

The Mutual Promotion Study of Local Economic Development and Fiscal Revenue in the New Situation

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Abstract

After 40 years of reform and opening-up, China's economic development has already changed from the original "ignorant little student" and the so-called backward country to the world's second largest economy. China has made remarkable achievements, which has increased its comprehensive national strength significantly and has developed local economy rapidly. But with stepping into a new stage, the current situation of government financial management is highlighted by the fact that the contradiction of financial expenditure still exists, which has hindered the improvement of local financial management quality. In order to further release the vitality of the market, the state has formulated a policy of tax reduction and fee reduction. Based on the current social development situation, this paper puts forward some measures to improve the financial revenue of local governments, with a view to reasonably solving the problems existing in the market, meeting the capital demand of social development, and giving full play to the role of local government's financial macro-management.

Keywords

Taxes and fees' reduction; Local government revenue; Fiscal administration.

1. Introduction

Since 2015, China has implemented policies to comprehensively replace business tax with value-added tax, reduce income tax for small and micro enterprises and high-tech enterprises. These policies have greatly reduced the pressure on enterprises and promoted economic development. Personal income tax may be paid in installments for the investment of personal non-monetary assets. Lower personal tax payment costs and promote social consumption. The policy of reducing taxes and fees is manifested in reducing the rate of social security accumulation fund and expanding the scope of exemption of administrative fees, which will have a greater impact on the fiscal revenue of local governments. Since 2019, in order to further speed up the structural reform on the supply side, release the vitality of the domestic market economy and help the majority of private small and medium-sized enterprises to ease their burdens, China has successively introduced a number of tax reduction and fee reduction policies, covering such fields as value-added tax, enterprise income tax, export tax rebate, vehicle purchase tax and personal income tax. At the same time, various unstable factors also exist, such as the uncertainty of the international environment and the economic operation environment, which will lead to the weakening of the role of price and import and export income increase. A series of tax reduction and fee reduction policies have brought continuous pressure and challenges to the growth of fiscal revenue. This article will explore the specific content of tax reduction and fee reduction, hoping to bring some reference value to related research activities, so as to better release market vitality.

2. Organization of the Text

2.1. The Current Situation of Local Government Financial Management Under the New Situation of Economic Development Analysis.

Under the background of tax reduction and fee reduction, there are many problems in local financial management, such as the contradiction of financial expenditure still exists, which affects the overall effect of local government financial management. After reflecting on the fiscal policy, we found that fiscal policy is a double-edged sword, which can save the country from crisis if properly used. Excessive use can also plunge the country into crisis and even lead to bankruptcy. How to make good use of financial policies to promote economic and social development in an all-round way and reduce the cost of public management to the greatest extent has become a new topic at present. We should reposition and think about the nature of public finance again according to the characteristics of the new era and social demands, draw lessons from the international community, prepare for a rainy day and guard against financial risks. At the same time, we should grasp the opportunity correctly, continue to consolidate China's leading position in the economic structure in all directions, strive for the right to speak in the international area, continue to strengthen reform and opening up at home, and take structural adjustment as the key point to guide fiscal policies, thus improving the level of fiscal management and safeguarding economic development.

2.2. The Contradiction between Fiscal Expenditure still exists.

Active fiscal policy has the characteristics of stages, orientation and combination, which can affect the fiscal management effect in different periods and economic backgrounds. Under the background of tax reduction and fee reduction, the government needs to encourage the development of enterprises and promote social progress through various financial interventions. At present, the central government of our country focuses on structural innovation on the supply side, encouraging enterprises to transform, upgrade and innovate, but talents and technology are still significant influencing factors. In the development of market economy, liquidity features are prominent. In financial management, there are still some contradictions between revenue and expenditure. Reducing taxes and fees is the focus of our country's deepening reform. It is necessary to give full play to the positive guiding value of the government. Combined with the development status of the market economy, it is necessary to analyze the relevant influencing factors and the existing contradictions, to continuously increase the management of tax reduction and fees reduction, to increase the scale of expenditure, and to give full play to the application value of the tax reduction and fees reduction management system.

2.3. Financial Intervention Space Restricted

The declining income growth and increasing rigid expenditure are important factors that affect the effect of local financial management. For example, in 2018, the international environment is more complex and faces arduous domestic reform and development tasks. In accordance with the requirements of high-quality development, we will gather strength and increase efficiency to implement an active fiscal policy and vigorously implement tax reduction and fee reduction.

