

The Influencing Factors and Improving Path of Perceived Gain of Tax and Fee Reduction

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Abstract

Since 2019, the Ministry of Finance has issued a number of tax and fee preferential policies together with relevant departments, and in the past three years, it has continuously issued supporting measures to optimize and implement tax and fee reductions, and improve the implementation effect of the policies. The "sense of gain" plays an important role in boosting market confidence, stimulating the vitality of entities, and smoothly navigating through the economic transition period. The high sense of gain of micro-entities can fully release the policy dividend space and turn the "spillover effect" of tax and fee cuts into a new driving force for economic growth. However, in reality, there is a great difference between the feelings of some micro-subjects and the macro-effect of policies. Through case analysis, this paper compares the difference of policy effect between enterprises with strong sense of acquisition and those with weak sense of acquisition, analyzes the influential factors that affect the sense of acquisition of tax reduction and fee reduction, and explores ways to improve the sense of acquisition of tax reduction and fee reduction, in order to further expand the policy effect.

Keywords

Tax and Fee Reduction Sense of Gain; Influencing Factors; Ascension Path.

1. Tax and Fee Cuts have Different Benefits

To discuss taxpayers' sense of gain, we must first discuss tax and fee reduction "gain". Tax reduction and fee reduction benefits refer to the dividend generated by the duration of policies, the target of policies and the superimposition of preferential policies. Different enterprises can enjoy different tax and fee reduction policies will bring about practical differences in access. The sense of gain from tax reduction and fee reduction is the intuitive feeling of "gain" from micro subjects, that is, the more enterprises get from tax reduction and fee reduction, the stronger the sense of gain of taxpayers. From the perspective of the benefits of the policy of tax reduction and fee reduction issued by the State Administration of Taxation, all taxpayers can enjoy the bonus of tax reduction and fee reduction, so it can be inferred that all taxpayers have a "sense of gain".

The most direct effect of tax and fee reduction is the induction of each micro-subject. However, in the actual work, the author found that taxpayers' evaluation of the sense of gain was not so: large and medium-sized enterprises reported that they could enjoy fewer preferential policies, and their tax burden was reduced in both upstream and downstream. Considering the overall tax burden fluctuation of enterprises, the sense of gain was not strong. Small and micro enterprises reflect that although there are many tax reduction policies, but their own profits are low, the amount of tax payable is small, the actual gain is less, no obvious feeling; Even individual businesses with the largest tax cuts and the most favorable policies do not feel much benefit from tax cuts and fee cuts.

Although the enterprise has "gain", there is no "sense of gain", and the two obviously exist contradiction. The level of the sense of gain directly affects the conversion of preferential tax, that is, for the expansion of reproduction, fixed assets investment, product research and development, industrial upgrading and so on. Therefore, it is necessary to find out the factors influencing the sense of gain through analysis and analyze them one by one to make the policy output exceed the implementation cost.

2. A Comparison of the Perceived Benefits of Tax and Fee Cuts

2.1. Policy Effect Analysis of Strong Sense of Gain

In the promotion of tax reduction and fee reduction policies, taxpayers are aware of the reduction in taxes and fees they need to pay, and can make a very positive evaluation of tax reduction and fee reduction. But in the follow-up, only a very few enterprises said that they enjoyed the real dividend, really have a sense of gain. The life service enterprise C is selected as the analysis object. As shown in Table 1, the full-caliber tax burden of the enterprise was 3.85% in 2018, 2.43% in 2019, and 0.21% in 2020. The effect of tax reduction and fee reduction was significant.

