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### **Written statement submitted by Coordination des Associations et des Particuliers pour la Liberté de Conscience, a non-governmental organization in special consultative status\***

The Secretary-General has received the following written statement, which is circulated in accordance with Economic and Social Council resolution 1996/31.

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\* Issued as received, in the language of submission only.

## **The Two Covenants, the Abuse of Tax Law Against Spiritual Minorities, and Two Shadow Reports**

Written Statement Submitted by Coordination des associations et des particuliers pour la liberté de conscience (CAP-LC)

The ICCPR and the ICESCR protect, among other rights, freedom of religion or belief, equality before the law, due process, freedom of movement, of expression and assembly, the right to work, education, an adequate standard of living, and to participate in cultural life. They are at risk when administrative mechanisms, particularly taxation, are arbitrarily or unfairly used against spiritual or cultural minorities. In this submission, CAP-LC presents an example from East Asia, specifically the island of Taiwan (ROC), which, although not a United Nations member, voluntarily committed itself in 2009 to implementing the Two Covenants and to undergoing periodic review by independent international experts. In August 2025, the island issued its fourth report on the implementation of the Covenants, and a thorough international review is scheduled for 2026. Civil society organizations have prepared Shadow Reports to address the gaps and omissions in the official submission. One such Shadow Report addresses ICESCR concerns (<https://bit.ly/3NMGW9Y>), and another focuses on the ICCPR (<https://bit.ly/4k24jZk>).

Taiwan currently faces the problem of “perpetual tax bills,” which leave taxpayers trapped in cycles of litigation even after they win in court. Discussions about draft amendments to the Tax Administrative Case Review Act have been ongoing since 2024. However, one Shadow Report points out several structural flaws remaining in the island’s tax administration, including conflicts of interest in taxpayer protection, the limited expertise of administrative courts and their marked tendency to rule in favor of tax authorities, with studies by Taiwanese scholars showing that taxpayers lose in more than 90% of such cases, and the continued reliance on nearly 10,000 interpretive letters, many dating from the Martial Law era (1949–1987), that allow administrative agencies to avoid legislative scrutiny. The Tai Ji Men case clearly illustrates these systemic issues.

The case is a prominent example of the harm caused by “perpetual tax bills.” Tai Ji Men is a traditional menpai of qigong, martial arts, and self-cultivation that has spent decades promoting health, cultural heritage, and global peace. Its legal troubles began in 1996 during a time of politically motivated actions against various spiritual communities. A prosecutor charged the leader of Tai Ji Men, Dr. Hong Tao-Tze, his wife, and two disciples, and the National Taxation Bureau (NTB) issued tax bills for the years 1991 to 1996. The NTB classified “red envelopes,” traditional gifts from disciples to their master, as taxable tuition for a non-existent cram school. Taiwan’s highest judicial bodies repeatedly rejected this classification. In 2007, the Supreme Court cleared Tai Ji Men of all criminal charges and confirmed that the red envelopes were tax-exempt gifts. In 2018, the Supreme Administrative Court affirmed that Tai Ji Men is a cultural menpai, not a cram school. Despite these rulings, the NTB continued to impose taxes unlawfully. While the NTB eventually corrected the tax bills for 1991 and 1993–1996 to zero in 2019, it did not change the 1992 bill, based on a technically final but fundamentally flawed 2006 administrative court judgment. This persistence led to the seizure, unsuccessful auction, and nationalization of Tai Ji Men’s sacred land in 2020, despite the Control Yuan identifying multiple legal and procedural violations in the case.

The Shadow Reports conclude that the Tai Ji Men case demonstrates violations of principles of equality and non-discrimination under Articles 2 and 26 of the ICCPR and 2(2) of the ICESCR. The unfair treatment of Tai Ji Men—whose red-envelope gifts were subject to targeted taxation while similar gifts to other martial arts, qigong, or religious groups were not—illustrates a violation of Articles 2(1) of the ICCPR and 7 of the ICESCR. The NTB’s issuance of tax bills for six years in blatant violation of procedural justice, without investigation, hearings, or an opportunity for the taxpayers to defend themselves, contradicts Article 2(3) of the ICCPR, which mandates effective remedies, and

undermines the ICESCR's requirement that administrative practices not impair the enjoyment of economic and cultural rights.

