ISSN: 2688-9323

Research on Preferential Tax Policies to Promote the Development of High-tech Enterprises

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Abstract

National progress and development are inseparable from scientific and technological innovation. It is very necessary to use preferential tax policies to encourage enterprises' R&D investment and technological innovation. Firstly, this paper expounds the preferential tax policies that High-tech enterprises can enjoy at present. Secondly, through the relevant data published by government departments, this paper analyzes the development status of my country's High-tech enterprises, analyzes the problems in the implementation of preferential tax policies in High-tech enterprises, and puts forward targeted suggestions.

Keywords

High Tech Enterprises; Preferential Tax Policies; R & D Innovation.

1. Introduction

With the gradual weakening of the demographic dividend, labor-intensive enterprises are gradually transforming into technology and knowledge intensive enterprises. Scientific and technological innovation seems to be a major proposition in today's era. Since the 18th CPC National Congress, China has always put the "innovation driven development strategy" at the core of the overall national development situation and put enterprises at the forefront of innovation. In this context, in order to encourage enterprises to carry out R&D innovation, the government has implemented a series of preferential tax policies, which have promoted the innovative development of enterprises in all aspects. As a technology and knowledge intensive enterprise, High-tech enterprises are the main force for enterprises to carry out R&D innovation and innovation, and are widely affected by preferential tax policies. Therefore, it is of great significance to study the preferential tax policies to promote the development of enterprises.

2. Related Concepts of Preferential Tax Policies for High-tech Enterprises

At present, the preferential policies enjoyed by my country's High-tech enterprises mainly include the following two aspects:

enterprise income tax: the first is preferential tax rate. According to my country's current enterprise income tax law, High-tech enterprises that meet the key support conditions of the State shall be subject to enterprise income tax at the tax rate of 15%. Second, R&D innovation plus deduction preference. The tax law clearly stipulates that the R&D expenses incurred by the enterprise for the development of new technologies, new products and new processes, which have not formed intangible assets and are included in the current profit and loss, shall be added and deducted by 75% of the R&D expenses on the basis of actual deduction; If intangible assets are formed, they shall be amortized at 175% of the cost of intangible assets. Fourth, extend the loss carrying forward period. According to the tax law, from January 1, 2018, for the enterprises qualified as High-tech enterprises or science and technology-based small and medium-sized enterprises in the current year, the outstanding losses occurred in the five years before the

ISSN: 2688-9323

qualification year are allowed to be carried forward for later years, and the maximum carrying forward period can be extended from five years to 10 years. Third, income tax reduction and exemption. The enterprise income tax law clearly stipulates that the part of the income from technology transfer of resident enterprises that does not exceed 5 million yuan in a tax year shall be exempted from enterprise income tax; For the part exceeding 5 million yuan, the enterprise income tax shall be reduced by half.

Value added tax: first, if ordinary taxpayers sell computer software products developed and produced by themselves or sell imported software after localization and transformation, the part with an actual tax burden of more than 3% will be levied and refunded immediately after being levied at the statutory tax rate. Second, imported instruments and equipment directly used for scientific research, scientific experiments and teaching are duty-free. Third, the export of High-tech products shall be subject to the policy of zero value-added tax rate.

3. Analysis on the Current Situation of High-tech Enterprises in China

In recent years, with the implementation of preferential tax policies, my country's High-tech enterprises have been fully developed. The number of national High-tech enterprises is growing, R&D innovation activities are gradually increasing, enterprise R&D innovation investment is increasing year by year, the number of national R&D innovation practitioners and high-quality talents are increasing, the R&D innovation output rate of High-tech enterprises is also increasing, and the international competitiveness is gradually increasing.

3.1. The Number of High-tech Enterprises in China has Increased Rapidly

As can be seen from Figure 1, the number of High-tech enterprises in China increased year by year from 2011 to 2020, and the annual growth rate was basically maintained at more than 15%. Although the growth rate in the first few years was relatively slow, the growth rate of the number of enterprises remained above 25% during the 13th Five Year Plan period, and the number of High-tech enterprises in China reached 275000 in 2020.

