

## Research on Enterprise Tax Risk Management

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**Abstract:** The rapid development of China's economy has made the scale of enterprises increasingly large, and many enterprises face many risks in the development process. Among them, corporate tax risk is a very important factor. It should be said that corporate tax risk management is an important content and core link in enterprise management, which is directly related to the normality of business order. In addition to the general tax risks such as false accounting and book errors, the current corporate tax risks are manifested in the internal management defects. Some enterprises have insufficient taxation attitudes and the internal control mechanism is not perfect. As a result, the tax risk management work of these enterprises is not effective. Therefore, this paper will carefully analyze the reasons for the current situation of tax risk management of these enterprises and their existing problems, and propose some targeted ways to build a corporate tax risk management system to help enterprises actively respond to the fierce market. Various tax risks in competition.

### 1. Introduction

With the advent of the world financial crisis and its intensification, China's economy has also suffered a greater impact. Enterprises are facing an increasingly severe economic development situation, and enterprises must effectively strengthen their sensitivity to various complex environments and strengthen their own management. In fact, the current economic situation has made many companies realize that enterprises must have sufficient resources and good capabilities in order to survive and develop in the fierce market competition. The ability to change the environment can quickly detect whether the development of the company is at risk. If the type and level of risk are among the risks, how should the company deal with these risks, which makes the company have to face risk management work. Then, for the current enterprise, there is a very important link in its risk management, that is, tax risk management. This is because tax risk management directly affects the company's strategic planning and business decisions, affecting whether the company can operate normally. Therefore, we must urge enterprises to actively construct a scientific, reasonable and feasible tax risk management system, in order to fully recognize the importance and necessity of tax risk management, and take corresponding measures to effectively prevent and deal with tax risks. Ensure that companies can gain a certain competitive advantage in the market.

### 2. Main contents of corporate tax risk

Any enterprise that inevitably involves tax issues and taxation behaviors will inevitably involve tax risks. Therefore, tax risks exist in all enterprises in the international community and are a very common phenomenon. For any enterprise, the ultimate goal of its production and operation is to obtain maximum economic benefits. This means that enterprises are all so-called "economic man" status, and they are often prone to opportunism. Then, this opportunistic tendency may cause companies to have some speculative behaviors in tax activities, such as not paying taxes, paying less taxes, or paying taxes. This is often the case for low tax compliance. Gain greater economic benefits. When the tax cost is obviously higher than the tax avoidance cost, the enterprise will have a stronger motive for tax evasion and tax avoidance, thus laying a certain tax risk hazard for the enterprise. Although China's tax authorities have been strengthening the tax auditing and evaluation

of enterprises, the lack of regulation and legalization of tax-related operations of enterprises is still a major social and economic problem. Once handled improperly, it will cause huge economic losses for enterprises. Losses, and sometimes even limited business activities or market reputation are severely hit. Therefore, the tax risks faced by enterprises often include two aspects, namely, the tax risks that the enterprises do not have according to the relevant tax policies; blind taxation and some tax risks are amplified. These tax risks generally have the nature and characteristics of objectivity, universality, uncertainty, controllability, loss, latency and concealment. So, what types of tax risks are encountered in corporate taxation? Specifically, there are several types of corporate tax risks.

1) According to different tax-related links, tax risks can be divided into: (1) tax risks arising from internal organizational structure, such as investment structure; (2) tax risks arising from tax-related policies, for example Tax rate concessions, etc.; (3) Tax risks arising from improper tax treatment methods, such as cost expense confirmation; (4) Tax risks arising from related party transactions, such as procurement of tangible assets; (5) Invoices Tax risks arising from management work, such as the use of VAT invoices. In addition, there are tax risks arising from value-added tax, business tax and other tax treatments, as well as tax returns arising from tax returns and tax payments. These tax risks are caused by different taxation links in the business activities of the company. 2) According to the different tax risk impacts, tax risks can be divided into: (1) capital risk, which mainly causes the enterprise to pay the tax, which directly affects the cash flow of the enterprise; (2) The risk of illegality, this kind of tax risk is due to the low quality of tax workers in some enterprises. In the process of carrying out specific business operations, there will be intentional or unintentional tax violations. In serious cases, it may also constitute a crime; (3) Reputation Loss risk, this kind of tax risk is mainly due to the fact that the company is prone to some unfavorable consequences when conducting certain illegal tax-related behaviors, which leads to the damage of corporate reputation; (4) Tax policy risks, such tax risks are mainly The company violated some intangible losses caused by certain tax laws.