The deeper structural issues identified in the Shadow Reports also involve both Covenants. The administrative opacity of tax cases contradicts the ICCPR's requirement that restrictions on rights be "provided by law," not by internal administrative directives, and violates the ICESCR's requirement that states realize rights through transparent and accountable governance.

The "perpetual tax bill" issue highlights the intersection of ICCPR and ICESCR rights. When a court overturns a tax decision, the tax authority adjusts the figures and issues a new bill, restarting legal remedies and procedures. Deadlines are reset, the five-year assessment period is ignored, and the taxpayer is caught in a continuous cycle of appeals. This practice violates Articles 14 (fair proceedings) and 2(3) (effective remedies) of the ICCPR. It also undermines Article 11 of the ICESCR, which protects the right to an adequate standard of living, as prolonged financial pressure and uncertainty destabilize households and livelihoods.

The island's use of exit bans as a coercive method of tax collection raises additional concerns under both Covenants. Article 12 of the ICCPR protects freedom of movement, and restrictions must be lawful, necessary, and proportionate. However, individuals can be barred from leaving the island over relatively small debts, with decisions often made by tax agents without judicial review. Fewer than five percent of those subject to such bans actually pay their debts, showing that this measure is both ineffective and intrusive. The bans also impact the ICESCR's Article 6 right to work, as individuals prevented from traveling for work suffer direct economic harm.

Taiwan's recusal rules are so narrow that, even if judges have participated in the proceedings, they may still hear the same case multiple times as long as they did not take part in rendering the judgment. In the Tai Ji Men case, one judge repeatedly presided over the matter across different courts and stages, a situation described in the Shadow Reports as incompatible with Article 14 of the ICCPR, which requires an impartial tribunal. The resulting lack of trust in administrative justice also undermines the ICESCR's requirement that rights be realized through fair and accountable institutions.

The Shadow Reports also discuss Article 18 of the ICCPR, which protects freedom of thought, conscience, and religion. They argue that taxation has become a way for the state to interfere in spiritual and religious life. Excessive tax exemption requirements exclude many non-profit spiritual groups, violating the principle of tax neutrality. In the Tai Ji Men case, the group's classification as a cram school distorted its nature and spiritual identity. It violated the dizi's (disciples) right to express their beliefs through gifts to their Shifu (Grand Master). The nationalization of its Miaoli land, intended for spiritual development, is compared in the report to seizing a church's sanctuary. This also violates Article 15 of the ICESCR, which protects the right to participate in cultural life, as the land was meant for cultural and spiritual activities central to the menpai's identity.

Freedom of expression and assembly, as protected by Articles 19 and 21 of the ICCPR, are also at risk. Civil society organizations have observed numerous instances in which state agencies have infringed upon these freedoms. For example, the Ministry of the Interior has imposed broad prohibitions on "political activities" in national parks, giving authorities wide discretion to limit speech. A volunteer protesting tax injustice was detained for eight hours for holding a sign criticizing an official, an event described in the report as state harassment. The Assembly and Parade Act, recognized as inconsistent with the ICCPR since 2012, remains unrevised, and some civic groups have suffered a total rejection rate for protest permits. Even proposed amendments retain "safe distance" zones and police exclusion powers, indicating a continued reluctance to relinquish administrative control over public gatherings. These restrictions also affect Articles 13 (right to education) and 6 (right to work) of the ICESCR, as civic participation and public advocacy are essential to realizing social and economic rights.

Moreover, in the Tai Ji Men case, the ongoing financial pressure and the nationalization of sacred land violate the right to an adequate standard of living under Article 11 and the right to participate in cultural life under Article 15 ICESCR. The uncertainty created by ongoing litigation undermines economic security, while the seizure of land meant for cultural and spiritual purposes restricts the community's ability to keep its traditions and heritage.

The Tai Ji Men case is a persistent issue that continues to affect the island's human rights situation, refusing to fade because the underlying injustices remain unaddressed. It also reflects a broader international trend where taxation is weaponized against minority spiritual or religious groups. CAP-LC therefore calls for a timely and just resolution of the Tai Ji Men case and for broader reforms to ensure that taxation is never used as a tool of discrimination and that the Two Covenants are respected in all countries that have committed to them.

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