Table 1. Analysis of Life Service Enterprise C

	Annual sales revenue	Accounting profits	Annual tax payment	Full caliber tax burden (%)	Annual VAT payment	VAT burden (%)	Income tax burden (%)
In 2018	692.48	19.34	28.69	4.14	20.77	2.99	0
In 2019	931.74	62.93	22.65	2.43	17.44	1.87	0
In 2020	1502.07	207.44	3.27	0.21	1.70	0.11	0

After sorting out, the applicable tax preferential policies for C enterprises are as follows: 1. In the first quarter of 2019, small-scale taxpayers can enjoy the preferential tax collection of six taxes and two fees by half; 2. 15% preferential tax rate for high-tech enterprises; 3. Preferential treatment for small profit enterprises in enterprise income tax; 4. Additional deduction for R&D expenses; 5. Special equipment vehicles are exempted from purchase tax; 6. Life services enjoy additional deductions; 7. Enjoy the preferential tax policy of exempting value-added tax for life service industries during COVID-19 in 2020. Tax cuts in items 4 to 7 are particularly effective. In order to make the analysis more intuitive, a comparative analysis is made on the relevant data of the taxpayer before and after the application of preferential policies. In terms of corporate income tax, from 2018 to 2020, enterprises will enjoy a total of 2.725 million yuan of additional deductions, and can enjoy preferential deductions of 289,700 yuan. The specific calculation process is as follows:

(1) Analysis of VAT reduction and exemption in 2020

In order to facilitate calculation and avoid interference from the introduction of preferential policies in the middle of the year, only the VAT data related to C enterprise in 2020 are analyzed. The analysis process is as follows: In 2020, the annual tax-free sales are 11,391,300 yuan, the sales at 13% tax rate is 2,377,000 yuan, and the sales at 6% tax rate is 1,561,300 yuan; If the deductible input tax is RMB 341,600 yuan, 15% can be added, namely RMB 49,800 yuan, then the VAT payable is RMB 900,000 Yuan [calculation formula: $0 + (237.7 \times 13\% + 156.13 \times 6\%) - 34.16 - 5.12$]; If translated into no preferential policies, that is, tax free sales of 11,391,300 yuan is taxable income, the tax rate of 6%; If 13% is changed to 16% tax rate and there is no input additional deduction, the VAT payable is RMB 737,100 yuan [calculation formula: $(1139.13$

+156.13) *6%+237.7*16%-34.16* 16/13%]. By contrast, only VAT related preferential policies can reduce the tax burden of RMB 727,200 yuan.

(2) Income tax reduction analysis

From 2018 to 2020, due to the additional deduction policy, the taxable income tax of the enterprise was reduced to 0 for three consecutive years, and the accounting profits of the enterprise in the recent three years (as shown in Table 1) were used as the taxable income amount for calculation. If the policy is replaced by the 2018 corporate income tax policy, that is, no additional deduction policy, high-tech enterprise tax rate, and the preferential policy of reducing the actual tax burden of small and low-profit enterprises from 10% to 2.5% from 2018 to 2021. Then, tax payable in 2018 =19.34/2*20%= 19,300 yuan; Tax payable in 2019 =62.93 1/2 *20%= 62,900 yuan; The tax payable in 2020 =207.44*20%= 414,900 yuan because it no longer meets the requirements of small and low-profit enterprises in 2020. The comparison shows that enterprises enjoy 497,100 yuan of income tax exemption in three years.

From the tax burden and development direction of C company in the past three years, it can be seen that C company has a strong sense of financial management and tax management. For example, the research and development direction of the enterprise is harmless waste treatment, and the enterprise income tax can enjoy the policy of VAT collection and refund and three exemptions and three halving after meeting the relevant conditions. The research and development results can be converted into actual income, and the actual tax burden can be further reduced. There is a widespread problem in the service industry that it is difficult to obtain input tax bills. Enterprise C will package the labor services accounting for 41% of the cost to the labor service company, unified settlement of oil expenses and oil cards accounting for 43% of the cost, unified purchase of sanitation supplies and office supplies and other ways to constantly improve the special ticket deduction chain to offset adverse factors.

2.2. Analysis of the Effect of Weak/No Gain Policy

Most taxpayers have no "sense of gain" or very low sense of gain from tax reduction and fee reduction. The case excludes small low-profit enterprises and individual businesses with limited understanding of policies, and selects Y Group, a large manufacturing company with tax management ability, as the case for analysis.

