

# On The Tax Preference of China's Tax Pension Service Industry

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## ABSTRACT

*At present, China's elderly care service industry is still in an emerging state of development, and national policy support is particularly important. As one of the important means of national macro-control, the rational use of preferential tax policies has played an effective role in promoting the development of China's elderly care service industry. In addition to alleviating the social pressure brought by population aging, it can also help the diversified development of China's economy and industry. With reference to materials and data, this paper studies the tax preferential policies of China's elderly care service industry through a series of methods such as literature research, comparative analysis and chart data analysis.*

**Keywords:** *Elderly Care Services, Tax Preference, Enterprise Sustainable Development*

## I. INTRODUCTION

According to the prediction of China Development Agency, China will realize the transformation to an aging society in 2022. By the end of 2020, the proportion of the population over the age of 60 in the total population of the country was 18.7%, and the proportion increased year by year. The number of the population over the age of 60 in China was about 264.02 million ①, an increase of 3.99% over the previous year. In 2020, the average life expectancy of China's resident population was 77.3 years, compared with 74.8 years in 2010, an increase of 2.5 years in recent ten years ②. The medical service conditions are constantly maturing, the quality of life of residents is gradually improving, the social population structure is in the state of old age, and the average life expectancy of the population is prolonged. The accelerated trend of population aging is one of the first problems in China. Judging from China's actual situation, China's aging phenomenon has the characteristics of accelerated population aging, a large number of elderly groups getting rich first and then getting old, and obvious regional differences. According to the Fifth National Health Service statistical survey, the number of elderly people who need care in daily life has shown an upward trend in recent years, while elderly care is mainly provided by children or grandchildren and spouses, and the demand for elderly care services has increased significantly. According to the public survey, the number of empty nesters has exceeded 100 million, and the number of elderlies living alone is nearly 30 million. The pension problem has brought more and more pressure to families. The pension problem in one-child families has become increasingly prominent, and the demand for pension services of Chinese residents has been greatly stimulated. China's economy is booming, social welfare is increasing day by day, and the income of the elderly population is increasing. According to the national development report, the future market of the elderly economy is vast. In addition to basic elderly care services, spiritual and psychological comfort services to alleviate loneliness, cultural and leisure services to increase the sense of living fullness, and elderly care products for physical fitness, diversified demands came into being, only by vigorously developing new forms of pension services can the increasing demand for modern pension services be effectively met. The elderly care service industry is a branch of modern emerging service industry. Although the demand for elderly care services increases and the market prospect of elderly care service industry is relatively broad, there are still obstacles in the supply of elderly care services. There are few social forces entering the field of elderly care services, and national tax is still an important means to support elderly care services. In order to promote the development of China's pension service industry, China needs macro-control, and the government's policy support for the pension service industry is indispensable. However, there are some problems in the tax preferential policies of China's pension service industry, so it is very meaningful to study them. I hope the tax preferential policies can play a better role in the pension service industry.

## II. RESEARCH METHOD

This is a qualitative study. Through literature research, the healthy development of the elderly care service industry is conducive to meet the national multi-level elderly care service needs, effectively alleviate the pressure of the government's fiscal revenue and expenditure on social pension, and effectively deal with the increasingly serious problem of population aging in China. Based on the current situation of pension service industry and preferential tax policies for pension service industry, this paper discusses some existing problems, which will help to optimize the preferential tax policies for pension service industry, support the stable development of pension service industry, and promote the gradual improvement of pension service system and the gradual improvement of service quality.

## III. DISCUSSION

### 3.1 Problems in tax preferential policies of China's elderly care service industry

#### 3.1.1 different expressions of tax preferential policies

All departments have formulated and issued relevant documents on tax incentives for elderly care service industry. The existence of "multiple government departments" leads to the lack of standardization of relevant terms and different expressions, which affects the guiding role of tax preferential policies. The standardization of the policy is not strong, and there are differences in the wording of each policy document. The specific implementation of the policy will lead to confusion in the practical application of taxpayers and relevant units, which can not play a good role in policy guidance.

#### 3.1.2 preferential tax policies focus on income tax

Through sorting out the preferential tax policies, the preferential tax policies for the elderly care service industry are widely distributed and scattered, mainly focusing on income tax. There are up to 17 preferential tax policy documents related to income tax, accounting for about 60% of the total number of policies in the elderly care service industry, while there are only 3 value-added taxes. Whether in terms of the number of policies or the coverage of beneficiaries, China's preferential tax policies for the elderly care service industry are mainly income tax, giving direct tax preference to the income after the profit of the elderly care service industry, which directly affects the profitability of enterprises. The tax burden weakens the competitiveness and profitability of enterprises. Considering the cost effect, it is difficult for the industry to innovate, the business volume of enterprises increases slowly, which is not conducive to the accumulation of enterprise funds, it is difficult to expand the scale of elderly care service enterprises, and limits the development of the industry.

#### 3.1.3 the tax preference support method is relatively single

Classified from the implementation mode of tax preference, tax preference can be divided into direct tax preference and indirect tax preference. For example, preferential tax rate enables taxpayers to directly enjoy reducing the amount of tax payable when calculating the amount of tax payable. This belongs to direct tax preference. In addition, there are common tax reductions, tax exemptions, import and export tax rebates, etc.

