Problems and Countermeasures of My Country's Individual Income Tax

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Abstract
The development of the personal income tax system has a guiding role in the development of our country's economy. In the past few decades, my country's socialist market economy has been gradually improved and science and technology have been continuously improved. Personal income has also been increasing, and the sources of income have also been expanding. With this, the phenomenon of tax evasion has continued to increase. This article mainly studies the main problems of my country's personal income tax system in economic development, and proposes solutions to this.

Keywords
Personal Income Tax; Paying Taxes According to Law; Tax Evasion; System Reform.

1. Personal income tax profile
Personal income tax plays an important role in fiscal revenue in many countries. The development of my country's personal income tax system is relatively slow. In 1980, the "Personal Income Tax Law of the People's Republic of China" was passed, and my country's personal income tax system began to be established. After more than 30 years of adjustments, my country's personal income tax system has gradually improved. The new IIT Law will be implemented on January 1, 2019, and the latest threshold and tax rate will be implemented on October 1, 2018. Currently, my country is implementing the adjusted 7-level excess progressive tax rate since October 1, 2018, as shown in Table 1.

<table>
<thead>
<tr>
<th>Taxable income for the whole month</th>
<th>tax rate</th>
<th>Quick calculation deduction (yuan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The taxable income for the whole month does not exceed RMB 3,000</td>
<td>3%</td>
<td>0</td>
</tr>
<tr>
<td>The monthly taxable income exceeds 3,000 yuan to 12,000 yuan</td>
<td>10%</td>
<td>210</td>
</tr>
<tr>
<td>The monthly taxable income exceeds 12,000 yuan to 25,000 yuan</td>
<td>20%</td>
<td>1410</td>
</tr>
<tr>
<td>The taxable income in the whole month exceeds 25,000 yuan to 35,000 yuan</td>
<td>25%</td>
<td>2660</td>
</tr>
<tr>
<td>The monthly taxable income exceeds 35,000 yuan to 55,000 yuan</td>
<td>30%</td>
<td>4410</td>
</tr>
<tr>
<td>The monthly taxable income exceeds 55,000 yuan to 80,000 yuan</td>
<td>35%</td>
<td>7160</td>
</tr>
<tr>
<td>The monthly taxable income exceeds 80,000 yuan</td>
<td>45%</td>
<td>15160</td>
</tr>
</tbody>
</table>

2. Importance of personal income tax
Taxation is an important source of my country's fiscal revenue and an important prerequisite for ensuring the steady development of various infrastructure construction in my country. If it is separated from taxation, my country's fiscal revenue will not be guaranteed. After the business tax is changed to value-added tax, there will be no business tax, and the contribution of personal income tax to my country's fiscal revenue will be more significant.
Personal income tax is an important tool for my country to adjust the gap between the rich and the poor. In 1980, the establishment of the personal income tax system in my country was mainly aimed at foreigners. However, with the gradual development of reform and opening up, the income of Chinese residents has increased substantially. For this reason, the State Council has begun to treat the personal income of Chinese residents in response to changes in the personal income of residents. Carry out unified collection management. After more than 30 years of legal amendments, my country’s personal income tax reform has reduced the personal income tax rate for low-income people, raised the tax rate, and expanded the scope of middle-income people. The reform of personal income tax in my country is conducive to the fair distribution of social wealth, gradually realizing social equity, and improving the redistribution system.

my country is a country with a socialist system, and its essence is to achieve equality and common prosperity for all. my country’s personal income tax system is conducive to promoting the fair distribution of wealth in the society, thereby realizing a well-off society. At the same time, the improvement of the personal income tax system is conducive to improving citizens’ taxation awareness, strengthening taxpayers’ legal concepts, and strengthening the supervision and management of taxpayers [1].

3. Problems in my country's personal income tax system

In recent years, with the gradual development of my country’s socialist market economy, multiple economic components coexist, making my country’s personal income also show a diversified development trend. This is also the reason why the sources of personal income in our country show the characteristics of concealment and diversity, and at the same time, the supervision and supervision of personal income by relevant state departments has been increased, which shows that my country’s current personal income tax system has become increasingly incapable. Adapt to the current social and economic development conditions. Therefore, as personal income tax accounts for an increasingly heavier proportion of national fiscal revenue, my country should strengthen the supervision of personal income tax. At present, my country’s personal income tax system has the following problems:

3.1. Personal income tax accounts for a small proportion of fiscal revenue

In the past decades of reform and opening up, the economy has developed rapidly, the total national economy has also been rapidly developed, the income of residents has increased significantly, and various social economic indicators are slowly catching up with developed countries. However, my country’s personal income tax revenue accounts for a very small part of the country's fiscal revenue, and is generally lower than the average level of developing
countries. The average level of personal income tax in developing countries is roughly 10.92%, while my country's personal income tax accounts for only 8.28% of fiscal revenue. Therefore, my country's personal income tax has not yet been able to make up for fiscal revenue.

