ISSN: 2688-9323

Research on the Improvement of the Social Security System

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Abstract

The purpose of this case study is to analyze Research on the improvement of the social security , and then to understand the tax problems in the whole real estate industry, and to analyze the common taxes such as value-added tax (VAT), enterprise income tax (EIT), stamp tax (ST), property tax (PBT), and urban land use tax (ULUT), in order to reduce the cost of taxing and taxing, and to achieve the dual purpose of reducing tax costs and tax payment. 2021 is the opening year of the Fourteenth Five-Year Plan (FYP). The year 2021 is the opening year of the "14th Five-Year Plan", and in order to realize "common prosperity", the real estate industry will inevitably undergo structural adjustments and move towards high-quality development. This requires that our government and companies have to take the issue of tax risk seriously, learn lessons from typical cases, and put forward countermeasures to reduce the risk of tax collection in the context of China's national conditions.

Keywords

Social Security; Research; Improvement.

1. Introduction

In 1998, the "State Council on further deepening the reform of the urban housing system to speed up the construction of housing notice" opened the prelude to the reform of the housing system, the rapid development of the real estate industry. 2016 May 1, the implementation of the "camp change" policy, and the end of the year, the central economic work conference for the first time clearly puts forward "The house is for living, not for speculation", to the real estate industry has brought a great impact, the second housing reform, the establishment of long-term mechanism of the real estate market are also on the agenda. Over the past few years, with the direct entry of collective land into the market, strict land transfer conditions, land transfer premiums collected by the tax department, centralized land supply, improve the rules of land auction and listing, actively promote the legislation on real estate tax, curb speculation and over-investment, plug loopholes in real estate control mechanisms, and strengthen the construction of guaranteed rental housing, etc., real estate has begun to return to the nature of the housing, and the long-term mechanism of the real estate market has been the first glimpse of the beginning. After the tenth meeting of the Central Financial and Economic Commission put forward the goal of "promoting common prosperity in high-quality development", the pace of structural adjustment of the real estate industry will be further accelerated, and gradually move towards high-quality development.

2. The Origin of the New Rural Insurance Policy

2.1. Effect of New Rural Insurance Policy

In 2020, Company X Co. realized operating revenue of RMB419.11 billion, representing an increase of 13.9% from RMB367.89 billion in the same period of the previous year; net profit attributable to shareholders of the listed company of RMB41.52 billion, representing an

ISSN: 2688-9323

increase of 6.8% from RMB38.87 billion in the same period of the previous year; and net cash flow from operating activities of RMB53.19 billion, representing an increase of 16.41% from RMB45.69 billion in the same period of the previous year. 16.41%.

3. The Impact of the New Rural Insurance Policy on Society

3.1. Desktop Information - Early Warning Value Range

Table 1. Scope of early warning value of VAT tax risk analysis indicators

serial number	Indicators	Early warning value
(1)	Operating profit margin	<-20%
(2)	Ratio of changes in three cost items	>20%
(3)	Return on Total Assets	Below the average of the previous three years
(4)	Growth rate of non-operating expenses	>10%
(5)		Tax adjustment rate ≤ -30% when tax adjustment amount <0 and tax adjusted income >0. (3) Tax adjustment rate ≥30% when tax adjustment <0 and tax adjusted income <0
(6)	Net Tax Adjustment	>20%
(7)	Change in taxpayer's consolidated depreciation rate of fixed assets	Abnormal >0

3.2. Assumptions on Risk the Old-age Security System

Assuming that the tax object is assessed according to the indicators in the table above, the case can be categorized into one of the following situations:

① no indicator item in the warning interval is satisfied: no risk;

② One indicator item is satisfied: low risk;

③ Two indicators: medium risk;

④ Three or more indicators: high risk.

Three or more indicators are satisfied in this assessment, which is defined as high risk.

3.3. Risk Point (1) - Abnormal Operating Profit Margins

Through vertical comparison with the Company in different years, or through horizontal comparison with the same industry, the issue of low operating profit margin was identified to further find out whether there is a risk of inaccurate profit accounting.

3.3.1. Ideas for Judgment

Indicator value

(1) Operating profit margin = Operating profit ÷ Total operating income x 100%.

Operating profit = Operating income - Operating costs - Taxes and surcharges - Selling expenses - Administrative expenses - Financial expenses - Asset impairment loss + Net gain on fair value changes + Net gain on capitalization.

(2) Indicator 1 = (Company's operating profit margin - average operating profit margin of the industry) average operating profit margin of the industry x 100%.

ISSN: 2688-9323

Indicator value 2 = (Company's operating profit margin - the average value of the company's operating profit margin in the previous three years) ÷ the average value of the company's operating profit margin in the previous three years x 100%.

Indicator warning value

(1) Comparative analysis of the operating profit margin indicator with the average of the previous three years to understand the company's operating profit situation. If the operating profit margin for the current period is lower than the average of the previous three years by a certain percentage of 1%, the operating profit margin for the current period is low and considered abnormal.

(2) Comparison of the Company's operating profit margin for the current period with the operating profit margin of the same industry, if the deviation is large and the value of the indicator is ≤-20%, then the Company's operating profit margin for the current period is low and is considered abnormal.

4. Calculation and Analysis Process

The various financial data of Company X's company for the year 2020 are shown in Table 2.

Table 2. Breakdown of Company X's financial data

serial number	Project	sum of money
1	Total Revenue	750,635,596.59
2	Total cost of business	798,548,187.99
(1)	Of which: Operating Costs	627,819,013.1
(2)	Taxes and surcharges	4,008,581.45
(3)	Selling expenses	37,074,839.27
(4)	Administrative expenses	62,321,636.9
(5)	Finance costs	58,515,578.15
(6)	Impairment loss on assets	8,808,539.27
3	Investment income	24,327,956.5

The average operating profit margin for the industry in which the company operates is 3%.

[Analysis] (1) Operating profit = 750,635,596.59 (total revenue) - 798,548,187.99 (total cost) + 24,327,956.5 (investment income) = -23,584,634.9 ($).

(2) Operating Profit Margin = Operating Profit ÷ Total Operating Revenue × 100% = (-23,584,637.9) ÷ 750,635,596.59 = -3.14%.

(3) Indicator value = (Company's operating profit margin - average value of the industry's operating profit margin) ÷ average value of the industry's operating profit margin = (-3.14% - 3%) ÷ 3% × 100% = -204.67% < -20.

Abnormal indicator values may exist in the form of under-accounting of income or over-expenditure of costs and expenses, and expanding the scope of pre-tax deductions.

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ISSN: 2688-9323

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