(1) Analysis of the effect of parent company's preferential policies

Table 2. Change of input tax before and after the same sales preferential policy

Unit: Ten thousand Yuan

Current rate	Deductible amount of input	Input tax	Input tax applicable to policies prior to April 1, 2019	Input tax applicable to policies prior to May 1, 2018
1%	436.57	4.37	13.10(3%)	13.10(3%)
9%	15800.36	1422.03	1580.04(10%)	1738.04(11%)
13%	642658.84	83545.65	102825.41(16%)	109252.00(17%)
Carriage of passengers	---	2.73	0(Do not touch buckle)	0(Do not touch buckle)
Total	658895.77	84974.78	104418.55	111003.14

Table 3. Changes of output tax before and after the same sales preferential policies

Unit: Ten thousand Yuan

Current rate	Sales	Output tax	Input tax applicable to policies prior to April 1, 2019	Input tax applicable to policies prior to May 1, 2018
9%	3008.81	270.79	300.88 (10%)	330.97 (11%)
13%	785858.40	102161.59	125737.34 (16%)	133595.93 (17%)
Combined	788867.21	102432.39	126038.23	133926.90

The preferential policies enjoyed by the parent company mainly include: VAT rate reduction, social insurance fee reduction, etc. Enterprises believe that: when upstream and downstream enterprises and their peers reduce tax rates at the same time, the market price changes accordingly, which has little impact on profits and low sense of gain. However, the actual situation is not the case. As we all know, VAT is a tax levied on the value-added part, and the reduction of tax rate under the same value-added amount will certainly reduce the tax payable. Therefore, the data related to VAT in 2020 are compared and calculated. According to the calculation (see Table 2, Table 3 and Table 4 for details), only the main project of the parent company will reduce the value-added tax in 2020 by about RMB 41.620,700 compared with 2019 due to the change of VAT rate. Compared with 2018, it decreased by 546.61,500 yuan, accounting for 5.63% and 7.39% of the net cash flow of operating activities of the enterprise in 2020 respectively. It can be seen that the amount of tax reduction and fee reduction obtained by the parent company of Y Group is not low.

Table 4. Changes of tax payable before and after the same sales preferential policies

Unit: Ten thousand Yuan

	The amount of tax payable at the current rate	Input tax applicable to policies prior to April 1, 2019	Input tax applicable to policies prior to May 1, 2018
The tax payable	17457.61	21619.68	22923.76
Tax difference	---	4162.07	5466.15

(2) Effect analysis of subsidiary preferential policies

In addition to enjoying the preferential treatment of VAT rate reduction mentioned above, four medium-sized subsidiaries of Y Group enjoyed a total of 71.6440 million yuan of additional deductions and 4.5088 million yuan of corporate income tax reduction in 2020. Two subsidiaries enjoy the increment of VAT retained against tax rebate of RMB 6,013,600 yuan. One of them deducted the undeducted input tax of previous years in a lump sum after the input tax of real estate was included in May 2019, and gave up the tax refund and continued to increase the deduction after meeting the tax deduction policy in October. In March 2020, the amount of retained credit reached the peak of 4.82 million yuan and the tax rebate was initiated, and the tax rebate was 2.88 million yuan (60% of tax rebate) after review. With the support of the above preferential policies, the sales revenue in April 2020 reached 51,571,200 yuan, the highest in the past three years. All subsidiaries enjoy small profit enterprise tax rate and tax base reduction; 1 subsidiary is a high-tech enterprise, enjoying a low tax rate of 15%. In 2020, the parent company obtained investment income of 119.1373 million yuan from its subsidiaries. From the group as a whole, the parent company and subsidiaries enjoy preferential tax policies to varying degrees, and the amount "obtained" is not low.

3. Factors Influencing the Sense of Tax and Fee Reduction

From the above case analysis, it can be seen that under the national policy of "full enjoyment", tax and fee reduction policies have brought a lot of dividend space to enterprises regardless of their degree of gain. That is to say, the low sense of acquisition is not due to small tax and fee incentives. Other factors affecting the sense of acquisition include:

(1) Enterprises have a bias in their understanding of tax and fee reduction and sense of gain. Taxation is compulsory, free and fixed, and is a legal obligation of enterprises. Due to the downward pressure of the domestic economy in recent years, the cost of the real economy

represented by manufacturing enterprises keeps rising and the level of profits keeps shrinking. Enterprises operate for the purpose of profit, and tax payment will not bring any benefit inflow to enterprises. Different from the subjective feeling of tax rebate, tax preference of tax reduction and fee reduction is automatically generated by the declaration form, and taxpayers pay tax according to the declaration form. There is no need to calculate the difference before and after the comparison. Therefore, the effect of tax reduction cannot be evaluated objectively from the perspective of enterprises.

