

On the Innovation and Legislative Perfection of Tax Collection and Administration System in Free Trade Zone

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Abstract: The FTZ strategy has put forward new requirements for China's tax environment and the construction of the rule of law, and has the importance of realizing the modernization of tax law through continuous improvement. In recent years, during the establishment of the free trade Zone, China has implemented reform measures such as formulating tax exemption policies, optimizing tax collection and management methods, strengthening tariff management measures, and improving specific tax systems, which reflect the aim of guiding and protecting the rule of law and strengthening local autonomy. However, there are still problems such as insufficient overall design and entity innovation. The future tax law should implement the principle of paying taxes according to law, improve the autonomy of local taxation, strengthen the coordination between taxation and legislative reform, protect national sovereign interests, further promote the construction of China's free trade zone, and improve tax legislation. The tax law procedure in concrete practice.

Keywords : Free Trade Zone Strategy; Reform and Opening Up; Export-Oriented Economy; Tax System Optimization; Taxation by Law

1. Introduction

Investment, export and consumption have long been the driving forces of China's economic growth. Promoting international trade and attracting foreign capital is always an important subject of economic construction in various fields. In the new century, China has gradually embraced the concept of reform, opening up and development in the face of the complex "changing global economic and political landscape". The report of the 17th CPC National Congress clearly put forward the strategy of implementing the free trade Zone. The report to the 18th National Congress called for "upholding independence, opening up to the outside world" and "coordinating domestic and international markets". The CPC's further efforts to "actively participate in the process of globalization, promote and develop an open economy at a higher level" and "grant pilot free trade zones greater autonomy for reform" will help form a new paradigm.

2. Current situation and existing problems of tax preferential legal system in the free trade zone

2.1 Preferential tax policies are not conducive to fair market competition

Tax policy alternatives of free trade area tax system. In formulating policy, policymakers combine large-scale economic development and industrial infrastructure with free trade zones to form tax relief programs in the region. From this perspective, the tax policy chosen will to some extent put financial pressure on other unsupported companies in the industry. In addition, from the perspective of different industries, the selected tax policies are mainly regional preferential policies, which will widen the gap between similar enterprises and different enterprises. In more developed areas, tax policies are

generally stronger, corporate policy support is more active, and recovery is weaker. Finally, the tax base will be shaken, resulting in unstable fiscal revenue and the inability to establish a fully competitive market^[1].

2.2 The construction of tax rule by law in the free trade zone is characterized by fragmentation and lack of integrated design

Each free trade zone has more or less implemented the reform of the tax system and legal system, which involves attracting talents, attracting investment and starting up industries, etc., but all of them are independent and lack comprehensive system design. Taking the Shanghai Free Trade Zone as an example, some scholars pointed out that the current tax policy "lacks common sense", and the distribution of laws is scattered in the announcements of various departments, and there is no legal form at all. From the perspective of joint law, the position of investors and taxpayers is to clarify their tax obligations and provide clear policy guidance for taxation. At the same time, the practical needs of strategic industrial clusters and the attraction of high-level talents have not been considered.

Therefore, we should use global thinking and global concept, put the FTZ strategy in the national vision, and actively explore the tax system in line with the strategic development goals. In recent years, China has consistently implemented important strategies such as the Belt and Road Initiative, the Coordinated development of the Beijing-Tianjin -Hebei region, and the Guangdong-Hong Kong-Macao Greater Bay Area. For the integrated development of the Yangtze River Delta, these methods must be implemented organically under the current social background. Only by paying attention to the systematic and coordinated design of the reform practice system, can specifically reforms in various fields be put on the "overall plan", and increase resources according to the overall plan to form systematic synergistic effects and a coordinated way can be formed. In terms of tax law, the core of the FTZ is reform through opening up and modernizing the tax law.

