case, the platform assumes the responsibility of withholding and remitting taxes. When a guild is involved, if a business-to-business settlement method is used, the guild should bear the responsibility of withholding and remitting taxes; if it is a business-to-individual settlement, the host, as the taxpayer, should bear the responsibility.

Secondly, firmly implement the electronic tax declaration system. According to Article 26 of the "Tax Collection and Administration Law," tax declarations can also be made using electronic data, but in China's live streaming industry, the tax declaration for reward income has not implemented this provision, making it impossible to provide complete electronic declaration materials. To address this issue, it is recommended that tax authorities supervise and urge relevant tax-paying entities to actively learn from traditional industries and leverage the advantages of internet technology to form a more comprehensive electronic financial system, achieving electronic tax materials.

Lastly, introduce a tax declaration incentive system. The practice in Japan can be referenced by introducing a blue-and-white tax return system. For entities with good tax credit, they are allowed to fill out blue tax returns to enjoy more favorable tax policies. However, for those entities that have engaged in tax evasion or avoidance, their qualification to fill out blue tax returns will be revoked. The main purpose of this system is to enhance the tax compliance of online hosts and other taxpayers, encourage them to consciously fulfill their tax obligations, improve their tax credit level, and also simplify the tax payment process, thereby further improving the efficiency of tax work.

#### **6.4. Continuously Optimize the Tax-Related Information**

**Sharing Mechanism** To break the current barriers in sharing tax information on the income from rewards for internet anchors in China and to ensure the legality and reliability of tax authorities in obtaining tax information, it is recommended to start from two aspects: the legislative level and strengthening regional coordination. First, broaden the scope of tax-related information sharing entities through legislation. The "enumeration + catch-all" legislative model in tax law can be referred to, listing as many tax information providers as possible in the legal provisions, including various government departments, private institutions, non-profit organizations, etc., into the scope of information sharing entities." [8] In addition, for situations where rights and responsibilities are not clear, it is possible to clarify the legal responsibilities that should be borne if there is a violation of the obligation to assist, keep secrets, and delay the sharing of tax-related information on the basis of existing legislation that has stipulated that relevant departments should support and assist tax authorities. By using the coercive power inherent in the law, it is possible to urge relevant entities to be more vigilant in sharing tax-related information. Secondly, in the construction of the tax-related information sharing system, to avoid the incompatibility of the tax information sharing system among various regions, which leads to sharing obstacles, the use of tax information platforms such as "Golden Tax Phase III" and "Golden Tax Phase IV" in various regional tax authorities should continue to be promoted." [9] After establishing a tax information platform, it is also necessary to clarify the tax-related information sharing standards for the income from rewards for internet anchors among various regional tax authorities, in order to improve the accuracy of the taxable amount of the income from rewards for anchors and to overcome the difficulties caused by regional differences that prevent timely sharing of tax-related information.

#### **6.5. Continuously Improve the Construction of the Tax Credit System**

By comparing the construction of the tax credit system in the United States, Germany, and other countries, it is not difficult to see that China's legislative construction in the tax credit system is actually relatively weak. Therefore, it is possible to learn from the United States' approach, focusing on the binding force of the law, and strengthening the legislative construction of the tax credit system. For the problem of insufficient supervision, tax authorities can establish a credit management file, combining the tax payment behavior of internet anchors or other withholding platforms for the whole society to supervise. On the basis of the previous discussion, a set of scientific and reasonable tax credit rating standards can also be formulated, breaking the limitation of only the tax authorities conducting credit ratings in the past, and considering introducing more entities to participate in the rating process, such as banks, insurance companies, business management departments, etc., to jointly build a diversified and comprehensive tax credit evaluation system. For the problem of not severe punishment, it is possible to learn from Germany's approach, deepen the joint operation of tax and police, and strictly investigate and deal with behaviors that may involve illegal criminal cases according to the law, expose them publicly, and continue to increase the normal combat against tax violations, so that taxpayers dare not evade taxes and cannot evade taxes, effectively maintaining the tax order of the online live broadcast industry. For the problem of the tax credit information not being transparent, it is recommended to strengthen the collection and sharing of tax credit information, gather the joint governance of taxation to establish an open and transparent tax credit system channel, allowing taxpayers to check their tax credit status at any time, even across regions and provinces, and enhance the participation and enthusiasm of taxpayers.

## 7. Conclusion

Under the influence of the Internet economy, the online live broadcast industry is highly regarded for its low entry threshold, flexible operation time and methods, and strong monetization capabilities, becoming a dream and career choice pursued by many young people. The income from rewards in live broadcasting is an important part of the income of internet anchors, as a new profit model, it contains endless business opportunities, but it will inevitably bring impact to China's tax collection and management system. To solve the legal issues of tax collection and management of income from rewards in online live broadcasting, the most important thing is to first clarify the connotation and classification of reward income, then define the legal nature of reward income from the existing academic disputes, and finally explore the current situation and existing problems of tax collection and management of reward income in China from the aspects of tax subjects, tax standards, declaration systems, tax-related information sharing, and the construction of the tax credit system, and propose corresponding tax strategies from these aspects, aiming to ensure tax fairness while providing valuable guidance for China in collecting taxes on income from rewards for internet anchors, to reduce tax loss.

## References

- [1] Wang Huiliang. *The Legal Path to Taxing "Self-Media Reward Income"* [J]. *China Circulation Economy*, 2019, 33 (05): 120-128.
- [2] Chao Xiaoli, Wu Jingguo. *Towards a Smart Government: Regulating the Taxation Power and Tax Collection and Administration Reform* [J]. *Local Finance Research*, 2022, (12): 79-88.
- [3] Liu Zichuan, Wang Wenjing. *Research on the Taxation Issues of Internet Anchors' Income* [J]. *Business Economic Research*, 2022, (13): 89-92.
- [4] Yu Fangfang. *Analysis of Accounting for Live Broadcast Reward Business and Tax Risks of Related Entities* [J]. *Finance and Accounting*, 2023, (18): 51-55.
- [5] Deng Hui, Zhou Zhiyong, Lin Ping. *Research on Standardizing the Tax Collection and Administration of Internet Anchors to Promote Compliance with Taxation by Anchors—Based on the Inspection Cases Disclosed by Tax Authorities* [J]. *International Business Finance and Accounting*, 2023, (06): 50-56.
- [6] Gong Guizhi. *Research on the Legal Issues of Tax Collection and Administration of Reward Income in Internet Live Broadcasting in China* [D]. *Jiangxi University of Finance and Economics*, 2021.
- [7] Yang Yating, Lu Xiaoge. *The Determination Standards of the Labor Relationship between Internet Anchors and Live Broadcasting Platforms* [J]. *Journal of Shenyang University of Technology (Social Science Edition)*, 2023, 16(04): 371-376.
- [8] Bian Yumei. *Exploration of Personal Income Tax Collection and Management Issues for Internet Anchors in the Era of Big Data—Discussion on the Application of Taxpayer Identification Number Assistance Tax Experience* [J]. *Journal of Southeast University (Philosophy and Social Science Edition)*, 2018, 20(S2): 64-67.
- [9] Zhang Yunyun. *Discussion on Personal Income Tax Collection and Administration Issues Based on the Reward Behavior of Online Live Broadcasting* [J]. *Journal of Beijing University of Chemical Technology (Social Science Edition)*, 2021, (02): 66-70.