

Research on the Background of the Real Estate Tax Reform in Contemporary China

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Abstract

Based on the current situation of China, focusing on the development of the economic situation, the tax system reform marked by the real estate tax has an important impact on promoting the construction of a more fair and reasonable tax system, promoting common prosperity, and promoting the development of a socialist modern power. This paper probes into the background of implementing the real estate tax reform. First of all, it analyzes the tax system reform in various periods after the founding of the People's Republic of China; Secondly, the history of real estate tax is sorted out. Finally, the current reform of real estate tax is discussed.

Keywords

Real estate tax reform; Tax system reform; Common prosperity.

1. Introduction

Real estate tax is a property tax levied by the government on real estate. The broad sense of real estate tax is a comprehensive concept and a tax system, including all taxes directly related to the real estate economic movement process, including farmland occupation tax, land value-added tax, deed tax, real estate tax, urban land use tax, urban maintenance and construction tax, etc., which exist in the housing development, transaction and holding links. In a narrow sense, the real estate tax usually refers to the real estate tax, that is, the tax that the public generally pays more attention to at present. After the 1990s, China's real estate industry has developed rapidly, the degree of commercialization has been continuously improved, the main structure of real estate purchase has undergone major changes, and the proportion of individual house purchase has gradually increased, reaching 90% in 2001. If we continue to use the existing property tax system and continue to exempt individual housing, it is actually an important means for the country to give up adjusting income distribution. Moreover, with the continuous rise of housing prices, real estate has become an important carrier of personal wealth and an important indicator of measuring the gap between the rich and the poor of the middle and high income classes in society. In the context of the current widening gap between the rich and the poor, it is inappropriate to allow multiple suites, super-area housing and high-end housing to continue to drift outside the control of property tax [1]. In the face of the fundamental changes in China's housing distribution mechanism, the development of the real estate industry, the deepening of economic system reform, the solid promotion of common prosperity, and the steady progress towards a socialist modern power, this paper analyzes the background of the implementation of the real estate tax reform.

2. Tax system reform

2.1. Before the reform and opening up (1949-1978)

In the 29 years from the founding of the People's Republic of China in 1949 to 1978, the development of China's tax system construction has been very bumpy. After the birth of the People's Republic of China, we immediately started to establish a new tax system. On January 30, 1950, the Government Council of the Central People's Government issued the Decision on the Unification of the National Tax Administration, and attached the Key Principles for the Implementation of the National Tax Administration, stipulating that 14 tax categories, including the real estate tax and the real estate tax, should be uniformly set up throughout the country.

2.2. Economic transition period (1978-1993)

From 1978 to 1982, the Third Plenary Session of the Eleventh Central Committee of the Communist Party of China clearly put forward the task of reforming the economic system, which has a very important guiding role for China's economic system reform and tax system reform during this period. This period is the recovery period of China's tax system construction and the preparation and starting period of the tax system reform. A lot of preparations have been made for the subsequent reform from the aspects of ideology, theory, organization and tax system, and a good foundation has been laid. The tax system reform has made the first major breakthrough after the reform and opening up.

In the mid-1980s, China made a major breakthrough in the development of its socialist economic theory, proposing to develop a planned socialist commodity economy, consciously apply the law of value, give full play to the role of economic levers such as taxation, invigorate the economy, and strengthen macroeconomic regulation. In the theory of ownership, the author put forward the argument of separation of ownership and management rights, and affirmed the necessity and importance of the existence of collective economy, individual economy and private economy. This period was the period when China's tax system reform was fully carried out, and the second major breakthrough after the reform and opening up was achieved.

2.3. The period of establishing the socialist market economic system (1994-2013)

Since 1992, China has entered the period of building a socialist market economy system, and socialist theory and practice have made significant progress. The tax reform has been deepened, and the third major breakthrough since the reform and opening up has been achieved.

From 1995 to 2013, in order to meet the needs of establishing a sound socialist market economic system, China continued to improve its tax system, implemented major reforms step by step, and basically achieved the unification of urban and rural areas and internal and external unification of the tax system. Among them, it is mentioned in the improvement of the property tax system that from 2006 to 2009, the State Council has successively revised the provisional regulations on urban land use tax and the provisional regulations on cultivated land occupation tax, and changed the urban land use tax and cultivated land occupation tax collected internally to be uniformly collected internally and externally, which have been implemented since 2007 and 2008 respectively; Since 2009, the urban real estate tax collected from abroad has been abolished, and it is stipulated that Chinese and foreign taxpayers pay the property tax uniformly.

2.4. The period of comprehensively deepening reform (2013 to present)

In November 2013, the Third Plenary Session of the 18th Central Committee of the CPC adopted the Decision of the Central Committee of the Communist Party of China on Several Major Issues Concerning Comprehensively Deepening Reform. The decision proposed: reform the tax system

and stabilize the tax burden. Accelerate the real estate tax legislation and timely promote reform.

In March 2016, the Fourth Session of the 12th National People's Congress approved the 13th Five-Year Plan for National Economic and Social Development of the People's Republic of China. It is proposed in the outline that: in accordance with the requirements of optimizing the tax system structure, stabilizing the macro tax burden, and promoting the administration of tax according to law, we should fully implement the principle of tax legality, establish a modern tax system with scientific tax categories, optimized structure, sound laws, standardized fairness, and efficient collection and management, and gradually increase the proportion of direct tax. Improve the local tax system and promote the real estate tax legislation.

