

# The Impact of Tax Business Environment Optimization on Digital Transformation of Export Enterprises

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## Abstract

Building a strong trade country is an important part of building a modern economic system, and it is also an inevitable requirement for promoting high-quality economic development. As an important external condition to stimulate the vitality of market entities, the optimization of tax business environment plays a key role in "stabilizing foreign trade and foreign investment". Based on the background of the reform of "decentralization, management and service" of the tax system, this paper analyzes the theoretical relationship between the optimization of the tax business environment and the digital transformation of export enterprises based on the current situation of China's tax business environment construction and the score of the World Bank's tax business environment index, and puts forward relevant policy suggestions for the existing problems, in order to provide new policy ideas for the digital transformation of China's export enterprises, the high-quality development of trade and the transformation and upgrading of economic structure.

## Keywords

Tax Business Environment; Export Enterprise; Digital Transformation; Tax "Deregulation Service".

## 1. Introduction

The report of the 20th National Congress of the Communist Party of China proposed to "promote the optimization and upgrading of trade in goods, innovate the development mechanism of service trade, develop digital trade, and accelerate the construction of a strong trade country". Building a strong trade country is not only an important part of building a modern economic system, but also an inevitable requirement for promoting high-quality economic development. In the past decade, China's foreign trade has developed rapidly, but the internal and external environment has undergone profound changes, showing the dual characteristics of the peak of traditional factor dividends and the frequent impact of external events, and it is urgent to build new development momentum to reshape China's foreign trade advantages (Chen Changsheng et al., 2022) [1]. To promote the construction of a strong trading country, it is necessary to improve the technical level of export products from the quality level, promote the digital transformation of export enterprises, and enhance export competitiveness through foreign trade upgrading. In the current complex and ever-changing international environment, how to realize the transformation of China's export products from quantitative growth to quality improvement, and how to promote the digital transformation of export enterprises, has become an important issue of concern from all walks of life.

As an important external condition for stimulating the vitality of market entities and promoting R&D and innovation of enterprises, the optimization of the tax business environment plays a key role in "stabilizing foreign trade and stabilizing foreign investment". In recent years, in

order to cope with the downward pressure of the macroeconomy and the complex and changeable international environment, the Chinese government has implemented the tax "decentralization, management and service" reform that is conducive to promoting the development of enterprises. So, can the optimization of the tax business environment become an important driving force for the digital transformation of export enterprises? What room for improvement is there in the current tax business environment based on the digital transformation goals of export enterprises? The discussion and answers to the above questions will not only help deepen our understanding of the factors influencing China's trade upgrading, but also enable us to clarify the internal mechanism of the optimization of the tax and business environment affecting economic development from the perspective of exports.

## 2. Literature Review

Regarding the measurement and measurement of export enterprises' trade, most scholars use the data of export technology complexity. Export technology complexity not only reflects the degree of optimization of the export commodity structure of a country or region, but also an important basis for measuring the degree of trade upgrading (Dai Xiang and Jin Bei, 2014) [2], so improving the complexity of export technology is a key goal for China to achieve export trade upgrading and build a trade power (Xia et al., 2022) [3]. In recent years, the overall complexity of China's export technology has increased rapidly, but the problems of large regional differences and uneven development are still prominent (Jiang Wei et al., 2019) [4], and many scholars have also discussed the influencing factors of export technology complexity from various perspectives. Some scholars believe that the reason why developed countries export technology complexity is mainly because of their higher income level (Lall et al., 2006) [5], higher technology level (Weldemicael, 2014) [6]; Other scholars point out that FDI and technology introduction and absorption are important reasons for promoting the technological complexity of exports of developing countries (Dai Xiang and Zhang Erzhen, 2017) [7]. It is found that in addition to resource endowment, the impact of the external environment on the increase of China's export technology complexity is crucial, and the improvement of infrastructure, financial system openness and intellectual property protection have significant promotion effects on the improvement of China's export technology complexity (Wang Yongjin et al., 2010 [8]; Pan et al., 2022 [9]; Fang Jiewei and Shi Bingzhan, 2022 [10]).