#### 3.1.4 the coverage of preferential tax policies is narrow

At present, most of the units benefiting from tax preference are non-profit, while the relevant units with the nature of private and profit-making can enjoy almost zero tax preference, and it is difficult for profit-making units and institutions to enjoy tax preference of various taxes. In addition, there are many restrictions on the benefit conditions of tax preference policies, such as exemption from real estate tax only for self-use real estate, There is no corresponding document description for the leased property. For example, the products related to pension services, whether in the research and development link or in the investment and financing link, have not been issued with preferential tax policies for the above contents, that is to say, the current coverage of preferential tax policies is not large enough, and it is difficult to attract social forces and private capital into the pension service industry, so the development of the industry will stagnate in the future.

#### 3.1.5 obstacles to the implementation of preferential tax policies

From the release situation of preferential tax policies, because preferential tax policies are scattered in the normative documents issued by various government departments, due to different functions, the Ministry of civil affairs, the tax department, the Ministry of Finance and other departments have issued policies respectively, and the preferential directions and objects of the issued documents are also different, lacking systematic coordination. When formulating policies, they did not consider the actual development trend of the elderly care service industry, did not formulate clear standards for the identification of beneficiaries, and elderly care service enterprises had doubts about whether they enjoyed tax incentives, and there were no integrated explanatory documents. The guidance of specific policies was sufficient, and there were obstacles to the implementation of tax preferential policies. From the perspective of the identification of benefit conditions and tax supervision, there are many restrictions on the identification conditions and standards of benefit objects and benefit conditions of the elderly care service industry, the identification procedures are more complex, and the links of applying for tax preference are more cumbersome, resulting in the inability of elderly care service enterprises to directly enjoy tax preference.

### 3.2 Suggestions on perfecting the tax preference of China's elderly care service industry

#### 3.2.1. Standardize the relevant terms of preferential tax policies.

From the perspective of the systematic Ness of preferential tax policies, various preferential tax policies are issued by various departments in the form of "Regulations" and "notices", and there is no unity between departments. Therefore, we should standardize and update the work, sort out the normative documents related to the elderly care service industry issued by various departments, which can be led by the financial department or the tax department, In

combination with China's current preferential tax policies, formulate standardized and systematic policy documents again to improve the accuracy of preferential tax policies.

### **3.2.2. Give reasonable play to the preferential role of turnover tax.**

It can be seen from the policy combing that compared with the income tax, the preferential tax policies of the turnover tax of the elderly care service industry account for a small proportion and play a small role in the energy efficiency of the industry. Enterprises need to pay income tax after making profits, which lags behind to a certain extent, while the turnover tax, such as value-added tax, will inevitably produce tax burden once the enterprise starts to operate. Therefore, in addition to income tax, in fact, turnover tax is also closely related to enterprises. From the guiding action of the government to reduce the value-added tax rate for many times in recent years, it can be seen that the state wants the economy to operate stably and encourages enterprises to develop long-term and stable. The impact of value-added tax on the elderly care service industry is also very significant, and the operating costs of enterprises have been reduced, the effect of tax preference is immediate, allowing pension service enterprises to enjoy tax reduction dividends, reduce the burden of turnover tax, and give enterprises enough space for cash flow operation.

### **3.2.3 gradually enrich the support methods of tax preference**

At present, the incentive means of tax preference for China's elderly care service industry are tax exemption and tax reduction, and profit-making enterprises can enjoy tax exemption and tax reduction. The elderly care service industry is characterized by long cycle and slow cost recovery. A single preferential way of tax reduction and exemption is not conducive to long-term development. In the future, the elderly care service industry will be more diversified, except tax reduction and exemption, Other preferential ways are also needed to work together. Effectively implement and update preferential tax policies. Improve the effect evaluation system of the tax preference implementation system, timely analyze and evaluate the effectiveness and deficiencies of the implementation of the policy through the real-time feedback of the tax needs and problems of relevant units and individuals of pension services, so as to provide a practical basis for the further adjustment and improvement of the tax preference policy of pension services.

## **IV. CONCLUSION**

China's aging problem is becoming more and more serious, the elderly is facing increasing pressure, and the demand for elderly care services is also increasing. The elderly care service industry has both welfare and profitability. At present, the social and economic situation is unpredictable. The pension service industry has large investment, long financing time and long return cycle, and its profitability is weaker than that of other types of enterprises. Therefore, the challenges facing the elderly care service industry are also huge. At this time, national policy support is particularly important. The government has played a role in macro-control and issued a number of preferential tax policies for the elderly care service industry, which has effectively ensured the vigorous development of social forces in the elderly care service industry and played a role in the increasingly serious problem of population aging. As an emerging industry, the pension service industry has few targeted tax preferential policies. This paper takes the tax preferential policies of China's elderly care service industry as the starting point, and the research content is more detailed than the previous literature. From it, we can find the problems exposed by the tax preferential policies of China's elderly care service industry. The research finds that there are different expressions of tax preferential policies, tax preferential policies dominated by income tax, single tax preferential support mode Problems such as narrow coverage of tax preference and obstacles to the implementation of tax preference. The development of elderly care service industry has a long way to go. Through feasibility suggestions, we can effectively improve the current situation of pension service industry and effectively solve the problem of pension demand. The elderly care service industry needs to develop in construction. Although its own strength is insignificant, I hope some conclusions of this paper can contribute to the effective promotion of the development of elderly care service industry and better solve the problem of population aging. Due to the immature development, rich practical experience and limited data of the elderly care service industry, the analysis of the actual situation of the industry in this paper is inaccurate and incomplete, which needs to be discussed by academic experts and scholars.

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