

Literature Review on Optimizing Tax Business Environment

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Abstract

Based on the rapid development of digital economy and the in-depth implementation of "streamline administration, delegate power, strengthen regulation and improve services" reform in the field of taxation. Deepening the tax "streamline administration, delegate power, strengthen regulation and improve services", optimizing the tax business environment and promoting the digital transformation and upgrading of enterprises have become important development tasks for governments at all levels in China. It is of great significance to sort out the literature on the tax "streamline administration, delegate power, strengthen regulation and improve services" reform itself and its digital transformation of enterprises for continuing to implement "decentralization, combination of decentralization and management, and optimization of services" in the tax field, improving the tax business environment in which enterprises are located, and then promoting the digital transformation of enterprises.

Keywords

Pilot Reform to Optimize Tax Business Environment; Digital Transformation of Enterprises; Digital Economy.

1. Introduction

With the rapid development of a new generation of information technology, the digital economy has gradually become an important driving force for the high-quality development of China's economy. In April 2016, General Secretary Xi Jinping first put forward the idea of integrating digital technology with the real economy at the symposium on network security and informatization, and explored the potential significance of digital technology for the development of the real economy. The document "The Tenth Five-Year Plan for the Development of Digital Economy" (Guo Fa [2021] No.29) requires that the deep integration of digital technology and the development of the real economy should be regarded as an important support point for making the digital economy stronger and better, and then building a digital China. As the main body of the market economy, enterprises actively promote their own digital transformation and cultivate their own new industries, new formats and new models, laying a solid foundation for China to jointly promote digital industrialization and industrial digitalization and empower the transformation and upgrading of traditional industries.

The digital transformation of enterprises needs a good business environment. As an important part of the business environment, the tax business environment is also an important factor affecting the digital transformation of enterprises. In 2017, the CPC Central Committee and the State Council formulated "Several Opinions on Further Deepening the" streamline administration, delegate power, strengthen regulation and improve services "Reform of the Tax System and Optimizing the Tax Environment", which called for continuously promoting the upgrading of the tax "streamline administration, delegate power, strengthen regulation and improve services", continuously optimizing the tax business environment and stimulating the development potential of market players. Governments at all levels throughout the country implement the spirit of General Secretary Xi's important speech, pay close attention to the

relevant strategies of the CPC Central Committee on promoting the tax "streamline administration, delegate power, strengthen regulation and improve services" reform, improve their tax governance capacity and service level, and constantly improve the tax business environment, thus creating a favorable market environment for the digital transformation of enterprises. As the micro-subject of the market, the transformation and upgrading of enterprises can not be separated from the business environment. As an important part of the business environment, the tax business environment is closely related to the effective development and maximum effectiveness of various tax preferential policies.

2. The Policy Background

The "streamline administration, delegate power, strengthen regulation and improve services" of taxation means "simplifying administration and decentralization, combining administration and optimizing services" in the field of taxation. Specifically, "liberalization" means "simplifying administration and decentralization". Since 2013, the new government has taken "simplifying administration and decentralization" and transforming government functions as the first major event for the current government to open its doors. The focus of "decentralization" is to deepen the reform of administrative examination and approval. The main contents include: deepening the reform of administrative examination and approval of investment projects and related projects of various institutions, reducing the licensing of some activities and commodities as much as possible, and thus improving the autonomy of market participants; Reduce the qualification license, according to the "Administrative Licensing Law", all unqualified qualifications will be cancelled, and the relevant units and personnel will be evaluated by associations and societies; Reduce the number of appraisal projects that meet the standards, stimulate market vitality, and reduce certain burdens for enterprises and relevant units; decrease Administrative fees Cancel some illegal and unreasonable charging items, effectively reducing the burden on enterprises and the market; reform business registration System, relax market access, encourage mass entrepreneurship, and promote enterprise innovation. According to the 2021 Notice of State Taxation Administration of The People's Republic of China on Several Measures to Further Deepen the "streamline administration, delegate power, strengthen regulation and improve services" Reform in the Tax Field, Cultivate and Stimulate the Vitality of Market Subjects (hereinafter referred to as Document No.69 of the General Administration of Taxation [2021]), the tax-related "release" is mainly through clarifying the rights and obligations of taxpayers, reducing the procedures for enterprises to enjoy tax concessions, increasing the pilot projects for enterprises to handle tax procedures across provinces, reducing unnecessary certificates and allowing tax-related matters to be "done first and then supplemented".

