

The Impact of the Reform of Business Tax to Value-added Tax on Enterprise Accounting and Countermeasures

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Abstract

On May 1, 2016, The State Council proposed the tax information policy to implement value-added tax and requested its full implementation in China, including business tax, the implementation of value-added tax for construction, real estate, finance, and services, including the scope of VAT reduction for all enterprises included in the new real estate, and to ensure that all industries do not reduce the tax burden and reduce the business tax transition. As the policy of higher mobility continues, the tax burden of modern companies should be borne. We will integrate value-added industries and industrial chains, promote division of labor and cooperation, and vigorously support the development of the service sector and the transformation and modernization of the manufacturing sector. We will reduce the burden on enterprises, maintain medium-high economic growth, create a fairer and more neutral tax environment, effectively enhance the role and vitality of economic activities in the market, optimize the structure, promote consumption, and play an important role in innovation and entrepreneurship and supply-side structural reform. This policy is to promote the rationalization of China's overall economy, reduce the corporate tax burden, and promote the sustainable and healthy development of the company, but on the other hand, the implementation of business tax value-added tax requires a certain amount of accounting business, the impact on accounting the specific requirements of the policy will be in the company to do a good job of accounting tax reform business, to ensure the legalization of corporate tax under the premise of We will promote the sustained and steady development of tax revenue.

Keywords

Replacing Business Tax with VAT; Impact; Tax Burden; Accounting; Countermeasures.

1. Introduction

Long-anticipated administrative reforms are taking hold. The biggest change in replacing business tax with value-added tax is to avoid the redundancy of business tax, not paying business tax, and canceling non-tax rebates, so as to effectively reduce the tax burden of enterprises, so as to achieve the goal of levying VAT and anti-tax. In addition, from "value added tax" to "value added tax", the "price tax" will have a profound impact on China's industrial structure and the structure of enterprises. The implementation of business tax and value-added tax has a great impact on the accounting treatment of tax-paying enterprises, especially on the management and settlement of tax burden. To this end, tax authorities should strengthen communication with tax authorities to reduce the impact of VAT on corporate income tax.

2. The Impact of "Replacing Business Tax with VAT" on Corporate Accounting

2.1. Analysis of the Favorable Impact of "Replacing Business Tax with VAT" on Enterprises

2.1.1. The Impact of Replacing Business Tax with Value-added Tax on Enterprise Costs

The total cost of changing "VAT" to "VAT" is calculated based on the total amount of taxes, but the actual cost and import duties are separate. The "business tax VAT" is deducted based on the issued import tax and sales tax, and the amount of the deduction is related to whether the supplier is able to issue a private invoice or whether he is a general taxpayer. This has reduced the company's tax burden after the tax reform and improved profit margins.

2.1.2. Impact of Replacing Business Tax with VAT on Corporate Tax Burden

Under the influence of "replacing business tax with value-added tax", the tax burden of enterprises is mainly reflected in three aspects: "Value-added tax should not be used before taxation." The original taxpayer in the calculation of tax is mainly to calculate the taxable income, business tax and its additional part can be deducted as a pre-tax expense. The prohibition of tax deduction to replace business tax with VAT has increased the taxable income of enterprises and increased the tax burden of enterprises.

The VAT on business tax is levied only on the VAT portion of the product. It is not necessary to calculate the product of the business tax and the tax rate before paying the business tax, so there is no need to double tax. When the company pays business tax on the basis of business tax conversion, the purchase tax is deducted from the business tax when the product is sold, and then all the purchase tax is deducted, thereby reducing the financial burden of the enterprise. "Not only can enterprises not obtain VAT import licenses, but also the cost is high and the tax burden is heavy." In order to prevent the movement of pennies or won, the state stipulates that companies must have a legal VAT certificate to pay VAT, and if it is not illegal, they cannot pay VAT. After the implementation of business tax, the value-added tax income of real estate, finance, telegraph and other enterprises is difficult to obtain, and the cost is high. The main reason is that most of the top businesses are individuals or small businesses that have difficulty getting a legal tax bill. Therefore, these enterprises do not enjoy the benefits of business tax implementation of value-added tax, but increase the tax revenue of enterprises and increase the tax burden of enterprises.

2.1.3. The Impact of "Replacing Business Tax with VAT" on the Financial Statements of Enterprises

The impact of VAT adjustment on financial statements has three aspects: the impact on the financial statements and cash flow statements of enterprises. "The impact of corporate income tax on the balance sheet from a VAT perspective." A company is a kind of fixed assets, its main assets are fixed assets, and its changes will also affect the balance sheet and related relationships of the enterprise. Sales tax, sales tax, taxable scope value before VAT on fixed assets within the enterprise, total sales tax, sales tax, the value of the value of the value of the value that is likely to depreciate, the purchase price of the asset is not included in the acquisition of intangible assets and property companies after the business tax on fixed assets, not sales tax. In this respect, depreciation varies greatly, their balances all reoccur in the same way, and there is a difference between the balance of a fixed asset and an intangible asset in the balance sheet. In terms of taxes and expenses, the transfer of corporate income tax to VAT did not show up in the balance sheet for re-taxation or business tax, resulting in a decrease in the closing balance.

3. Conclusion

In order to ensure that the company is not prevented from deducting the purchase tax amount, the company must conduct strict and thorough screening and investigation before signing a contract with the supplier. If the provider is a general taxpayer, you should check if you can issue a pure VAT policy. If the supplier is a small-scale taxpayer, the price of the commodity or service is low, and the loss caused by not deducting the purchase tax cannot be deducted, it can be treated equally. As an enterprise accountant, under the tax reform policy, we should actively learn new policies and new knowledge, strictly require ourselves to comply with the international and national development, strictly handle the enterprise accounts in accordance with the requirements of the new national tax collection policy, do not falsify accounts, do not do things that violate national laws and regulations and harm the national interests, and lay the foundation for enterprise accounting.

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