(2) The enterprise has not incorporated tax and fee management into financial management. From the perspective of the nature of tax preferential policies, universal preferential policies have no threshold limit and are universal, and their sense of gain is temporary. Structural tax reduction is related to optimal resource allocation, industrial upgrading, and green and sustainable development. The consumption tax, for example, is described as punitive, squeezing the profits of polluting and energy-consuming companies. Enterprises should consider taxes and fees comprehensively when formulating development strategies to bring the most reliable development prospects and the longest sense of tax reduction. In addition, tax treatment professional strong, small small profit enterprises are acting account company bookkeeping, do not understand the tax policy caused by the sense of not strong.

(3) The implementation means of preferential policies of tax departments are not timely manufacturing preferential "costs". In the early stage of policy implementation, there are no supporting measures and policy interpretation, taxpayers have a deviation in understanding, and the basic tax departments have no basis for implementation; The release of preferential tax policies sometimes lags behind the operation of tax collection and management, the promotion of preferential policies is not precise and powerful enough, the way of enjoying preferential policies still needs to be improved, and the big data analysis of tax has not played a role, which to some extent has restricted the full release of policy dividends.

(4) It is difficult to control the balance between enforcement rigidity and service flexibility of tax authorities. In addition to part of the preferential tax belongs to taxpayers can be put on record to enjoy, there is a part of preferential tax policies involving tax rebates. In order to ensure national tax security and authenticity of tax rebates, and prevent potential law enforcement risks, tax authorities must carefully verify, so as to avoid enterprises using tax incentives as tax shields and violating the original intention of preferential policies. For example, in order to reduce the amount of income payable, enterprises will include the expenditure that should be included in the operating cost into the R&D cost or strategic project approval, and the R&D project has no actual output. The tax department shall verify the items involved in the additional deduction form one by one. However, maintaining the rigidity of the tax law may dampen the enthusiasm of taxpayers and affect the feeling of preferential implementation.

4. Improving the Sense of Benefit from Tax and Fee Cuts

To sum up, the national tax and fee reduction incentives are obvious, and enterprises can benefit from them, but their sense of gain will be affected by the above factors. A strong sense of gain is a necessary condition to ensure that the policy of tax reduction and fee reduction can play a greater role.

(1) Improve taxpayers' tax-related management ability. The appearance of tax planning is tax saving, the ultimate goal is to promote high-quality development of enterprises. Under the special market economy system of our country, enterprise managers should change their way of thinking, pay attention to the guiding tax policy, and strengthen the management of their own tax burden. The daily operation and future development of enterprises need to take tax-related management into account, tax saving is just the appearance, the ultimate goal is to

achieve "lane change overtaking" through tax preferential policies, to find a suitable road for the future development of enterprises.

(2) Improve the collection and management ability and service level of tax departments. First, continue to deepen the reform of the collection and management system, give full play to the role of tax big data cloud platform, and put functions like supply chain inquiry online in the national tax system as soon as possible. Second, vigorously carry out the publicity of tax laws and regulations, improve the awareness of the whole society to pay taxes in good faith in accordance with the law, realize the synchronization of system operation, detailed rules interpretation and preferential policies, and enhance the timeliness of policy implementation; Third, we will further streamline the procedures and procedures for the application of preferential policies, continue to expand the scope of "self-identification, self-declaration and post-supervision", and lower the threshold for the use of preferential policies. Fourth, a new tax service system of "no dead corner offline service, no closed online service and wide coverage of customized services" will be built to realize the transformation from undifferentiated service to refined, intelligent and personalized service. Five is to get through the tax refund process with the Treasury center at all levels, simplify the data, reduce the handling time from tax acceptance to bank to account, timely relieve the pressure of funds, speed up the turnover of funds; Sixth, jointly with the banking sector to help enterprises solve financing difficulties by transforming tax credit rating into financing credit rating.

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