

The Influence of Fiscal Tax on the Development of Market Economy under the New Situation

Fan Yang

University of Leicester

Keywords: New Situation, Fiscal Tax, Market Economy, Development Impact.

Abstract: Under the background of current economic globalization, the frequent change of fiscal and tax system not only brings great challenges to various industries in China, but also brings an impact on the development of market economy in China. In the face of the level of economic growth in our country, the important policies such as relevant national fiscal taxation and market regulation and control are the mode of respecting the development of the law of market value, and the fiscal tax policy under the new situation will affect the development of China's market economy in different aspects. Starting with the concept of the development of China's market economy, this paper probes into the influence of fiscal tax on the development of market economy, and puts forward some targeted strategies.

1. China's Market Economy Development Model

With the development of society and economy, the strength and level of financial tax work in our country are improved. At present, the development of market economy in our country is restricted by the national financial tax policy, but in the face of the new development situation, the development of market economy in our country should correctly face the reform of various financial tax system in the process of development and introduce advanced market management mechanism and method.

In the face of China's economic development, there are still many different theories in Chinese economics, but the gap and differences between the various theories are becoming smaller and smaller. After a long period of modification and adjustment, most economists have recognized that the emergence of economic law is due to the failure of market self-regulation, the inherent defects of the market itself, in general, the externality, monopoly and public failure of the market, on the basis of which many economic theories have been produced. In this case, it is necessary for the state and government to help the market avoid loopholes and problems and overcome the inherent defects through a "tangible hand ". If it is in the state of complete free competition, each private individual in the economic market carries on the production management and the transaction activity according to own development will, the market resources can freely allocate, thus achieves the ideal state, in this case the state has no right to interfere with the free development of the market. So in this case, we can clearly see that there is the development of market economy first, then there is economic law, economic law was born in the development of market economy. Although in many developed countries, the emergence of economic law is in the opposite direction, such as economic law to support, promote capitalism, market monopoly and development, but in any case, the emergence and development of economic law is based on the development of market economy, when the self-development of market economy in these capitalist and monopolistic countries can not meet the temporary and urgent needs of the state, such as during the war, then the state will use public power to artificially intervene and centralize the market economy. is because the market can not meet the temporary emergency needs of the national war, and only the state can use the public power in its hands to complete the domination and concentration of market forces (Fig .1).



Figure 1 Market economy development

2. Effect of Financial Tax System on the Development of Market Economy

2.1. Different Fiscal and Tax Policies Will Affect Socio-Economic Development

The influence of different fiscal and tax policies on social and economic development mainly lies in the influence on the investment environment and the attraction of investment. In general, the adjustment of the state's tax policy is the macro-control of the development of the market economy, such as in special economic zones, poor areas and so on. The state hopes that the region's economy will develop rapidly and that it can increase its market investment in the region by adjusting its financial tax system.[1].

2.2. Fiscal and Tax Policy Plays an Important Role in the Tilt of National Industrial Policy

From the perspective of historical development and economic globalization, the economic development of each country in each period will be regulated by the national financial tax system, and the national government will make the relevant financial tax system to adjust and sort according to the development of the relevant industries in the national economy, so as to ensure the steady development of the market economy (Fig .2-1).



Figure 2 Fiscal revenue

2.3. Fiscal and Tax Policies Create a Good External Environment for the Development of State-Owned Enterprises

The national tax policy will tend to develop the economy of state-owned enterprises, such as expanding investment, starting consumption, increasing exports and so on, so as to stimulate domestic consumption demand and provide various policy support and good development environment for state-owned enterprises. Especially in recent years, our government is more focused on solving the important and difficult problems in the development of state-owned

enterprises. Under the new development situation, state-owned enterprises also face severe development bottlenecks. In the face of the change of market demand structure, state-owned enterprises should constantly expand the scale of operation, increase revenue and cut expenditure to improve their market competitiveness, and the change of market consumption demand structure itself will have a greater impact on state-owned enterprises, so the state will adjust the fiscal and tax system to provide a better environment for transformation and development of state-owned enterprises.