### **3. Analysis of the causes of corporate tax risks**

For some current enterprises, there are some subjective aspects of tax risks. For example, the management decisions of enterprises lack scientific guarantees, and the financial management personnel of enterprises lack correct understanding of tax risks. Some enterprises still have powers and responsibilities. The phenomenon of poor management. These subjective reasons make enterprises pay less attention to tax-related matters, and their taxation awareness is weak. The management of these enterprises still has certain misunderstandings and misunderstandings on tax risk management, and has not considered it at a strategic level, thus affecting the effectiveness of corporate tax risk management. There are also some organizations whose organizations are not sound enough. This is because the establishment of tax institutions in these enterprises is not rational enough to effectively meet the tax risk management of enterprises, and it is easy to breed a variety of tax risks. There are still some internal control mechanisms that are not scientifically perfect. It should be the management foundation of the enterprise in essence. However, it is not developed and perfect, and it cannot truly guarantee the opportunity for enterprises to get normal operation in a more complex and changing environment. Make the internal control management work a reasonable and stable effect. In addition, the professional level of tax-related personnel of some enterprises needs to be further improved, their quality appears to be relatively low, and the taxpaying awareness is not strong enough according to law, thus affecting the effective prevention of tax risks, and even they will carry out some illegal operations, but it is easy to give Enterprises bring potential tax risks.

In addition to the above subjective reasons, companies will also encounter some objective reasons, so that companies have to face a variety of tax risks. These external objective risks are sometimes inevitable for companies. The main external factors arising from these tax risks are that China's relevant tax policies and environment often undergo certain changes and have strong uncertainties. Some companies are not aware of these external macro-environment changes, so that companies can not respond to some tax risks in a timely manner. Sometimes, there are still

differences between these tax policies, which makes it more difficult for companies to control tax risks in this flexible policy. Therefore, at the same time of China's rapid economic development, some enterprises are faced with an imperfect taxation legal system, low levels of tax legislation, inadequate administrative law enforcement, inadequate law enforcement and irregular law enforcement procedures, and macroeconomics. Environmental and micro-business environment impacts, such as frequent changes in the external economic environment, make the tax leverage of enterprises limited, and some companies will encounter illegal invoices and other illegal activities.

#### **4. Specific Ways to Build a Corporate Tax Risk Management System**

First, we must grasp the theoretical basis of the construction of the tax risk management system. At present, enterprises need to grasp the comprehensive risk management theory in order to successfully deal with various tax risks. It is a comprehensive view of the risk management from the perspective of a company's all-round perspective, which is the latest development trend of risk management. From this risk management theory, we should see that the core idea is that enterprises should comprehensively manage risks because the risks of enterprises come from many aspects. Then, tax risks are no exception. We need to be able to apply comprehensive risk management theory appropriately to tax risk management. Currently, the most popular comprehensive risk management is the comprehensive risk management method (ERM) based on the comprehensive risk standardization measurement of the organizational structure system and the comprehensive risk management theory (TRM) based on risk decision factors. Among them, the second risk management theory is more effective and has been recognized by more people. It contains such aspects as internal environment, goal setting, issue identification, risk assessment, risk response, control strategy, Information and communication, monitoring, etc. The enterprise's tax risk management should be used as the theoretical basis for the system construction, so that it can play its due role under the guidance of scientific and comprehensive risk management theory.

Second, we should pay attention to the legal basis for the construction of the tax risk management system. In response to corporate tax risks, China's State Administration of Taxation issued relevant documents in 2009. The main reference to tax risk management is that the corresponding tax risk management system should be established as soon as possible to build a comprehensive set of tax risks. An effective risk management system. It also pointed out that enterprises should establish tax risk management organizations, and set relatively clear and independent management institutions and positions according to the characteristics of enterprises, so that the tax risk management of enterprises can be clearly defined. In addition, the document also presents tax risk identification and assessment, tax risk response strategies and internal controls, information and communication, supervision and improvement. It should be said that the guidelines issued by the State Administration of Taxation provide a comprehensive policy basis for corporate tax risk management, so that the tax risk management of enterprises must be included in the comprehensive risk management work, which is a relatively complete tax risk. The legal basis for management. However, there are also some shortcomings in this document, such as weaker binding, narrow scope, and abstract content. We should actively improve the legal basis of tax risk management.

#### **5. Conclusion**

In short, enterprises should actively construct a scientific and feasible risk management system when conducting tax risk management. This requires enterprises to establish a tax risk early warning reporting system, improve the tax internal control system, set up a special tax management structure, and strictly enforce the corporate taxation process. Actively cultivate corporate taxation culture, let enterprises comprehensively prevent and control tax risks from both internal and external aspects, enable enterprises to better control and reduce tax risks in the fierce market competition, and protect themselves while making reasonable tax payments. Tax benefits and maximize economic benefits.

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