"Management" means the combination of management and release. Based on the background that China's market economic order is still not standardized, in May 2013, the State Council mobilized a video conference to clearly demand that "simplifying administration and decentralizing power" is by no means a complete let-go. While reducing the examination and approval, we must effectively combine "simplifying administration and decentralizing power" beforehand with supervision during and after the event, abandon the previous awareness of examination and approval, and strengthen our confidence in quickly carrying out market supervision; In the way of supervision, we should learn from foreign advanced experience and combine the national conditions of Socialism with Chinese characteristics in the new era of our country to effectively innovate the way of supervision; In terms of capacity building, we should strengthen the government's capacity building from the aspects of hardware facilities, high-tech and advanced technical personnel. According to Document No.69 [2021] of the General Administration of Taxation, the "management" of taxation mainly refers to the use of legal

thinking and legal and reasonable ways to collect and manage taxes, promote taxpayers to pay taxes according to law, and maintain a fair, just and orderly market environment. The main contents include: constantly promoting the transformation and upgrading of tax law enforcement methods, and standardizing the administrative penalty discretion of tax-related departments; Constantly promote the transparency of tax law enforcement behavior, comprehensively use network functions, and effectively improve the efficiency of tax law enforcement; Formulate unified tax law enforcement standards and strengthen the coordination ability of tax law enforcement between regions; Seriously and strictly implement the related declaration of enterprise-related business dealings; Strengthen the personal income tax management of equity incentive enterprises and strictly implement relevant policies.

"Serving" means optimizing services. In May 2013, the State Council mobilized the video conference to strengthen supervision, but also emphasized the innovation of public service methods. The State Council promoted the video conference of "simplifying administration and decentralizing power" and combining management with functional transformation, and separately reiterated the importance of "serving", thus the "streamline administration, delegate power, strengthen regulation and improve services" reform became more systematic, and optimizing services became an important part of the government administrative reform. Based on the abundant supply of products in China, but the service quality of government departments needs to be improved, this paper mainly improves the service quality of government departments from the following aspects: understanding the basic needs of the people, paying attention to the overall needs of society, and increasing the service supply of the government; Give play to market vitality, mobilize social forces and increase the supply of non-public goods; By strengthening policy support and other measures, we will improve the efficiency and convenience of promoting market players' entrepreneurial innovation services. According to the document No.69 [2021] of the General Administration of Taxation, the "service" in taxation mainly refers to relying on modern information technology to innovate tax collection methods, improve the convenience of tax collection, and effectively improve the service quality of tax collection in response to the reasonable demands of taxpayers. It mainly includes the following aspects: improving the timeliness of tax preferential policies, interpreting their specific contents in time after the promulgation of preferential policies, and analyzing relevant tax collection and management operations; Improve the certainty of tax service, and use 12366 hot questions to answer complex tax-related questions quickly, so as to improve the service efficiency of tax collection and management; Using internet technology, improve the service ability of electronic tax bureau, and gradually promote the online tax refund business; Promote information sharing between tax authorities and other departments, and reduce the repeated submission of routine information.

3. Literature Review

3.1. Optimizing Tax Business Environment and Digital Transformation of Enterprises

3.1.1. Tax "Streamline Administration, Delegate Power, Strengthen Regulation and Improve Services" and Optimizing the Tax Business Environment

"Streamline administration, delegate power, strengthen regulation and improve services", as an important economic reform policy in China, includes "decentralization, combination of liberalization and management, and optimization of services". Promoting the "streamline administration, delegate power, strengthen regulation and improve services" reform in the tax system is a key measure to promote the modernization of the governance capacity of the tax governance system. At the same time, deepening the tax "streamline administration, delegate power, strengthen regulation and improve services" reform has also effectively promoted the

optimization of the business environment. Feng(2018) believes that the business environment evaluation system proposed by the World Bank does not completely match the actual situation in China. According to the evaluation system constructed by relevant scholars from the perspective of tax governance, it is found that the continuous advancement of the tax "streamline administration, delegate power, strengthen regulation and improve services" reform has effectively improved the tax business environment in China[1]. Zheng's (2018) research also puts forward that the goal of deepening the tax "streamline administration, delegate power, strengthen regulation and improve services" is to promote the optimization of the tax business environment. A good tax business environment can attract the concentration of investment and other resources, which directly affects the business decision of enterprises and indirectly affects the business environment and economic development of the whole society.[2]. Zhou et al(2020) based on the questionnaire of taxpayers' satisfaction with the business environment of C city, through empirical research, it is found that the tax "streamline administration, delegate power, strengthen regulation and improve services" is helpful to improve taxpayers' satisfaction with the business environment. Among them, the reform of optimizing tax service has the greatest positive impact on taxpayer satisfaction[3].

