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Analysis of the Tax Burden in China

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Abstract:

The tax burden and economic growth complement each other, and people's lives are closely related. As an important part of national economic policy, the tax burden on the one hand on the economic development has a role in promoting. On the other hand, also may cause some obstacles on the economy, which mainly depends on the tax burden light or heavy. On the basis of previous studies, this paper analyzes the tax burden of China's current tax system in accordance with the existing tax classification standards, starting from the tax burden of medium caliber and small caliber. It is believed that China's current tax burden is too heavy, should reduce the tax burden level.

Keywords: tax burden; Tax burden of medium caliber; small caliber tax burden

1. Introduction

Tax burden, referred to as the "tax", is a kind of economic burden to be borne by the taxpayer to fulfill the obligation of paying taxes. The tax burden is the core of the national tax policy. Because the tax is free, is the state of the taxpayer's social goods or the value of free collection, and therefore for taxpayers, there must be a problem of how much tax burden. Tax burden can be divided into macro tax burden and micro tax burden. The two research angles are different, the macro tax burden focuses on the social and economic burden of the national government tax collection; micro tax burden from the perspective of enterprises to examine the impact of State Taxation on the enterprise burden. But the two are essentially the same, are reflected in the national government and enterprises in the residual value of the interests of the split relationship, is a thing of the two aspects. Only by combining the two together, can we get a comprehensive and correct understanding.

2. Classification of Chinese Current Tax Burden

Micro tax burden, the absolute number of study it is refers to the taxpayer should be paid to the amount of the tax of the country; from the relative number of visits, it refers to the tax burden rate that taxpayers should tax amount and its tax based on the value of the ratio. This ratio is often used to compare the level of tax burden of various types of taxpayers or various types of tax subjects, and thus is an important basis for the national research and development and adjustment of tax policies.

And the macro tax burden, from the absolute number can also be understood as a country's overall tax revenue. However, general purpose is to refer to the relative number, that is, the general tax burden level of a country. In the west the macro tax burden, also known as tax rates, the metrics such as gross national product tax burden rate, gross domestic product tax burden rate and national income tax burden rate. This is in order to facilitate effective international comparison. Our country uses are the gross domestic product tax burden rate. Macro tax burden, which shows that the size of the government in the distribution of the total amount of the national economy, it also shows that the government's implementation of social and economic functions and the strength of the financial function. It is an important basis for the government to formulate various tax policies, and it is also a comprehensive embodiment of the implementation of specific tax policies.

Macro tax burden is based on the micro tax burden, which is the specific tax rate of each tax; the macro tax burden is the policy basis for the development of micro tax burden. So the macro tax burden is the core issue of the tax system. Reasonable definition of tax burden is determined in a certain period of time, to ensure that the government to fulfill its functions and needs of financial resources, and promote economic development has important significance.

The study of the existing tax burden, theory community has no unified definition standard, in recent years, many scholars study, due to our country government income content is not uniform, in the form of non standardized, according to different income and the selection of the diameter, is generally divided into large, medium and small caliber macro burden:

(i) Small caliber tax burden: tax revenue accounted for the proportion of GDP in the same period. The income here is mainly referred to the income of all kinds of business tax revenue.

(ii) In the tax burden: fiscal revenue accounted for the proportion of GDP over the same period. The fiscal revenue here mainly includes tax revenue and other items that are included in the fiscal budget.

(iii)The tax burden of large caliber: government revenue accounted for the proportion of GDP in the same period. Government revenue includes not only the financial revenue within the budget, but also the income of the government and its departments at all levels are not included in the budget and outside the budget management system of income and other income.

Above three kinds of diameter of macro tax burden, in fact, is the distinction between macro tax burden in the broad sense and narrow sense, the tax law and tax law in terms of, small bore macro tax burden can reveal social apply tax and the characteristics of the proportional relationship between tax and in the tax system is the premise, small bore macro tax burden can reflect the taxpayer tax capacity and real accept a relationship between tax. And in the form of taxation is no longer complete embodiment of the government can dominate the whole financial and small bore macro tax burden can no longer fully represent the financial ability of the government nor truly reflect all taxpayers the actual burden. In this case, the macro tax burden of large caliber only to explain the government's financial capacity and the burden of taxpayers. Therefore, the division of the tax burden is only in order to better carry on the research and comparison of tax burden.

3. Analysis of Chinese Current Tax Burden

Taking into account the availability of data, this chapter selects two indicators of medium caliber macro tax burden and small caliber tax burden, and analyzes the macro tax burden level under the current tax system in China.

Year	GDP	The tax (100 million yuan)	Small caliber tax burden
2007	265810.31	45621.97	0.1716
2008	314045.43	54223.79	0.1727
2009	340902.81	59521.59	0.1746
2010	401512.8	73210.79	0.1823
2011	473104.05	89738.39	0.1897
2012	519470.1	100614.28	0.1937
2013	568845.21	110497.33	0.1942

Table 1: 2004 small caliber tax burden in China

Year	GDP	Fiscal Revenue (100 Million yuan)	Tax burden of Medium Caliber
2007	265810.31	51321.78	0.1931
2008	314045.43	61330.35	0.1953
2009	340902.81	68518.3	0.2010
2010	401512.8	83101.51	0.2070
2011	473104.05	103874.43	0.2196
2012	519470.1	117253.52	0.2257
2013	568845.21	129142.9	0.2270

Table 2: 2004 the status of tax burden in China

Table 1 shows, since 2007, China's small caliber macro tax burden is rising trend, from 17.16% in 2007 rose to 2013 19.42%; from the table 2 shows, since 2007, China's medium caliber macro tax burden is rising trend, from the 2007 19.31% rise to 22.70% in 2013. This shows that, in this period, with the sustained and rapid growth of China's economy, the level of tax burden also has a rapid growth.

On the other hand, if calculated using government revenue targets and need to include fiscal revenue, subsidies to loss making enterprises, the social security fund income and extra budgetary income, if government revenue plus system income and debt to income etc., calculation of large caliber macro tax burden will be higher. In addition to a number of projects is not taken into consideration, such as revenue back base, land leasing income and so on, if we consider the situation, at present China's macro tax burden will be significantly higher than that of developing countries, visible China's total tax burden is very heavy.

4. Conclusion

According to the above analysis shows, relationship between the economic growth in China in recent years and the macro tax burden is not very close, the pulling effect of macro tax burden on economic growth is not obvious; even still a certain degree of economic growth to negative effect. Whether from the level of macro tax burden in terms of caliber, or small caliber macro tax burden level, China's tax burden is an indisputable fact that the level is too high. And currently China's overall tax burden level has gone far beyond the businesses and residents can withstand the scope, far more than the China's current stage of economic development, tax high growth has become China economic growth and transformation of one of the largest institutional resistance. Therefore, reducing the overall macro tax burden has become a key part of the transformation of China's development model.

Government finance is related to the development of economy and society, especially to the effect that China can finally get out of the financial crisis, and it is very important to realize sustained recovery. Therefore, a general principle is to reduce the macro tax burden of enterprises and citizens, but also conducive to the people, should be the direction of China's financial system reform.

5. References

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