Citizen-state relation culture difference between China and the western countries

Description

I have been doing research on trust laws for some time in particular the comparison between Chinese trust laws and those of the Western countries such UK and USA.b

An obviously observatory difference manifested from trust laws is that western countries recognize and allow its citizens to use trusts and other legal instruments to reduce and evade tax burdens which will easily be found guilty of violating public interests. Article 11 of China Trust Law provides that a trust will be void if its purpose is in violation of laws, administrative regulations (promulgated by China State Cabinet) or public interests. The public interests are never clearly defined, and there has been a common view that evasion of taxes is thought to be in violation of public interests.

Unless China government clearly clarifies that trusts can be used as a way for tax planning or tax benefits are availed for trusts to enjoy. China judicial machines won't be ready to uphold the legality of using trusts to evade tax burdens.

A further thought will lead to the citizen-state culture difference as the fundamental root for the divergence of legislation in trust laws. China has been an feudal authoritarian country for the past 5000 years with confucianism dominating the minds of Chinese people, cultivating an entrenched and deep-rooted culture of obedience and sacrifice of citizens towards states, and as a result, attempt and efforts aimed to reduce citizen's obligations to government are always discouraged and even punished.

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Unlike China, democracy has taken strong root in western citizen-state relationship with states being more generous and lenient towards citizens' rights and freedom and recognizing and even respecting citizens' tendencies to minimize their tax obligations to states.

Coupled with other factors, civil trusts are never a norm in Chinese society and indeed rarely used even in today's China despite that China has enacted its trust law back in 2001. There is little application of trust laws in China society and there are only a few cases involving civil trusts in China courts. On the contrary, trusts are employed by China governments as a tool to manage and administer its financial markets. For example, currently, trust companies are regulated by China banking authority, and what trust companies do in China is to serve as a channel to pool money from investors and lend the money to real estate projects or other projects.

So you see, while trusts are mostly employed in western countries as a way to counter governments' hands reaching into their pockets, trusts are actually employed in China as a way to govern and regulate the financial sector of its economy.

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