



Taichung Branch, Administrative Enforcement Agency, Ministry of Justice News Release

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Spokesperson: Long-Kuang Chou, Chief Enforcement Officer

Contact: 0988-981695, 04-23751335#207

Court Places Individual in Custody for Disregarding Payment Freeze, Misleading Manufacturers to Pay Cash with Payment Funds Transferred to Unknown Destination

Tang, the female president of OO Technology Corporation, reportedly engaged in the avoidance of automatic payment of business tax during the period spanning from June 2020 to 2021. As a result, she was subjected to a combined sum of NT\$12 million in back taxes and penalties, which were imposed by the Central Taiwan Branch of the National Tax Administration. Upon referral of the case to the Taichung Branch, Tang asserted that she had intended to effectuate monthly automated payments amounting to \$20,000. However, she only remitted a total of \$40,000 by the conclusion of 2020, and subsequently refrained from making any additional payments.

Upon conducting an inquiry into the financial transactions of the organization, it was discovered that Tang had methodically neglected to fulfill the obligation of paying sales tax and had instead solicited a third party to assume responsibility for the

payment of goods, either through cash payments or by withdrawing funds from a bank on the same day that the manufacturer remitted payment. As a result of this practice, the Central Taiwan Branch of the National Tax Administration served a tax bill for a sum of up to 95.63 million yuan. Subsequent to the enforcement order issued by the Taichung Branch on October 30, 2020, which prohibited the receipt of payments from any third party, Tang purportedly represented to a third party, Chen, that a repayment agreement had been reached with the Central Taiwan Branch of the National Tax Administration. Tang then solicited Chen to remit the payment directly to Tang for processing, and subsequently received a sum of cash exceeding \$4.4 million. Due to Tang's inability to provide a clear explanation of the subsequent cash flow and present supporting evidence, the executive officer initiated legal proceedings for the possession of Tang with the Taiwan Taichung District Court. After the completion of all evidence, the trial judge granted the petition on March 16, 2012.

As per the findings of the Taichung Branch's inquiry, Tang, aged 46, following the establishment of OO Technology Co., Ltd. in May 2020 and his appointment as the company's president, engaged in a deliberate pattern of non-compliance with the company's business tax obligations for subsequent periods. This was achieved through the employment of a strategy involving the withdrawal of cash from manufacturers and the prompt collection of payments for goods via remittances, thereby circumventing the payment of business tax. With respect to the cash withdrawal, Tang asserted during the investigation that it was utilized for the procurement of raw materials.

However, Tang was unable to furnish any substantiation to corroborate her assertion. Furthermore, the company's balance sheet for the close of 2021 indicated that the inventory of raw materials was nil, which was evidently incongruous with Tang's contention that the cash was utilized for the acquisition of raw materials. The presiding judge in the trial determined that the evidence submitted by the Taichung Branch was adequate in demonstrating that Tang had deliberately concealed her assets and neglected her financial responsibilities, resulting in the decision to award possession of Tang's assets.

The monetary custody system serves as a mechanism to incentivize voluntary compliance among those who exhibit bad faith in payment. The Taichung Branch reiterates its call for obligors to refrain from taking risks and evading enforcement, but instead to proactively settle their debts to evade proceedings.