The above literature provides useful exploration on how the external environment affects the trade of export enterprises, and provides important enlightenment for better understanding the relationship between policy system and the trade of Chinese export enterprises. In recent years, with the in-depth development of digitalization, many scholars have carried out research on the digital transformation of enterprises, Du Chuanzhong and Guo Meichen (2016) [11], based on the perspective of "Solo's paradox", pointed out that large capital demand and strong uncertainty have a strong hindrance to the intelligent transformation of enterprises, so relying on enterprises' own strength alone has the problem of limited technology and insufficient power, and the role of government fiscal and taxation policies must be played (Zhang Jinchang, 2021 [12]; Luo Xubin, 2021 [13]). Therefore, based on the background of the reform of "decentralization, management and service" of the tax system, this paper analyzes the theoretical relationship between the optimization of the tax business environment and the digital transformation of export enterprises based on the current situation of China's tax business environment construction and the score of the World Bank's tax business environment index, and puts forward relevant policy suggestions for the existing problems, in order to provide new policy ideas for the digital transformation of China's export enterprises, the high-quality development of trade and the transformation and upgrading of economic structure.

### **3. The Theoretical Basis and Influence Mechanism of Tax Business Environment Optimization and Digital Transformation of Export Enterprises**

#### **3.1. The Theoretical Basis for the Optimization of Tax Business Environment to Affect the Digital Transformation of Export Enterprises**

##### **3.1.1. New Public Service Theory**

The new public service theory, proposed by Robert B. Denhardt, is the most prominent of its seven principles of "service, not helm." Public managers have the obligation to provide services to the public, and public managers should carry out management activities based on the expression of the common interests of citizens, rather than controlling and controlling society. At the same time, public managers should pay attention to self-examination and timely revision of policies, provide services that meet public needs as much as possible, and guarantee the basic rights of the masses to participate in the process of social management. In addition, public managers should pay attention to the improvement of the awareness of serving the masses. Specific to the tax business environment, for the tax department, attention should be paid to changing its role from a manager to a service provider, attach importance to and clarify the status of taxpayers, strengthen the sense of service, and innovate measures for the convenience of the people. Tax staff should treat taxpayers more as objects of cooperation, mobilize taxpayers to widely participate in tax payment services, and jointly promote the optimization of the tax business environment.

##### **3.1.2. The Theory of Pluralistic Collaborative Governance**

The theory of pluralistic collaborative governance focuses on the plurality of subjects, advocates that all governance entities consult together, realize the division of labor and cooperation in public affairs, and help the government and the market to coordinate the problem of failure, so as to achieve the governance goal of maximizing efficiency. Different from the traditional governance method, on the basis of analyzing the correlation of different subjects such as government and society in public management, as well as their respective status and roles, it gives full play to the power advantages of multiple subjects in the governance process through joint consultation and cooperation among multiple subjects. [14] Specific to the tax business environment, the tax department should establish a consultation mechanism according to the theory of pluralistic collaborative governance, integrate resources and management forces, mobilize the enthusiasm of the whole society to participate in tax governance, give full play to the advantages of different pluralistic entities in the tax business environment, and integrate and optimize the tax business environment.

#### **3.2. The Impact Mechanism of Tax Business Environment Optimization on the Digital Transformation of Export Enterprises**

##### **3.2.1. Save Transaction Costs**

Transaction costs, also known as transaction costs, are defined by the famous economist Coase as the total cost incurred to conclude a transaction. New institutional economics sees it as all the time and money spent buying and selling goods and services. Under the background of the reform of tax "decentralization, management and service", the optimization of the tax business environment can reduce the transaction costs of export enterprises, thereby expanding the scale of enterprises and promoting the digital transformation of export enterprises. The optimization of the tax business environment reduces the problem of information asymmetry of policies and reduces policy uncertainty. At the same time, through the optimization of the tax business environment, the transaction between taxpayers and tax departments has become more convenient, and the handling of tax payment has gradually shifted from offline to online.