3.2. The deduction of personal income tax expenses is unreasonable

My country's personal income tax implements the "fixed deduction method", that is, the 7-level excess progressive personal income tax expense deduction standard with 3000 yuan/month as the threshold. However, this standard does not take into account the differences in the family situation of different taxpayers, nor does it consider the impact of personal income on the expenditure of the entire family when a taxpayer's family members are sick or need to buy a house. Therefore, this rigid standard must not be conducive to Low-income groups improve their standard of living. At the same time, my country has a vast territory and different regions have different economic levels. This presents a phenomenon of uneven economic development. At the same time, this will directly affect people's living standards and income levels. For this reason, in this unbalanced economic development, if the personal income tax system of the "fixed deduction method" is implemented, it will inevitably bring about tax imbalance and efficiency imbalance.

3.3. Tax evasion is increasing, and the punishment is too light

With the continuous development of the economic level and the continuous improvement of science and technology, the personal income of Chinese residents has gradually increased, and the sources of income have become more and more extensive. And these incomes include basic salary income, operating income, investment income and other expense income. While the personal income of residents continues to increase and the sources of income continue to expand, there is a continuous increase in people's tax evasion and tax evasion, and there are various ways of tax evasion. In the same way, my country's penalties for tax evasion and tax evasion are too light. For example, the big star Fan Bingbing's tax evasion and tax evasion incident some time ago was only a fine, which does not seem to be a warning to taxpayers. The thin legal concept will inevitably allow taxpayers to exploit loopholes in the tax law to exploit loopholes. At the same time, the inequality of residents' income can also lead to tax evasion.

3.4. Low level of tax informationization

The information between taxation departments and taxpayers in our country is unsatisfactory, which is not conducive to the effective supervision of taxpayers' taxation behaviors by taxation departments. However, due to the high-cost collection and collection of information declaration integration, it will increase the cost input of the taxation department. The high-cost collection of information declaration integration greatly reduces the enthusiasm of the taxation department, which leads to the proliferation of tax evasion. Although our country is gradually improving the information systems of both parties, the lack of complicated tax information is bound to be detrimental to the supervision of personal income tax.

4. Countermeasures to perfect the personal income tax system

4.1. Vigorously publicize taxation according to law and enhance taxpayers' legal awareness

The reason why Chinese citizens have a lot of tax evasion and tax evasion is because the taxpayer's legal awareness is weak, and at the same time there is resistance to citizens' taxation behavior. For this reason, the country should increase its publicity of paying taxes according to law, and educate taxpayers on tax evasion and tax evasion, so that they realize that paying taxes is an obligation that every citizen must perform. At the same time, for areas that are remote, economically backward, and have a low degree of education, more publicity activities should
be held, such as lectures, books, etc., in order to increase citizens’ legal awareness of paying
taxes according to law, and citizens actively participate in it. The tax liability is coming[3].

4.2. Increasing the punishment for tax evasion and tax evasion

Paying taxes in accordance with the law is a legal obligation of every citizen. For the behavior
of refusing to pay taxes in accordance with the law, our country should strengthen the
punishment on the basis of existing laws, and at the same time, serve as a warning to citizens’
ideological awareness, and prevent citizens from recurring tax evasion. At the same time, for
tax evasion and tax evasion, the state should increase its deterrence, pursue its legal
responsibility, and make it aware of the cost of refusing to pay taxes and give a fluke mentality.

4.3. Adjust personal income tax deductions

Regarding taxation behavior, power and obligation should be unified, and the current "fixed
deduction method" should be adjusted. Adjusting deduction standards according to local
conditions is conducive to increasing the income of residents in economically backward areas,
allowing these backward areas to formulate appropriate personal income taxes according to
their own economic conditions. Fee deduction standards can greatly improve the living
standards of residents, improve the quality of life of residents, and promote common prosperity.

4.4. Increase the scope of tax collection and improve the quality of tax collectors

my country is currently in a period of continuous economic development. With the continuous
development of the economic level and the continuous improvement of science and technology,
the income of Chinese residents in the future will also continue to increase, and the sources of
income will become more and more extensive. The same, after all, is accompanied by tax
evasion. The behavior continues to appear. Therefore, in order to reduce the occurrence of tax
evasion, the scope of tax collection in my country should also be changed accordingly, so as to
keep pace with the times. For this reason, the part of residents’ income can be included in the
taxable scope of personal income tax to coordinate the economic imbalance in some areas of
our country[4].

In the current price segment with the continuous development of technology and technology,
my country can use information technology to strengthen the control of taxation supervision
departments corresponding to the source of tax income. At the same time, the ability and
professional ethics of tax collectors are continuously improved, so that they can use high
technology to complete related tasks.

5. Conclusion

Since the implementation of the personal income tax system in my country, the social and
economic level has continued to develop, and the personal income tax system should also keep
pace with the times. It is imperative to promote the improvement of the personal income tax
system. As the main source of my country’s fiscal revenue, personal income tax not only has an
important impact on the development of the social and economic system, but also the personal
income tax system is conducive to reducing the gap between the rich and the poor in our
country. Therefore, we should consciously abide by the law, pay taxes in accordance with the
law, and enhance our legal awareness. At the same time, my country has a large population, and
only deepening the reform of the personal income tax system can achieve results.

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