

# A Study on Taxation and Environmental Pollution in China

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## Abstract

**In this paper, using the National Bureau of Statistics and the ecological environment's website in China from 2000 to 2015, related to the environmental pollution tax revenue accounted for the proportion of tax revenue and the discharge of major pollutants, studies our country tax revenue and the relationship between pollution emissions and pollutants discharge change. It is good for promoting the optimization of our tax system and protecting the environment.**

## Keywords

**Tax Revenue; Taxes Related to Environmental Pollution; The Environmental Protection.**

## 1. Introduction

In 1920, The British economist Pigou put forward the related idea of "Pigou tax" for the first time in his book welfare Economics. The significance of "Pigouvian tax" lies in that it enables the government to make up for the cost caused to the whole society by the emission of pollutants by factories through fiscal taxation, so as to keep the personal cost consistent with the personal interest and the social cost consistent with the social interest. However, the consequences caused by environmental pollution are not only characterized by hysteresis, diversity and fluidity, and many losses caused by environmental pollution are difficult to be measured by currency, and the subsequent impact of environmental pollution is also highly uncertain, making it difficult to operate in practice.

Based on the availability and integrity of relevant data, the proportion of the total tax revenue of resource tax, urban land use tax, urban maintenance and construction tax, vehicle and vessel use tax and vehicle purchase tax in the total tax revenue from 2000 to 2015 was selected to measure the tax governance degree of environmental pollution in China.

## 2. Compare and analyze the relationship between tax revenue and environmental pollution level in China

According to China's National Bureau of Statistics, the ecological environment's website and related data released the taian database, data collection and sorting, due in January 1, 2018 before the environmental protection tax levy, our country has not yet set about noise pollution taxes, so choose from 2000 to 2015, wastewater emissions in China (one hundred million tons), industrial waste gas emissions (billions of cubic meters), industrial solid waste emissions (ten thousand tons) as a research study on the environmental pollution levels in the data, get the following analysis:

From 2000 to 2015, the total tax revenue of China's five taxes with a strong correlation with environmental pollution in the total tax revenue fluctuated, but the overall trend showed a steady increase in the proportion of the total tax revenue. However, China's wastewater discharge has been increasing year by year, with an overall rising trend, but the growth rate has slowed down. The emission of industrial waste gas is on the rise, and the growth rate has also slowed down significantly. The emission of industrial solid waste shows a trend of fluctuation and decline.

From 2000 to 2015, our country and correlation of environmental pollution bigger five tax revenue accounts for the rise of the proportion of tax revenue, the sum of correlation is larger and the environment pollution can be drawn from the sum of five tax revenues accounted for the proportion of tax revenue and the degree of environmental pollution presented certain negative correlations, related to the environmental pollution tax revenue accounted for the proportion of tax revenue, the greater the pollutant emissions can get more control and governance.

Has yet to happen for the decline of industrial wastewater emissions, resource tax, urban land use tax, urban maintenance and construction tax, vehicle usage and vehicle purchase tax for small wastewater discharge of binding, tax coverage is limited, the tax on the constraints of the industrial wastewater emissions and incentive effect is not obvious, only through the way of tax adjustment is difficult to achieve the goal of effective treatment of industrial wastewater discharge.

### **3. Relevant fiscal and tax proposals for environmental protection**

#### **3.1. Continue to expand the scope of environment-related taxes and increase the intensity of taxation.**

We will continue to improve the Environmental Protection Tax Law of the People's Republic of China, increase the collection of environmental protection tax, and expand the scope of environmental protection tax collection. Improve the collection process and efficiency of relevant taxes to reduce loopholes in tax collection and administration.[1]

#### **3.2. Formulate reasonable preferential tax policies and special funds for environmental governance.**

Formulate and implement preferential tax policies related to environmental protection, give full play to the leverage role of tax revenue in economic development, increase the intensity of tax incentives for environmental protection enterprises, and use tax funds for special purposes.[2]

#### **3.3. Establish a cap-and-trade market for pollution rights.**

The government may permit internal pollution-emitting enterprises and individuals, within specified areas and emission limits, to exchange the amount of pollutants in the form of trading, issue emission permits, and allow the trading of permitted emission rights.

#### **3.4. Improve the cross-regional governance system.**

The government must establish an effective trans-regional pollution control system in which all regions work together for joint control. Air pollution control should be carried out between neighboring cities, and water pollution control should be carried out in the upper and lower reaches of the river basin, so as to realize cost sharing, benefit sharing, joint treatment and common protection.[3]

#### **3.5. Improve the environmental pollution liability insurance system.**

We will improve the environmental pollution liability insurance system, enhance enterprises' awareness of environmental protection, improve the relevant legal system and legislation system, and set up more reasonable coverage and insurance liability design.

### **4. Conclusion**

The collection of taxes related to environmental protection in China has a certain effect on reducing environmental pollution. The relevant research of this paper is of great significance to

further improve the tax system to protect the environment, and also provides a more accurate direction for the tax system reform. Future research will be based on data from China's environmental protection tax and will be more accurate.

## References

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