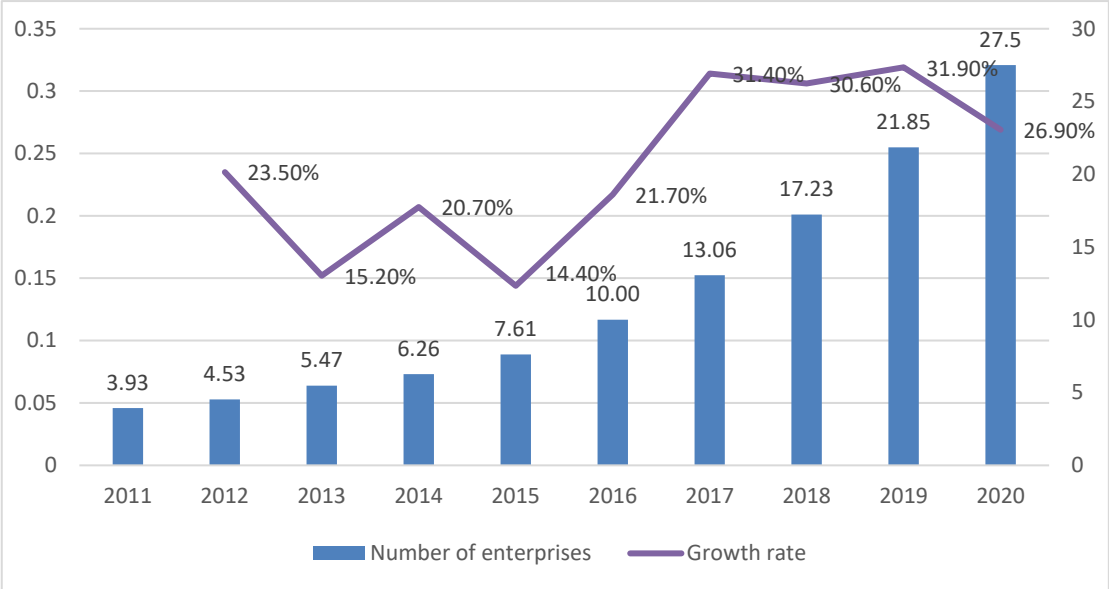

Figure 1. Number of High-tech enterprises entering the system (unit: 10000, %)

3.2. The Main Economic Indicators of High-tech Enterprises are Growing

As shown in Figure 2, with the rapid growth of the number of High-tech enterprises, the business indicators of my country's High-tech enterprises are also growing. In 2020, the total

ISSN: 2688-9323

operating income of High-tech enterprises in China reached 52.1 trillion yuan; The total industrial output value is 36.71 trillion yuan; The net profit reached 2.73 trillion yuan.

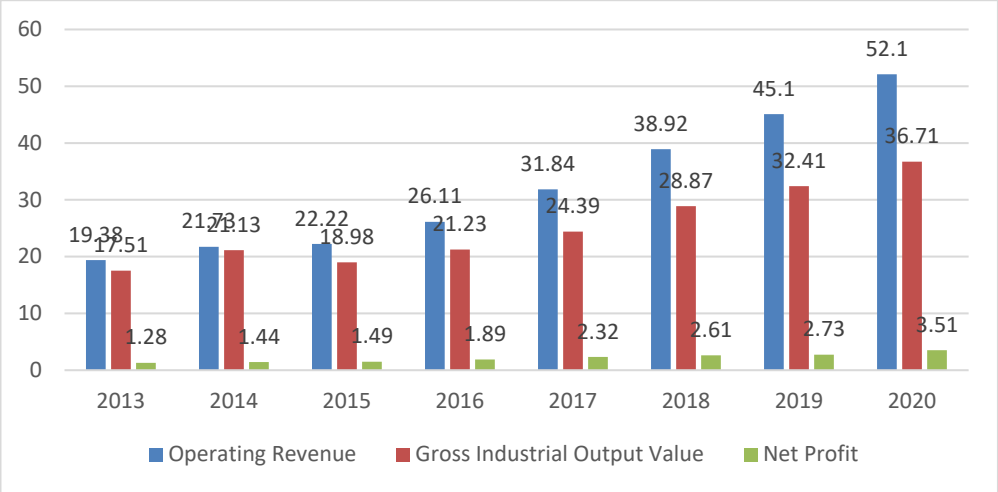

Figure 2. Operation of High-tech enterprises (unit: trillion yuan)

3.3. Number of Employees in High-tech Enterprises

As can be seen from Figure 3, the number of R&D innovation employees in national High-tech enterprises has increased significantly compared with enterprises and the whole country. The reason may be that High-tech enterprises have developed greatly in the past decade and enjoy more preferential R&D innovation tax policies, resulting in the expansion of R&D innovation departments and the increase of R&D innovation personnel.

