

Research on Tax Risk Management in China

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Keywords: Tax Risk, Enterprise Management, Profit and Cost

Abstract: As the scale of the enterprise continues to expand, the risk focus of its development gradually shifts from the micro level to the macro level. As far as tax risk is concerned, the tax risks of large enterprises mostly come from the macro level of corporate governance defects, management's tax attitudes and concepts, and the soundness of internal control mechanisms. This is mainly related to the tax risks of general enterprises book errors, etc. are significantly different. From this perspective, the tax risk management of large enterprises should highlight the "compliance" of tax behavior, establish a tax assessment and early warning mechanism, control risks in a timely manner, and timely integrate them into the risk management and internal of the enterprise. In the control system. Based on this, this paper systematically studies the tax risk management of large enterprises. Firstly, it classifies the types of tax risks, then analyzes the causes of risks. Finally, it points out the key points to be taken to prevent and manage tax risks.

1. Introduction

Under the current circumstances, especially after the world economy has been heavily hit by the economic crisis, the economic structure and business structure are undergoing unprecedented profound changes. In the process of this change, the sensitivity of the company to the environment and the degree of concern for its own management have deepened without exception. They gradually realized this fact in this mammoth "commercial shuffling". In addition to being closely related to its own resources and capabilities, the survival and development of an enterprise should also have the ability to respond quickly to sudden changes in itself or the environment, that is, when the internal and external environment changes, it can quickly detect whether it is at risk. Among them, the level of risk, how to deal with it, and this is the "risk management" problem that any enterprise can't avoid. Tax risk management is an indispensable part of the basic framework of enterprise risk management. Regardless of whether the company's strategic planning and business decision-making and execution, or the normal operation of the company, the impact of tax risk and tax risk management on the company's production has a further trend. As far as tax risk is concerned, the tax risks of large enterprises mostly come from the defects of corporate governance, the taxation attitudes and concepts of management, and the soundness of internal control mechanisms. This is mainly related to the tax risks of general enterprises. Book errors, etc. are significantly different. From this perspective, the tax risk management of large enterprises should highlight the "compliance" of tax behavior, establish a tax assessment and early warning mechanism, control risks in a timely manner, and timely integrate them into the risk management and internal of the enterprise. In the control system.

2. Enterprise Risk Management Analysis

The COSO (Committee of Sponsoring Organization) model is widely used in the field of risk management practice. The risk management model divides the enterprise's risk management into three dimensions, namely risk management objectives, risk management elements and management level. Among them, risk management objectives include strategic objectives, business objectives, reporting objectives and compliance objectives; risk management elements include internal environment, goal setting, event identification, risk assessment, risk response, control activities, information and communication, supervision; risk management The hierarchy includes the

enterprise as a whole, functions, business units, and branches. According to COSO's risk management framework theory, the enterprise risk management framework is shown in Figure 1. At present, COSO risk management has been widely used in risk management, such as strategic risk, financial risk and market risk. Tax risk is also an important risk faced by modern enterprises. It also has the general attributes of risk. Therefore, in the enterprise The introduction of the COSO risk management framework in the field of tax risk management is of great significance to the construction of the enterprise tax risk management system.

3. Tax risk management target setting

The tax environment is an important part of tax risk management and control. The key factors in the tax environment are the country's economic environment and taxation policies, which can be represented by tax administrations. In the tax environment, enterprises and tax authorities can be regarded as a kind of mutual game relationship. The two must realize their own balance of advantages and disadvantages, and also achieve a balance of rights between them. For the tax authorities, in order to ensure the country's fiscal revenue, on the one hand, it is necessary to effectively supervise the enterprise to prevent enterprises from stealing taxes and to ensure that the current tax can be timely included in the national treasury; on the other hand, it is necessary to give enterprises sufficient incentives. Avoid corporate tax burdens, so that enterprises can develop healthily and long-term, and provide stable protection for the country's future tax revenue. Therefore, tax administrations often need to obtain an effective balance between current taxation and future taxation. This is actually a balanced choice of taxation at the present time. From the perspective of the enterprise, on the one hand, taxation, as a form of distribution of the ultimate profit of the enterprise, means that the interest flows out of the enterprise. If the tax burden is too heavy, the ultimate interests of the shareholders will be invaded. Therefore, under the assumption of a rational economic man, companies should minimize the outflow of taxes. On the other hand, since the taxation is state-mandated, all enterprises must pay taxes in accordance with the requirements of relevant laws and regulations. If the enterprise violates the requirements of laws and regulations, it will be punished by the administrative organ if it does not pay taxes or pay less taxes. It will also face the loss of economic interests and reputation, and affect the maintenance of the relationship between government and enterprises. On the contrary, if the company pays more taxes in full and on time, although the after-tax profit has decreased, it is beneficial to the lubrication of the relationship between government and enterprises, which can greatly reduce the supervision cost and enhance the public image of the company. The long-term benefits of the company. These can often be seen in the good relations between some taxpayers and tax authorities in the real economic society. The tax risk has caused widespread concern in modern society, mainly because of the tax cost caused by the uncertainty of tax-related matters. According to the above, in the tax-related matters, the tax costs faced by enterprises include both the tax payable and the potential costs such as penalties and reputation losses.

