



China's VAT overhaul signals a new era of real-time, data-driven indirect tax management.



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Navigating the controversy: How China's VAT reform is reshaping global indirect tax

In EY's article, [How China's VAT reform is reshaping global indirect tax](#), China's evolving VAT framework illustrates the growing tension between greater alignment with international VAT practices and increased regulatory scrutiny. As China modernizes its indirect tax system, businesses are facing new compliance expectations driven by real-time reporting, digital tax administration and data-led enforcement.

The reforms form part of a broader global trend toward digitalized tax administration, alongside developments such as e-invoicing mandates and VAT reforms in other jurisdictions. As tax authorities gain access to more timely and granular data, the potential for audits, enquiries and disputes heightens, placing greater demands on data accuracy, governance and operational readiness.

Against this backdrop, multinational businesses are being challenged to move beyond a traditional compliance-focused approach and adopt more integrated tax, finance and operational processes. As transparency increases, robust controls, high-quality data and effective documentation will be critical to managing tax risk and navigating an increasingly complex controversy landscape.

For more insights, read EY's article [How China's VAT reform is reshaping global indirect tax](#).

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