2.3 The legislative level is low and it is difficult to manage uniformly

Overlapping preferential policies in related industries, complex projects and lack of special legal provisions in tax preferential policies also bring difficulties to preferential policies. Therefore, tax preferential policies should be managed as a whole. In this case, it is harder to find laws specifically designed to regulate tax preferences in free trade zones. Relevant laws are distributed in the laws of various departments and local regulations. The lack of preferential tax policies also causes the defects of many preferential tax policies. There are two main manifestations. The first point is that there are no special formal legal documents, the level of legislation is not high. Current preferential tax policies are often formulated by the state administration. These rules are mainly provisional or draft rules that are unstable and easy to comply with *The Law of the People's Republic of China on Collection and Collection Management*. Second, policy making is not systematic enough. The formulation of preferential tax policies of local free trade zones should be based on the level of local economic development and the local reality. Moreover, sectors unwilling to increase tax incentives for their own economic growth compete ferociously even out of the real world, leading to lower tax revenues. China's preferential tax law has higher requirements for the free trade zone.

3. Suggestions on perfecting tax preferential policy system

3.1 Adhere to the law-based governance strategy and fully implement the principle of statutory taxation

In the field of fiscal and tax law, the principle of the rule of law has become a general theory in academic circles, which must be implemented in practice, and the same is true in the construction of the free trade zone. Creating free trade zones requires us to understand the scientific implications of tax legal principles. In fact, the legal principle of taxation is not simply an upgrade of previously permissible legal and interpretive provisions. It requires careful consideration, scrutiny and science. Take an example of an increase in the amount of a tax bill. For the needs of the free market area, in further reducing the tax

rate, we should carry out scientific and reasonable link mining, and optimize the way of tax payment through simple steps. The current VAT law is being rapidly formulated, and these beneficial explorations of FTZ reform need to be legislated to further optimize the tax business environment.

3.2 Unify tax policies in the free trade zone

The NPC should coordinate the incompatibility of import and export policies in the free trade zone. The introduction of import taxes is a possible way to protect the domestic market and is a common problem that all FTZs must face. Therefore, the administrative measures for levying customs duties, consumption taxes and surtax on goods in the FTZ must be approved by the National People's Congress. It basically consists of four parts. First, the common policy of preferential entry tax, in particular, the preferential entry tax policy is applicable to all special areas managed by the customs of the Free Trade Zone. Second, we will study and formulate measures for tax collection and administration of goods transferred between different regions within the free market. It is suggested that in accordance with international practice, if goods are transported through the special customs area of the Free Trade Zone, the import tax policy of import tax and tariff should still be implemented. Third, actively coordinate the tax collection and management procedures and product transfer management procedures among the trade zones to promote the overall development of other economic zones in the free trade zone. This measure is limited in terms of equipment and customs management and is still difficult to implement in China. After the gradual implementation of controls in the area of integrated management, special channels for goods should be created to separate import and export taxes for goods transferred between different connecting areas.

3.3 Adjust the range of preferential tax policies to ensure market fairness

As we all know, international tax policy has always emphasized tax fairness, which is reflected in international tax reform to ensure fiscal revenue and determine higher tax rates. In the establishment and development of China's free trade zone, the tax competition strategy has been adopted. This protectionist policy is based on attracting foreign investment to expand markets. Internationally, tax neutrality requires tax exemption, which means that a region cannot gain an additional cost advantage on taxes because of the policy it chooses. Although China's current selective tax policies in the trade zone are not correct, they are purposeful. And, under current circumstances, they are not in a position to ban existing policies outright. They can only add some adjustment mechanisms to the tax policy chosen so far. These remedy mechanisms should conform to the trend and direction of internationalization, draw lessons from foreign preferential tax policies and norms, reduce unfair competition and unfair competition as much as possible, and maintain a good market operation environment.

4. Conclusion

Based on past practices, FTZs across the country have actively addressed social concerns and conducted many useful studies on the needs of investment facilitation, trade liberalization and service expansion. All these are worthy of recognition, but the reform of the tax law on the national free trade zone is limited, and the main tax system and tax reform need to be further improved. Abroad, in the face of profound changes in international and domestic situations, the future formulation of tax laws in the free trade zone must meet the challenges of the current tax laws and regulations in the new international environment. Only under the principle of the tax legal system, actively coordinate tax reform and legal construction, can the smooth implementation of FTZ strategy, continue to provide a higher level of opening up, complete the opening up to promote reform and opening up mode, is the historical mission of the economy.

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