ELECTRONIC COMMERCE: HOW SHOULD IT BE TAXED?

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Abstract: Rapid growth in electronic commerce has presented many challenges to the existing tax system. The basic nature of Internet has the potential to make the transactions invisible or untraceable, therefore offering great opportunities for tax evasion. This paper examines the implications as well as the challenges Electronic Commerce poses for the current tax system. The policy responses from government toward electronic commerce are also discussed. Finally, the future trends of Internet taxation and relevant recommendations are provided.

Key words: Electronic Commerce, Inter-Organizational electronic commerce, Intra-Organizational electronic commerce, Customer-to-business electronic commerce, disintermediation, bit tax, Resource-based tax, Residence-based tax, cyberbank, electronic money, record keeping, identification certificate system

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