Therefore, the optimization of the tax business environment can reduce the cost of information acquisition, greatly improve the degree of convenience, save transaction costs, promote transaction efficiency, enable enterprises to obtain comparative advantages when exporting products, and then promote the increase of national total trade, which is conducive to the digital transformation of enterprises and the upgrading of export trade.

### **3.2.2. Promote Enterprise Innovation**

Innovation and technological progress are considered to be the key to high-quality economic development in endogenous growth theory. At the same time, it is also an important factor to promote the upgrading and development of China's export trade, and technological progress and innovation come from the increase in investment in research and development and the effective use of knowledge. The development of the industry depends on the continuous progress and innovation of technology, and improving the innovation efficiency of enterprises is an effective way to improve the technical complexity of export. Optimizing the tax business environment constitutes a new source of comparative advantage, and enterprises can effectively use the huge potential benefits obtained from the improvement of the tax business environment to increase investment in R&D, achieve technological innovation, significantly improve the division of labor in the global value chain of enterprises, and promote the digital transformation of enterprises. At present, the current R&D investment of Chinese enterprises is mainly through the investment in scientific researchers to create and accumulate knowledge, which brings knowledge and technological progress. This has a great role in promoting the continuous digital accumulation of enterprises and the realization of digital transformation, thereby promoting trade upgrading.

## **4. The Current Situation and Problems of Tax Business Environment Optimization and Digital Transformation of Export Enterprises**

### **4.1. The Current Situation of China's Tax Business Environment**

#### **4.1.1. Gradually Rise in the Rankings**

The latest business report "Doing Business 2020" shows that China's overall score is 77.9 points, ranking 31st among 192 economies, 15 places higher than the previous year. However, focusing on the first-level indicator "taxation" in the report, China scored 70.1 points, ranking 105th among 192 economies, slightly behind. Although the construction of relevant indicators of the World Bank is not fully in line with the reality of China's tax structure, it still has certain explanatory strength and reference significance. This result also shows that compared with other economies, there is still a considerable gap between China and other economies, and there is a large room for optimization, and China's tax and business environment reform still needs to be worked on.

#### **4.1.2. Measures are Constantly Introduced**

In recent years, China has continuously promoted the reform of the tax business environment, and the tax business environment has received theoretical and practical attention in China. With the merger of local and local tax agencies, "one trip at most" has become a service guide implemented by various tax bureaus. In 2017, the State Administration of Taxation carried out pilot projects to optimize the tax business environment in the tax departments of five provinces (cities), including Beijing and Shanghai. In 2020, the State Administration of Taxation and other thirteen departments issued the Notice on Several Measures to Promote the Reform of Tax Payment Facilitation and Optimize the Tax Business Environment. These policies provide a policy environment for optimizing the tax business environment. Local tax departments have also successively introduced more specific measures to optimize the tax business environment. The APP launched by Shanghai allows the tax staff of enterprises to carry out business handling

only by presenting the upgrade QR code, which greatly facilitates the tax clerks of enterprises; Guangdong Province's electronic invoice agency platform reduces taxpayers' time costs and improves work efficiency. A series of such measures have made an intensive, efficient and convenient tax and business environment gradually taking shape in China.

## **4.2. Problems of Optimizing the Tax Business Environment and Promoting the Digital Transformation of Export Enterprises**

### **4.2.1. The Concept of Tax Service Needs to Be Improved**

At present, there is still room for improvement in the service concept of tax authority personnel, and there is a phenomenon that management awareness is more important than service awareness. In the process of tax collection, some tax department staff ignore the psychological needs of taxpayers and unilaterally emphasize work tasks without paying attention to service quality. In the collection relationship, the legal status of tax authorities and taxpayers is not equal, and there is a phenomenon of deviation in the implementation of the service measures formulated by the State Administration of Taxation by grassroots executives, and interdepartmental consultation and cooperation need to be strengthened.