3. Development Strategies and Recommendations

3.1. Changes in Economic Operating Mechanisms From Planning to Markets

Focusing on the change of operating mechanism from planned economy to market economy is an important reform strategy to make the government abandon centralization and planned economy[2] This research method and perspective fully combine the changes and directions of economic system and political reform in the second half of the world. The frequent occurrence of financial crisis not only brings great challenges to our financial industry, but also has a serious impact on our economic development. The economic market of our country realizes the important policy that the government interferes with the market and carries on the market regulation through the regulation of the finance and tax, which is the innovative development on the basis of the law of value, and can reflect the important regulatory position of the government in the development of the market economy. Planning economy is showing its inherent disadvantages and loopholes more and more, and it is an inevitable trend for the planned economy system to turn to the market economy system. At present, more and more studies have shown that the market economy system can not only regulate the level of market economy, but also influence bank risk-taking behavior by regulating the risk tolerance of banks. In the context of frequent economic crises, this kind of regulation from fiscal and tax policies is very important to our market economy, but at the same time, it also has certain risks. Moreover, such research can only be confined to static institutional framework, or compared with similar situation in the past, or with similar situation in mature market economy system, and the results are hardly accurate[3].

3.2. Promoting the Improvement of Market Economy Supervision

The adjustment of financial tax is very different from the change of other economic policies, because the tax policy is aimed at the adjustment of tax rate, tax type and so on, so it is also very difficult to supervise and control it. The reform of tax system itself is the macro-control of the state to the market economy. Only by promoting the perfection of the supervision of the market economy can the lawbreakers avoid taking advantage of the opportunity to exploit the legal loopholes and avoid the financial tax risk through bad means, thus destroying the balance of the market economy and affecting the social stability and economic development of our country. And in this case, the development of China's market economy will be vulnerable, the degree of public trust in the government will be greatly reduced, which will also cause fluctuations in the economic market[4].

And under the background of information age, every industry in our country is developing towards informationization. Many economic transactions are based on Internet platforms and related applications (Figure 3-1). However, because the relevant laws and regulations of network transaction supervision have not been perfected, resulting in the lack of information disclosure construction, which will lack effective supervision of the transaction process based on the Internet, and even make the accounting and handling of many economic businesses not subject to the law, also can not be restricted by the financial tax system, which will actually cause great hidden trouble for our economic market and pose a great threat to the development of various industries in the country.



Figure 3 Market economy regulation

Therefore, it is necessary for the state to formulate a regulatory system for the market economy. It is necessary to adopt legislation to establish relevant laws and regulations for the operation and development of various industries, severely punish the lawbreakers who exploit legal loopholes and undermine economic balance, and crack down on all tax evasion and tax evasion. In addition to making relevant laws, the government should also popularize the knowledge of relevant laws and taxes for the public so as to jointly resist the crisis of market economy[5].

3.3. Strengthening Communication Between the Establishment of Financial and Tax Systems and Enterprises

When our government formulates the relevant financial tax system, it should communicate closely with all walks of life, such as the financial institutions, supervision departments, policy making departments and so on of the state, who have assumed different responsibilities and important roles in the process of the introduction and implementation of a financial tax policy. Therefore, the formulation of financial tax policy is not only the responsibility of the government developers, but also participate in the formulation of financial tax policy from different angles and levels, so as to ensure the perfection and reasonableness of the policy. And regular and effective communication with enterprises is conducive to the adjustment of national tax policy more accurate and detailed transmission to enterprises, can effectively help enterprises avoid tax risks in the process of development, improve the economic benefits of enterprises, which is also helpful to the rapid development of China's market economy.

4. Conclusion

To sum up, the development of China's market economy is restricted by the adjustment of fiscal and tax system, different fiscal and tax policies will affect social and economic development, fiscal and tax policies play an important role in the tilt of the country's industrial policy, and fiscal and tax policies have created a good external environment for the development of state-owned enterprises. Therefore, the relevant departments of the state should promote the improvement of the market economy supervision system and strengthen the multi-party communication, so as to better promote the development of China's economic market.

References

- [1] Huang, Xiue. Discussion on the Strategy of Structural Tax Reduction and Tax Reform under the New Situation, tax, vol. 14, no. 06, pp. 16+19, 2020.
- [2] Yao, Dengchao. A Brief Discussion on the Influence of Fiscal Tax on the Development of Market Economy under the New Situation. Commercial News, no. 02, pp. 148-149, 2020.
- [3] Li, Jiangbo. Innovation of Reform of Fiscal Tax System under the New Situation. Taxes , vol. 13, no. 32, pp. 159, 2019.

- [4] Liu, Lin. A Brief Discussion on the Innovation of Fiscal Tax System Reform under the New Situation. Chinese business theory, no. 20, pp. 34-35, 2019.
- [5] Huang, Pu. Discussion on the Reform of Fiscal Tax System under the New Situation. Shanghai Commercial, no. 08, pp. 39-40, 2019.