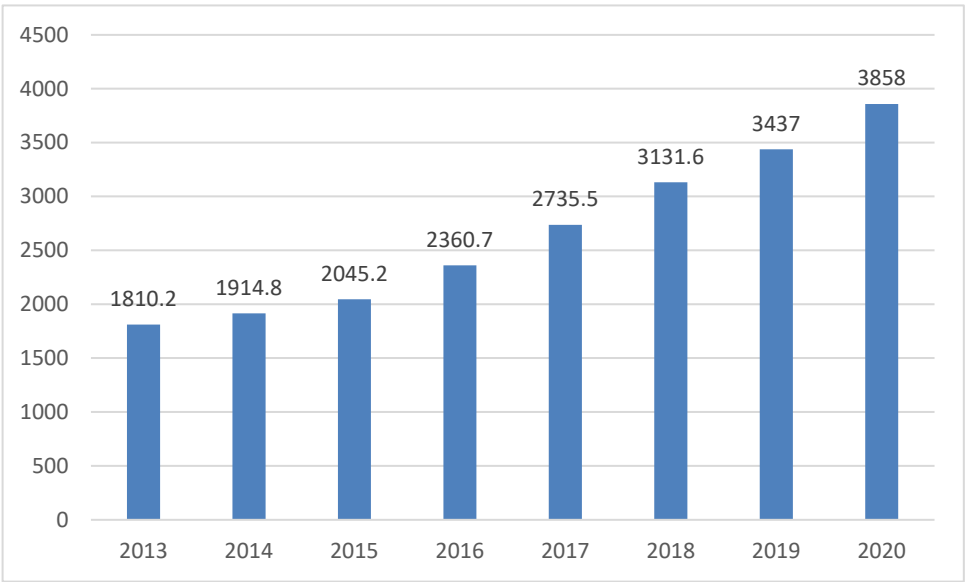

Figure 3. National High-tech employees (unit: 10000 person)

3.4. Investment in R&D Innovation Expenses of High-tech Enterprises

According to the data in Table 1, the number of scientific and technological activity personnel, internal expenditure of scientific and technological activity funds and internal expenditure of R&D innovation funds of High-tech enterprises have increased year by year in recent six years. The analysis of two data indicators of internal expenditure of scientific and technological activity funds and internal expenditure of R&D innovation funds of High-tech enterprises will help to better reflect the current situation of annual R&D innovation investment of enterprises.

ISSN: 2688-9323

The increase in the number of scientific and technological personnel reflects that enterprises pay more and more attention to the cultivation of scientific research talents. These indicators reflect the increasing R&D innovation investment of my country's High-tech enterprises and the implementation effect of preferential tax policies, which also shows that the government and enterprises pay more and more attention to R&D innovation activities.

Table 1. R&D Activities and Science and Technology Activities Statistics of High-tech Enterprises

Year	Personnel Engaged in Science and Technology Activities (person)	R&D personnel (person)	Intramural Expenditures on Science and Technology Activities (1000 yuan)	Intramural Expenditures on R&D (1000 yuan)
2015	5255352	2965178	1048126731	630404044
2016	5843408	3494753	1264307205	780605180
2017	6586793	4133944	1548115762	927949187
2018	7566809	4370797	1971761540	1084666877
2019	8247973	4354713	2455779462	1185007202
2020	9159988	4935826	2755684667	1330958669

4. Main Problems of Tax Preferential Policies for High-tech Enterprises

The implementation of preferential tax policies makes High-tech enterprises flourish. However, the R&D innovation activities of High-tech enterprises not only have a long cycle, but also need to invest a lot of funds in the whole R&D innovation process, which makes enterprises bear great risks all the time. At this time, the preferential tax policy issued by the government is very important. It increases the cash flow of enterprises to a certain extent, reduces the tax burden of enterprises, and alleviates the financing constraints of enterprises. It can be seen that although the effect of preferential tax policies has been very significant, there are still some areas to be strengthened.

4.1. Pay too Much Attention to Direct Tax Preference

According to the current situation of the development of High-tech enterprises, it can be found that the implementation of direct tax preference and indirect tax preference have different effects on High-tech enterprises, and the current tax preference mainly tends to direct tax preference. In the current tax law, the preferential policy of direct tax mainly includes tax rate preference, tax reduction, reinvestment tax rebate, etc. it is a preferential policy that gives ex post support to the R&D innovation activities of enterprises, mainly aiming at the final results of enterprises. Different from direct tax preference, indirect tax preference is a policy that gives advance support to enterprise R&D innovation activities. Indirect tax preference is often more effective than direct tax preference. The reason for this is that the indirect tax preference is that enterprises can enjoy the preference before obtaining R&D innovation achievements, which plays the role of pre adjustment and is more conducive to enterprises to carry out R&D innovation and innovation activities. The direct preference can only be enjoyed after the enterprise obtains the R&D innovation results, which may lead to the enterprise paying too much attention to the final results and ignoring the importance of R&D innovation, thus limiting the independent innovation ability of the enterprise. Therefore, the current form of tax preference does not fully reflect the incentive effect of tax preference policies on R&D innovation and innovation of High-tech enterprises.