From the perspective of tax consultation, the staff of the grassroots tax authorities are not highly motivated to make relevant responses, and even some staff members lack professional quality, and the questions consulted by taxpayers are only a simple reading of policies and regulations, and cannot provide interpretation and specific operation methods for the policy, which is difficult for universities to solve problems that occur in practice, and the tax authorities are not effectively accountable for the situation. In the online consultation, the system responds to the questions that are not answered frequently, and it is difficult to accurately identify the questions raised by taxpayers, the interaction effect is poor, and it is difficult to get timely and accurate solutions to relevant tax issues. Optimizing the tax business environment requires the establishment of a correct service concept, and with the transformation of government functions, the awareness of tax payment services also needs to be improved in a timely manner.

### **4.2.2. High Cost of Tax Compliance**

There are currently 18 types of taxes in China, but at present, only a few taxes such as income tax, environmental protection tax, vehicle and vessel tax have passed the legislation of the National People's Congress, and many other taxes are handled by the State Administration of Taxation, local governments, etc. in the form of departmental rules and local regulations, especially value-added tax and consumption tax, as the two main taxes, so far there is no legislation, can only rely on temporary regulations to standardize. [15] At this stage, there are more than thousands of tax regulation documents nationwide, and since most of them are documents with frequent changes such as notices and announcements, tax personnel have to spend a lot of time studying these documents. There is also frequent confusion in law enforcement, and in many cases, out of prudence, controversial tax incentives are not approved. At the same time, taxpayers are also confused in choosing appropriate legal provisions, which directly affects taxpayers' tax compliance. Under the policy background of the tax "decentralization, management and service" reform, the tax authorities have abolished the prior verification of many matters. However, the understanding of management during and after the event is insufficient, and the risk warning for taxpayers is not in place, which leads to deviations in the understanding of tax policies and tax violations. Taken together, these all increase the cost of tax compliance for taxpayers.

## **5. Policy Suggestions for Optimizing the Tax Business Environment Based on the Digital Transformation Goals of Export Enterprises**

### **5.1. At the Level of Central Policy**

#### **5.1.1. Optimize the Top-level Design and Strengthen the Construction of the Legal System**

The optimization of the top-level design is the basic guarantee of any governance. Speeding up legislative work in important areas, especially VAT and consumption tax, will help create an excellent tax business environment. In the process of tax legislation, we should comply with the requirements of the Constitution, pay attention to the relationship with other laws, and use a prudent attitude to solicit opinions widely. At the same time, starting from the overall tax structure, fully reference, summarize and integrate the existing tax documents of different places, gradually improve the tax legal system, and try to avoid the phenomenon of loopholes after legislation and forced to make up, so as to provide a stable and transparent tax business environment. At this stage, under the circumstance that China's tax legislation is insufficient, especially the tax laws for value-added tax and consumption tax are not perfect, when issuing relevant tax documents, the state should strictly review the documents and regulations of various departments in various places to protect the legitimate rights and interests of taxpayers and reduce the cost of tax compliance.

#### **5.1.2. Expand Talent Reserve and Strengthen Talent Cultivation**

At present, China is under the background of the reform of tax "decentralization, management and service", and it is necessary to strengthen talent cultivation in order to create a good tax business environment. In terms of the training of tax personnel, it is necessary to adhere to the principle of "precise training and targeted", the training content should be highly matched with the practice of tax work, and innovation and improvement should be carried out in the form of training to achieve the goal of optimizing the effect, continuously improve the professional ability and comprehensive quality of the staff of the grassroots tax authorities, and maximize the improvement of law enforcement capabilities and service levels. In addition, the creation of an excellent tax business environment is inseparable from the reserve and expansion of tax talents. The state should optimize the training objectives and modes of tax-related courses on the basis of colleges and universities, increase the number of hours of tax law, tax planning and other courses, and add practical training courses, especially for tax students, and advocate Engaging In Taxation-Related Internships During Holidays.