Some scholars have also expressed their views on how to further promote the optimization of tax business environment. For example, Han et al(2017), on the basis of summarizing the practical experience of the tax "streamline administration, delegate power, strengthen regulation and improve services" reform, analyzes the problems that may arise in the continuous deepening of the reform, and puts forward relevant suggestions for further optimization of the tax business environment[4]. Wang et al(2017) thinks that China's tax business environment should be improved by strengthening tax-related information management, improving information sharing mechanism and updating tax service concept, so as to create a good environment for innovation and entrepreneurship for enterprises and enhance the overall business convenience of the market[5]. Ge(2017) started from the overall tax "streamline administration, delegate power, strengthen regulation and improve services", and proposed to continuously improve the tax business environment in China by simplifying administration and decentralization, strengthening administration in tax collection and management, and improving tax service level[6]. He(2018), from the perspective of tax service "streamline administration, delegate power, strengthen regulation and improve services", used theoretical analysis methods to find out the direction of deepening tax service "streamline administration, delegate power, strengthen regulation and improve services" and optimizing business environment[7]. Shao et al(2021), based on the experience of Shanghai's tax business environment reform, put forward some reform paths, such as setting the evaluation index of tax business environment suitable for China's national conditions, perfecting the tax service system and constructing the tax credit system, to promote the development of tax business environment[8]. Yue et al(2021) explained the relationship between tax business environment and business environment, and on the basis of analyzing the current situation of tax business environment in China, put forward new ideas to optimize tax business environment from the perspectives of rule of law, modernization, intensification and informatization[9].

3.1.2. The Impact of Optimizing the Business Environment on the Transformation and Upgrading of Enterprises

The tax business environment is an important part of the business environment, and a stable, fair and transparent business environment is conducive to stimulating the vitality of market players[10]. To promote the transformation and upgrading of enterprises. Xu et al(2020) based on the empirical analysis of the survey data of manufacturing enterprises in China, found that a good tax business environment significantly promoted the innovation and development of enterprises in small and medium-sized enterprises and newly established enterprises[11]. It can be seen that national tax is also one of the important factors affecting the innovation and

development of enterprises, and moderate tax reduction and exemption can provide sufficient funds for enterprises' innovation and entrepreneurship[12]. When Xiong et al(2020) analyzed the relationship between business environment and enterprise's innovation output efficiency, he found that the government governance environment and the rule of law construction environment that measure business environment can effectively promote enterprise's innovation output efficiency, and the impact of indicators that measure business environment on enterprise's innovation output efficiency will be different due to the scale of enterprises, regions and industries[13]. Zhou et al(2022) also pointed out that a good business environment can have a positive impact on the high-quality development of enterprises by inhibiting the hollowing out of major shareholders, reducing on-the-job consumption and improving audit quality, and the promotion of optimizing business environment to the high-quality development of enterprises is more significant in private enterprises and non-high-tech enterprises[14]. Shi et al(2022) found that a good business environment can effectively promote the digital transformation of enterprises by encouraging innovation, reducing costs and improving their confidence in profit prospects. Moreover, this kind of promotion has the characteristics of "big at both ends and small in the middle" because of the difference of enterprise scale, and there are also differences in the size of the promotion because of the different industries and their own profitability[15]. Gong et al(2022) divided the business environment into government governance environment, rule of law construction environment and foreign investment environment, and found that the government governance environment and rule of law construction environment have a significant positive impact on the digital transformation of enterprises, and this positive impact will be different due to the nature of enterprise property rights, location and industry[16].

In view of the impact of business environment on enterprise performance, some scholars have expressed the following opinions: For example, Xie et al(2020) built a hierarchical linear model based on the survey data of tax source enterprises in Hubei Province, and analyzed the relationship between the main indicators of current business environment and enterprise performance and the transmission mechanism[17]. The empirical results show that contract law enforcement can improve the profit rate of enterprises by reducing non-operating losses and increasing asset turnover rate; Improving the efficiency of enterprise import and export management and government procurement can also accelerate its asset turnover rate, reduce financing costs and increase the income of enterprises; Credit service can reduce the financing cost of enterprises and the entertainment expenses related to financing at the same time. Research has proved that the positive impact of business environment on enterprise performance does exist[18]. Zhang(2022) used the total score of marketization index to measure the business environment, and through the empirical research on the manufacturing listed companies of A-share state-owned enterprises in Shanghai and Shenzhen, it was found that a good business environment improved the performance level of enterprises by reducing the tax burden of state-owned enterprises[19]. In addition, Zhao et al(2021) found that a good business environment can also reduce the tax uncertainty of enterprises, and for enterprises in the growth period, this slow-release effect on tax uncertainty will be more significant[20].

