

A Study on the Regional Impact of Business Reform and Increase-A Case Study of the Effect of Value Added Tax Reform on the Development of Tianjin's Industry Economy

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Abstract: The economic structure problems caused by the concurrent management of VAT and Business Tax in the current circulation tax system are becoming more and more serious. Fundamentally, they are the stumbling block of the stagnation of modern service industry, which has formed greater resistance to the upgrading of industrial structure and economic transformation advocated by our country together. Therefore, it is the only way for China's financial system to expand the scope of VAT taxation to the service industry and to cover all kinds of VAT Taxation so as to establish a modern VAT system in line with the international standards. But it is certain that behind this reform, there are many issues worthy of deep consideration, which are closely related to this reform. Following is an analysis of the problems existing in the reform of VAT in Tianjin from two aspects: economic development and fiscal policy.

1. Introduction

In anticipation, gradual improvement. Only the initial operation of Shanghai and other pilot provinces and cities in 2012 participated in the reform of tax payment. There are more than 1.12 million people, and tax cuts nationwide amount to 55 billion yuan. Value-added tax reform is a project with broad prospects in the future. Its positive impact on a country is as follows:

The overall tax burden has declined.

Service enterprises are developing rapidly.

Optimize the industrial structure and further adjust it.

Tianjin has the following advantages: (1) excellent geographic location, "the coast of the Bohai Sea, the Tianjin of the Baihe River", convenient transportation by land and sea, and on the vast North China Plain. It has great advantages in logistics and trade. From Nanjing Road to Xiaobailou to the Five Avenues, we can see that Tianjin had some brilliance; (2) huge. Policy support, but where the country has any major policies (such as new urban areas, free trade zones, etc.), Tianjin is not the first to eat crabs, but it is almost the second batch of entrants, in China's policy-led resource allocation environment, its political advantages are beyond the reach of all cities; (3) Resources: oil around the Bohai Sea. Although the gas resources are not rich enough to compare with the South China Sea and Xinjiang, their endowments are still sufficient to support the city's huge potential in resource development; (4) Population: in a broad sense, the whole Hebei and even the North China Plain can be the economic hinterland of Tianjin, and Tianjin's urban population is also more than 10 million. Therefore, Tianjin has almost all the conditions for the development of a city. However, the economic structure of the city is unreasonable, and consumption and tertiary industry lag behind. From a data point of view, Tianjin's per capita GDP has been the first in China for several years, while per capita income lags behind Beijing, Shanghai, Jiangsu, Guangzhou, Zhejiang and so on. Moreover, officials and even citizens of the city are quite conservative. Teachers also said that "Tianjin only dares to achieve 7 points in the above 10-point policy for Tianjin" and "stability overwhelms everything", which also leads to the lack of institutional innovation in the city today. What Tianjin is presenting now is the "depression" that the population does not match the resources and facilities it receives. By the end of 2016, the city's permanent population was 15.4695 million, an increase of 314,000 over the end of last year, of which 5.535 million were immigrants, an

increase of 24.17 million, accounting for 80.2% of the permanent population growth. - From Tianjin National Economic and Social Development Report in 2015. This data can be seen that the development potential of the city is there.

2. Current problems of tax system in China

2.1 Business tax system is not suitable for the development of modern economy.

Business tax is based on turnover. Whether the taxpayer gains or loses, as long as he has sales revenue, he must calculate the tax paid according to the sales volume, which is usually the total sales volume, and then multiplied by the corresponding tax rate of the product. Because of the requirement of business tax collection system, many problems have arisen in the process of tax collection. Because the same product needs to be taxed in different circulation links, it not only bears different tax burdens, but also collects tax in all links. Such a tax design enterprise leads to repeated historical problems.

2.2 Disputes over the scope of VAT taxation.

There are three main categories of VAT levy scope: one is to levy VAT in all areas of commodity production and exchange as well as consumption; the other is to only levy VAT in manufacturing industry and batch.

Development but not including retail industry levy value-added tax, but also levy an increase in imports; third, the levy scope of value-added tax is only manufacturing industry. The reason why VAT did not come into place in the tax reform of 1994 is that some domestic scholars have disputes about the areas covered by VAT.

2.3 Innovation and deficiency

If China's major cities, like Germany, can supervise and control the tax distribution between the central government and local governments, and make part of VAT income transfer from the local governments with better economic conditions to the local governments with bad financial conditions, based on the results of such research, tax division still needs to be done. Balancing the fiscal revenue of local governments. Let different regions have different and balanced economic, cultural and political conditions. Therefore, the reform of business tax to VAT not only deepens the adjustment and optimization of industrial structure, but also promotes the transformation of economic development mode from the system. In order to ensure the results of the reform, the tax allocation should also be based on the principles of the overall planning of the reform, so as to ensure the smooth progress of the reform.

2.4 Information asymmetry of central and local governments

Our country is in a highly centralized political system, the central government has enough power to make local governments in a passive position. But this does not mean that the central government can exercise absolute control over local governments in tax reform. When the central policy conflicts with local interests, local governments often use supplementary explanations and other forms to misinterpret the central policy by means of "implicit game" methods, such as "having policies on the top and having policies on the bottom", in order to achieve the purpose of safeguarding the local government's own interests, but directly lead to the middle. The central government's policy has been weakened. At last, the central government enforces it with the highest administrative power, but it still leads to various problems in the follow-up of local finance, which directly leads to the predicament of China's economic structure.

3. Relevant Thoughts on China's Tax System

3.1 Economic structure

Using the principles of economics, there are two main ways to deal with the current economic

dilemma, one is the monetary control policy, the other is the fiscal policy. At present, many economic phenomena accompanied by the downturn of GDP are difficult to solve by monetary control policy. The underlying cause of inflation is only monetary policy. If it is a mature market economy country with perfect competition mechanism and full free flow of all kinds of market elements, this is a proven perfect proposition, because a sound market mechanism can promote the free flow of economy and achieve a balanced effect in the short term. Obviously, China's current market economy environment does not support, the market competition mechanism is not perfect, the market economy is not free enough, nor can it be attributed to a mature market environment.

3.2 Optimizing and upgrading fiscal policy

The development of tertiary industry shows the comprehensive ability of a country's economy to a great extent, and reflects the real economic development of the country. At the present stage, China should vigorously develop the tertiary industry. China has completed the first period of agriculture-based, the second industrialization period, is coming the third stage of manufacturing-based industries. Therefore, the development of tertiary industry service industry is the industry structure advocated by China at present.

4. Conclusion

Since the 18th National Congress, the central government has always put forward the importance of top-level design thinking, and the reform of business tax to VAT must be promoted to the height of central and local financial relations to solve the urgent difficulties in the financial relations between central and local governments. Business tax system is more unfavorable to the development of service industry than VAT system. To sum up, the author thinks that the central and local allocation ratio of VAT should be four to six: 40% for the central and 60% for the local. Let some enterprises whose profits are damaged due to the change of business tax to VAT get certain compensation and inner balance.

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