#### **5.1.3. Break Down Information Barriers and Promote Information Sharing**

Barriers to information exchange between tax departments can lead taxpayers to repeatedly submit the same or similar information and fill in supporting materials. In order to optimize the tax business environment, it is necessary to break down barriers between tax departments and promote the process of tax-related information sharing. First, it is necessary to establish standards for sharing tax information. Improve the authority of tax authorities to obtain relevant tax information from the level of the State Administration of China, promote the sharing of information and strengthen the application of relevant tax information. Second, we must strengthen technical support. The first priority is the issue of information system, continue to maintain the advantages of the tax system in intelligence and digitalization, and improve the intelligence of the business system. Although the intelligent information system cannot completely replace labor, its high service efficiency also plays an important role in optimizing the business environment and promoting the upgrading of export trade.

## **5.2. Local Government Level**

### **5.2.1. Increase Publicity and Create a Good Atmosphere**

While strictly implementing various tax incentives, grassroots tax authorities should adopt diverse and extensive publicity methods, using the Internet as a medium to jointly publicize and expand the coverage and influence of policy publicity. For example, upload training videos to relevant websites for taxpayers to learn, organize expert interpretations of the latest tax policies, and let taxpayers understand preferential tax policies through multiple channels. Analyze the needs of taxpayers through big data and other technical means, formulate targeted publicity and training programs related to tax laws, and effectively enhance the awareness of export trade enterprises to pay taxes in good faith and operate in accordance with the law. At the same time, the tax authorities should also strengthen training within themselves, so that their subordinate units can master the assessment methods of the tax business environment and improve the scientificity and accuracy of the results assessment.

### **5.2.2. Innovate Service Initiatives and Enhance Service Awareness**

According to the aforementioned new public service theory, the innovative service measures of the tax department must be "taxpayer-centered", focus on public interests, realize the role from manager to service provider, and enhance service awareness. To achieve this goal, tax authorities and other diversified consultation and co-governance entities need to work together, explore innovative service methods, comprehensively optimize the tax service environment, and create a first-class tax business environment. Tax authorities must pay attention to the joint construction of hard and soft environments, and cannot compromise one over the other. It is necessary to strengthen the construction of intelligent digitalization, optimize communication in tax payment services, do a good job in collecting and feedback problems, opinions and suggestions, realize closed-loop handling of problems, collect, summarize and promote innovative experience and practices, strengthen the integration of human, service and management resources, and allow taxpayers to obtain accurate and convenient consulting services. In terms of telephone consultation, it is necessary to effectively improve the ability to solve problems by introducing a hotline consultation expert team.

## **5.3. At the Level of Export Enterprises**

### **5.3.1. Strengthen Digital Construction According to the Development Situation**

Products and services are the basis for the survival and development of an export trading enterprise. First of all, export trade enterprises should analyze the demand of foreign markets, combine digital transformation with their own current situation and development strategy in combination with their own market segments. Export trade enterprises need to continuously upgrade their own digital strength, so as to truly strengthen digital construction and achieve digital transformation. The transformation of export trade enterprises to digitalization and informatization is not only for economic benefits, but also to promote the transformation and upgrading of China's export trade. Export trading enterprises accelerate the in-depth application of intelligent technology in multiple links of manufacturing enterprises, promote technological innovation, and improve labor productivity, so as to effectively promote the digital transformation of export trading enterprises.

### **5.3.2. Seize Policy Opportunities and Increase Capital Investment**

If export trading enterprises want to promote their own digital transformation, they must seize the policy opportunities for tax and business environment optimization, make full use of relevant preferential policies, and use the transaction costs saved by tax environment optimization policies to increase capital investment and further promote digital transformation. In addition, focus on digital transformation in terms of go-to-market. According to the current economic development, export trade enterprises need to pay attention to consumer satisfaction

with products, and can make full use of digital technologies, such as big data, to understand the needs of consumers to improve products, to further meet the requirements of new consumers, increase profits to continuously increase capital investment in digital transformation, and form a virtuous circle.

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