The legislative plan of the Standing Committee of the 13th National People's Congress released in September 2018 proposed the legislation of 10 tax categories including real estate tax and the revision of the tax collection and management law.

3. Historical Evolution of Real Estate Tax

China's real estate tax has been levied since 1950 and has continued to this day. During this period, it has been continuously changed and improved according to the economic system reform. In 1949, after the founding of the People's Republic of China, the Government Council issued the "National Key Principles for the Implementation of Tax Policy" (1950), which listed the property tax as one of the 14 taxes to be levied. In August 1951, the Government Council issued the Provisional Regulations of the People's Republic of China on Urban Real Estate Tax, which merged the real estate tax and the real estate tax into the real estate tax. In 1973, the tax system was simplified and the urban real estate tax levied on state-owned enterprises and collective enterprises was incorporated into the industrial and commercial tax. The reserved tax categories were only levied on the housing management departments, individuals, foreign nationals, foreign enterprises and foreign-invested enterprises. In 1984, the industrial and commercial tax system was reformed, and the state decided to resume the collection of real estate tax. The real estate tax was divided into two types: real estate tax and urban land use tax. On September 15, 1986, the State Council issued the Provisional Regulations of the People's Republic of China on Real Estate Tax, which came into force on October 1 of the same year and applies to domestic units and individuals. In 1993, the Executive Meeting of the State Council and the Standing Committee of the Political Bureau of the CPC Central Committee deliberated and adopted the Implementation Plan (Key Points) on Tax Reform drafted by the State Administration of Taxation. It is proposed in the plan (key points) that the urban real estate tax levied on foreign-funded enterprises and foreigners should be abolished and the real estate tax should be uniformly implemented [2]. On December 31, 2008, the State Council issued Order No. 546, repealing the Provisional Regulations on Urban Real Estate Tax from January 1, 2009. Foreign-invested enterprises, foreign enterprises and organizations and foreign individuals shall pay real estate tax in accordance with the Provisional Regulations of the People's Republic of China on Real Estate Tax and the same as domestic enterprises. So far, the internal and external unification of the real estate tax system has been realized.

4. Current Real Estate Tax Reform

4.1. Necessity

China's real estate tax reform is to guide the rational consumption of housing and the economical and intensive use of land resources, and promote the steady and healthy development of the real estate market. Reduce the gap between the rich and the poor,

improving the income distribution adjustment mechanism, and realizing the common prosperity of all people are inevitable requirements.

4.2. General idea

The overall idea of real estate tax is to legislate first, fully authorize and advance step by step. In the process of promoting the legislation of real estate tax, we will refer to some characteristics of the common institutional arrangements in the world and design the real estate tax system reasonably based on China's national conditions, so that the real estate tax system designed in China can be more reasonable and fair, which can not only play the role of raising financial income, but also play a positive role in adjusting income distribution and promoting social equity.

4.3. Main functions

As a common tax in most countries, the main role of real estate tax is to regulate income distribution, especially the accumulation of personal wealth, and to promote social equity. At the same time, it raises financial revenue to meet the needs of the government to provide public services.

4.4. Institutional arrangements

The real estate tax, as a worldwide tax, has some common institutional arrangements. The following summarizes four common institutional arrangements in almost every country's real estate tax system as a reference for promoting reform:

First, all industrial and commercial housing and personal housing will be taxed according to their assessed value. Second, in the real estate tax system arrangement of all countries, there are some tax preferences. For example, certain deduction standards can be made, or certain tax relief can be given to some families with difficulties, low-income families and special groups with difficulties. The specific methods and levels are different, but there are some tax incentives. Third, the real estate tax belongs to the local tax, and its income belongs to the local government. Local governments use these revenues to meet such expenditures as education, public security and other public infrastructure provision. Fourth, because the determination of the tax base of the real estate tax is complex or very complex, it is necessary to establish a complete tax collection and management model, so that the real estate tax can be collected and fair.

4.5. Based on national conditions

Since the reform and opening up, China's housing allocation mechanism has undergone fundamental changes, and the allocation of housing resources has experienced a transition from planned welfare distribution to market distribution [3].

In recent years, the country's "shantytowns" transformation plan, the housing purchase boom caused by house demolition, further increased the price of housing. In addition, because the house itself has the property of land investment, its value preservation and appreciation and the additional income brought by the house rental to the house owner, the real estate investment has become an important means for Chinese families to increase their wealth, and also an important factor for widening the wealth gap.

At present, in view of the real estate market, the central bank makes decisions on the smooth and orderly financing of real estate. Adhere to the positioning of "no speculation in real estate", implement differentiated housing credit policies according to the city, and promote the smooth transition of the real estate industry to the new development model.

But in the long run, we must give full play to the good effect of the real estate tax in regulating the steady and healthy development of the real estate market. As a redistribution policy, tax plays an important role in adjusting the income gap and promoting common prosperity, and the real estate tax can play a macro-control function to achieve the purpose of stabilizing house

prices; Give play to the redistribution function and achieve the goal of narrowing the gap between the rich and the poor [4].

5. Summary

Through analyzing the historical evolution of China's tax system reform and real estate tax, this paper discusses the reform of real estate tax based on the current national conditions, analyzes its necessity, important role and significance, and concludes that the reform of real estate tax is to guide the rational consumption of housing and the economical and intensive use of land resources in the short term; For a long time, it is the conclusion of establishing a new financial and tax system that meets the conditions of socialist market economy and realizing the inevitable requirement of common prosperity of all people.

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