4. Corporate strategic management tax risk assessment

From the form of establishment to the construction of organizational framework, from market positioning to development direction, it is a problem that enterprises need to consider and solve in strategic management. The strategic management of an enterprise has a wide range of influences, and it is of great significance to carry out tax risk management on the strategic level of the enterprise. In general, the company's strategy mainly includes fundraising strategy, investment strategy and distribution strategy. Correspondingly, the tax risk management at the strategic level of the enterprise can also be divided into financing strategy tax risk management, investment strategy tax risk management and income distribution strategy tax. Risk Management.

The fundraising strategy is mainly to plan for funding sources, funding targets, fundraising scale, funding structure and financing methods. The cost of financing will affect the investment decision of the enterprise. The structure of financing will also affect the distribution of corporate income.

Therefore, the financing strategy of financing strategy is the starting point of the tax risk management system. The fundraising activities of enterprises not only involve a large amount of capital exchanges, but also may cause large changes in the capital structure, and sometimes even affect the organizational form of the enterprises, which often have a greater impact on the enterprises, and different financing There are different tax requirements for the arrangement. Therefore, the tax risk of corporate financing is that improper financing strategies may impose a large tax burden on enterprises, and at the same time have a huge impact on the tax costs involved in the subsequent use of funds, income distribution and other processes. According to the current provisions of China, the interest cost of debt financing can be deducted before tax, but the dividend distribution due to equity financing can not be deducted before tax. If the equity financing of the enterprise is higher, it will give the enterprise the income distribution link. Bring a heavier tax burden. In debt financing, China also has relevant regulations to limit the proportion of debt capital and equity capital of enterprises. Debt financing exceeding the prescribed ratio will not be eligible for pre-tax deduction. At the same time, China has different regulations on the types of taxes and tax rates involved in financing leases, operating leases, and sale and leasebacks. Therefore, enterprises need effective tax management for the financing process to control tax risks and reduce the cost of financing. In the fundraising activities, the tax risks faced by enterprises are mainly the impact of changes in capital structure and the choice of financing methods on corporate performance and tax burden. In the tax risk management of the financing strategy, enterprises should consider how to effectively organize the financing methods and determine the allocation of capital structure, so as to maximize the financing income, reduce the cost of financing, and through the arrangement of financing activities, the tax cost of investment and distribution links. Effective guidance and control to achieve the goal of maximizing shareholder wealth.

The investment strategy of an enterprise is a global and long-term plan for the relevant investment activities to maintain and expand the scale of production and operation under the guidance of the overall strategy. The purpose of corporate investment activities is to make full use of the funds raised by the company to evaluate, compare and select the best investment plan or project to obtain the maximum rate of return. Enterprise investment strategy is the allocation and application of enterprise resources. Its purpose and result will affect the company's fundraising strategy and distribution strategy. Therefore, the enterprise's investment strategy is a higher-level comprehensive sub-strategy in the overall strategy of the enterprise. The investment strategy of a company may cause changes in the organizational structure of the enterprise, resulting in changes in tax burden. This is particularly evident in group companies, especially for multinational investment projects. The investment strategy arrangement involves a wide range of issues, and may involve a large amount of taxation sovereignty issues. It is also a high-risk area for tax risks. For example, in cross-border investment operations, transfer pricing problems between mother and subsidiary companies and between different subsidiaries, in transfer pricing, Chinese companies usually have repeated tax payments due to lack of understanding of relevant tax provisions, or less In the case of international tax treaties, China has signed tax treaties and tax arrangements with nearly 100 countries, but it can fully utilize and enjoy the preferential terms. Domestic companies are rare. At the same time, the determination of investment industry and investment area in corporate investment strategy is also an important factor affecting corporate tax burden. Further, the different arrangements of the enterprise investment strategy will also have a direct impact on the specific tax-related matters at the business level, thus affecting the actual tax burden at the operational level. It can be seen that in the investment strategy management, the tax risks faced by enterprises are mainly the impact of organizational structure changes, the establishment of permanent establishments in different places, the determination of investment industries and regions, etc. Therefore, in the tax risk management of investment strategy, enterprises should consider how to correctly plan and arrange the tax structure and investment of the enterprise in advance, and analyze the taxation matters at the enterprise management level to ensure the maximum return on investment. income.

5. Conclusion

The tax risk of an enterprise is the uncertainty that the enterprise faces in the specific tax environment. This uncertainty makes it necessary for the enterprise to carry out tax risk management. Corporate tax risk strategy management is at the top of the enterprise tax risk management system and has an important impact on tax risk management at other levels of the enterprise. Therefore, a good tax risk strategy management subsystem is constructed to effectively and effectively manage corporate tax risk management. Significance.

Acknowledgements

Fund Project: Hebei Provincial Social Science Fund Project “Research on Environmental Regulation and Technology Innovation and Operational Performance of Heavy Polluting Enterprises in the Collaborative Development of Beijing-Tianjin-Hebei”, project approval number: HB16GL073.

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