A good business environment will not only directly affect the development of enterprises, but also indirectly affect enterprises through relevant preferential tax policies. The empirical results of Tang et al(2020) show that the business environment plays a positive regulatory role in the positive impact of tax incentives on enterprise performance, that is, the better the local business environment, the stronger the positive role of relevant tax incentives on enterprise performance[21]. Song et al(2021) found that tax incentives can also improve the innovation performance of enterprises, and R&D investment is an intermediary variable that tax incentives have a positive impact on enterprise innovation performance. And in the mechanism, a good business environment can not only positively regulate the positive impact of tax incentives on

R&D investment, but also play a positive role in regulating the positive impact of R&D investment on enterprise innovation performance[22]. Zhu et al(2022) also found that a good business environment can positively regulate the incentive effect of tax preferential policies on corporate social responsibility, that is, the better the business environment, the stronger the incentive effect of tax preferential policies on corporate social responsibility[23].

3.2. Optimizing the Tax Business Environment and Influencing the Digital Transformation of Enterprises.

3.2.1. Optimize the Business Environment and Reduce Institutional Transaction Costs

Institutional transaction cost is the external cost that enterprises are subject to the institutional arrangements of the government and follow various policies and rules, and building a benign political and business relationship is an important prerequisite to reduce the institutional transaction cost of enterprises, which is also the core of creating a good business environment[24]. Wang et al(2018) found in the investigation of the relationship between the reform of administrative examination and approval system and enterprise innovation that with the establishment of administrative examination and approval center, the improvement of business environment reduced the institutional transaction cost of enterprises, thus encouraging the innovative behavior of enterprises[25]. Zhang et al(2018) based on the perspective of institutional embeddedness, through in-depth analysis of the composition of the business environment, found that a good business environment helps to reduce the institutional transaction costs of enterprises and reduce the uncertainty of the external environment of enterprises[26]. Sun et al(2019) takes the institutional transaction cost as one of the evaluation indexes to measure the business environment of government affairs, and empirically investigates the business environment of Liaoning Province by using the principal component analysis method. The evaluation results show that the government of Liaoning Province should continue to promote the construction of the business environment and further reduce the institutional transaction cost[27]. Liu et al(2019) proposed that the essence of improving the business environment is to reduce the institutional transaction costs of enterprises, build a good institutional environment and enhance the external economy from the perspective of enterprise demand and according to the externality theory[28]. Huang et al(2020) emphasized the important position of the government in the relationship between politics and business, and pointed out that if the government plays its role properly and effectively implements the policy of decentralization, it will help to facilitate the business environment and reduce the institutional transaction costs of enterprises[29]. Su(2021) put forward that the business environment in which an enterprise is located is essentially an institutional environment, and a good business environment helps to reduce the institutional transaction cost of enterprise investment and operation activities, thus promoting the innovation and development of enterprises[30].

3.2.2. Institutional Transaction Costs and Digital Transformation of Enterprises

Many scholars have found that institutional transaction cost is an important factor affecting the digital transformation of enterprises. For example, Zhang(2020), based on the perspective of small and medium-sized enterprises, used the questionnaire survey method to analyze the influencing factors of digital transformation of small and medium-sized enterprises in the tertiary industry. It is found that reducing costs as much as possible is one of the driving factors for the digital transformation of small and medium-sized enterprises[31]. Zheng et al(2022) empirically analyzed the related factors of digital transformation of manufacturing enterprises based on the questionnaire of manufacturing enterprises in Jiangsu Province, and the results also showed that cost was one of the important issues affecting the digital transformation of enterprises[32]. Chen et al(2022) conducted field visits and questionnaires in provinces and cities across the country, and analyzed with quantitative and qualitative research methods, and

found that one of the reasons why the initial success of digital transformation of manufacturing enterprises in China was achieved at present was to control the cost[33]. It can be seen that the cost factor plays an important role in the process of enterprise digital transformation. Zhang et al(2022) found that IT infrastructure affected the digital transformation of small and medium-sized enterprises by reducing transaction costs, and then affected the digital transformation of enterprises from the technical dimension[34].

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