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4.2. The Support for Loss Making Enterprises and Start-ups is Small, and the Policy is not Targeted

The current preferential tax policy has a significant incentive effect on those enterprises with large scale, good operation and good income, while it has a weak incentive effect on those enterprises with small scale, in a state of loss or in the early stage of entrepreneurship. As a result, the situation of some enterprises with small scale and difficult survival has not been greatly improved. As start-ups are mainly in the initial stage of R&D, the cost of input is high and the output is unknown. Therefore, policies such as low corporate income tax rate have no significant effect on them. For example, the current implementation of value-added tax retention and credit has no obvious effect on enterprises in the early stage of entrepreneurship. Therefore, the current preferential tax policies need to be further improved to support loss making enterprises and start-ups.

4.3. Insufficient Tax Incentives for R&D Innovation Talents

The High-tech R&D innovation talents of High-tech enterprises are very important for the sustainable development of enterprises. At present, my country's tax incentive policy for scientific research talents is not perfect. The main problem is that the scope of tax preferential policies is limited and the policy coverage is not complete. From the perspective of value-added tax, the expenses formed by scientific researchers in R&D innovation activities cannot be deducted from value-added tax, but are treated as expenses in accounting. From the perspective of enterprise income tax, the scope of application of additional deduction only includes the R&D innovation expenses of R&D innovation activities, excluding the welfare expenses of R&D innovation personnel, education and training expenses, labor union funds, etc; In terms of individual income tax, only the bonuses given to R&D innovation personnel by departments and organizations at or above the provincial level are exempt from tax. These restrictions hinder the R&D innovation motivation of researchers and weaken their enthusiasm to a great extent.

5. Suggestions on Improving Tax Preferential Policies to Promote the Development of High-tech Enterprises

5.1. Combination of Direct Tax Preference and Indirect Tax Preference

At present, my country's tax incentives include direct incentives, which focus on the final R&D innovation achievements of High-tech enterprises, which is different from the indirect preferential policies that act on the beginning of enterprise R&D innovation. In order to better promote the vigorous development of High-tech enterprises and improve the ability of independent innovation and creation, China can learn from the successful experience and methods of other countries, and gradually increase the proportion of indirect preferential policies in the overall tax preferential policies, so that the two can coordinate and cooperate. Specifically, it is suggested to formulate the following indirect tax preferential measures: first, reduce the tax base of enterprise income tax and reduce the tax burden of enterprises by taking preferential measures such as increasing the deduction of R&D innovation personnel expenses and establishing R&D innovation funds; On the other hand, it adopts the preferential policy of deferred tax payment for enterprises, which can reduce the pressure of capital constraints, reduce R&D innovation risks and ensure the sustainable and stable investment of enterprises.

5.2. Increase Support for Loss Making Enterprises and Start-ups, and Accurately Implement Policies

In order to give full and effective play to the regulatory role of fiscal and tax policies and achieve the accurate implementation of policies, China should implement corresponding policies and

measures according to the actual situation of enterprises and increase the strength of policies. Specifically, the government can take policy measures according to the operating income of enterprises, such as giving financial subsidies to High-tech enterprises with poor operating income, and adopting the R&D innovation plus Deduction Policy for enterprises with good operating conditions and significant income. Because the R&D innovation risk of loss making enterprises and start-ups is higher than that of other enterprises with good development, targeted support from policies and measures is also needed in order to achieve a certain effect.

5.3. Increase Tax Incentives for Scientific and Technological Talents in High-tech Enterprises

According to the above analysis, we can understand that scientific and technological talents are a very important factor in determining the technological innovation of enterprises. In view of this, China should broaden the scope of tax preferential policies for R&D innovation talents and strengthen tax incentives. As far as R&D innovation personnel are concerned, individual income tax will not be levied temporarily for the individual rewards given to the technical personnel of scientific research institutions and colleges and universities for the transformation of scientific and technological achievements, and this policy can also be slowly implemented for the shares of scientific and technological personnel of most enterprises. Increasing tax incentives for enterprise R&D innovation talents can help High-tech enterprises attract more talents in the future and ensure the sustainable development and growth of enterprises.

Acknowledgments

Anhui University of Finance and Economics Graduate Research Innovation Fund Project:Research on the impact of R&D expense addition and deduction on Enterprise Technological Innovation--An Empirical Analysis Based on Listed Manufacturing Enterprises (ACYC2021038).

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