The policy of reducing taxes and fees has a great impact on the development of modern society. From January to December in 2018, China accumulated 183.35 billion yuan in general public budget revenue, up 6.2% year on year. Among them, the tax revenue from the national general public budget was 15640.1 billion yuan, up 8.3% year-over-year. Non-tax revenue was 269.51 billion yuan, down 4.7% year on year. Under the background of tax reduction and fee reduction, it will have a certain impact on fiscal revenue. The management countermeasures of tax reduction and fee reduction need to clearly analyze the domestic economic situation and also

need to consider the international economic development status. On the basis of tax reduction and fee reduction, it is necessary to analyze the channels through which the government's fiscal revenue increases, further enhance the importance of local government's fiscal management under the background of tax reduction and fee reduction, not only pay attention to the fiscal management situation in the region, expand the space for fiscal intervention, and reasonably construct the tax-fee relationship.

3. How to Increase Local Government's Fiscal Revenue under the New Situation of Economic Development.

3.1. Pay Close Attention to Financial Developments

Under the background of tax reduction and fee reduction, it is necessary to properly formulate a sound monetary policy on the basis of actively studying fiscal policy, firmly expand the scope of tax reduction and fee reduction, define management objectives, analyze international fiscal and tax policies, integrate fiscal policy with monetary policy, and give full play to the value of government fiscal revenue intervention. During the period of tax reduction and fee reduction, we need to actively pay attention to the fiscal intervention policy. Both the international and domestic sides need to actively learn excellent management experience. For example, many countries in Europe, North and South America are implementing various activities in combination with fiscal reform. After the reform of corporate tax and border tax in the United States, it has had a great impact on the development of American enterprises. While the United States continues to reduce corporate taxes and raise border taxes, China also needs to appropriately reform its tax administration methods and expand trade cooperation with the international community. Based on the situation of regional financial management and the characteristics of regional trade, the analysis shows the advantages of regional economic development and enhances the international competitiveness.

3.2. Expand the Channels of Financial Revenue

The purpose of reducing taxes and fees is to reduce taxes and fees of enterprises, increase the personal income of residents and lay a good foundation for social and economic development. Considering the current financial management situation, if local governments want to implement the policy of tax reduction and fee reduction, they need to improve the economic benefits brought by tax reduction and fee reduction as much as possible.

Local governments can optimize the structure of fiscal expenditure and improve the utilization rate of funds. Try to avoid unnecessary expenditure on economic benefits and apply the funds to the actual place. Local governments can issue local government bonds. For example, a new limit of 1.3 trillion yuan of local government debt will be added in 2019. Issuing bonds within the limit to obtain revenue is also a way to ensure fiscal revenue. In the state of good development of enterprises and the real economy, although the tax has been reduced, the development of enterprises is good so as to continuously increase the financial revenue.

3.3. Optimizing the Structure of Fiscal Expenditure

Under the background of tax reduction and fee reduction, it is necessary to increase the attention of local government financial management and optimize the management structure. For example, an approval is required within 35 days after the budget is approved. For those that do not need adjustment, timely notification and approval are required to ensure the quality of fund management.

3.4. Transformation and Development of Enterprises

As for the development of the enterprise itself, it is necessary to make good use of the opportunity of tax reduction and fee reduction to improve the existing operating conditions of

the enterprise, and to promote industrial upgrading by eliminating backward production capacity and implementing innovation drive. First, enterprises should benefit from the increased profits after tax reduction and fee reduction, and effectively use them in research and development to enhance the core competitiveness of enterprises, thus realizing the revitalization of the real economy. Second, enterprises should take a long-term view, eliminate worries, and actively plan production and reinvestment based on the needs of their own industrial layout. Third, while expanding production, we will actively increase new jobs and realize the central government's policy goal of stabilizing employment. Fourth, enterprise departments should abide by laws and regulations and pay taxes legally. Government departments should provide a good operating environment for related enterprises.

4. Concluding Remarks

China has a huge domestic demand market with hundreds of millions of market players, and this figure is still rising. How to keep the market active is the key point to promote economic development. The government departments should continue to deepen economic system reform, reduce institutional transaction costs, create a good soft environment for economic development, allow enterprises to spend more time on the market and less time on examination and approval. They should not allow complicated proofs to trouble enterprises and the masses back and forth and walk out of a new road of high-quality economic development. They should use the "key move" of reform and opening up to make a "first move" of scientific and technological innovation. Adhere to the clear guidance of giving priority to ecology and green development, strengthen the fundamental guarantee of the Party's overall leadership, promote the quality change, efficiency change and power change of economic development, and realize the effective growth of quantity in the substantial improvement of quality. Under the new situation of economic development, the local government should make full use of the policy benefits, further reduce the pressure on enterprises, release the market vitality, and raise the importance of financial management under the background of tax reduction and fee reduction. The government can seize new opportunities for economic development and improve the local government's fiscal revenue by paying close attention to the financial dynamics, expanding the channels of fiscal revenue and optimizing the structure of fiscal expenditure.

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