Research on the Strategy of Tax Planning Management of Power Supply Enterprises under the Background of Replacing Business Tax with VAT

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Abstract. Since May 1, 2016, the implementation of the pilot reform of replacing business tax with VAT has been implemented nationwide. The construction industry, real estate, financial industry, and service industry have all been included in the pilot scope, and business tax has been banned, and VAT has been levied. This measure subverts the original appearance of repeated taxation and large tax burdens under the "two taxes coexist", and it has positive significance in reducing the overall tax burden of enterprises, upgrading the industrial structure, and optimizing resource allocation. The paper aims at the current situation of the tax burden of power companies, and establishes a model for the tax burden changes of enterprises, and puts forward relevant suggestions for the tax planning, operation and maintenance management and material procurement management of power companies.

1. Introduction

In order to promote the development of the market economy, the state has incorporated the "reform of replacing business tax with VAT" into the track of legal development. Taxpayers who require the original business tax range will change the payment of business tax to pay the value-added tax from the date of conversion of the old and new tax systems. The reform of replacing business tax with VAT will adopt the pilot method, and will be gradually promoted in stages, sub-regions and sub-sectors. In general, China's battalion reform policy started relatively late [1]. Compared with foreign countries, relevant research is not mature and deep, and domestic research mostly focuses on research in hot industries such as construction industry or telecommunications industry. The research on power supply enterprises is less and not systematic. In 2016, the pace of “reform and increase” has obviously accelerated. At present, it has been fully implemented nationwide. Therefore, it is necessary to combine the special policies and actual conditions of power supply enterprises according to a series of policy documents issued by the state in recent years. The impact of power supply companies is analyzed and discussed.

2. The difference between business tax and value added tax

First, the taxation basis is different. The business tax is the in-price tax, which is charged for all turnovers. The value-added tax is an extra-tax, which is not included in the income and cost of the enterprise. The value-added amount of the sales of goods and the provision of services is the basis for taxation, that is, the taxable amount is the difference between the output tax and the input tax. Second,

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the tax rate is different, the business tax rate is generally 3%-5%; the VAT rate is 3%-17%, which is determined by distinguishing different businesses. In general, the change of business tax to value-added tax can effectively avoid the drawbacks of business tax not being tax-deductible, non-refundable and repeated taxation, and can effectively reduce the tax burden of enterprises. At the same time, judging from the effect of the current implementation, the positive effect of "reform of the camp" on the tertiary industry is much more obvious than that of the first and second industries, and is more conducive to the development and growth of the tertiary industry. In the long run, Conducive to the expansion of employment and the optimization of economic structure, at the same time, the "reform of the camp" is not only a simple conversion of the tax system, but also a major step in the country's deepening of the tax system reform and the vanguard, which will contribute to the transformation and development of the Chinese economy [2-4].

Table 1. Comparison of business tax and value-added tax.

Project	Business tax	VAT
The principle and characteristics of two tax calculation methods	Taxation basis is different, the in-price tax is charged for all turnover	The extra-tax tax is not included in the income and cost of the enterprise, and the value-added amount of the service provided is the basis of taxation
Tax base	Total turnover	Value added for sales of goods and services
Input tax	Does not involve an entry deduction	VAT refunds due to actual costs incurred
Tax rate	According to the nature of the company, it is generally 3-5%, and the overall is low	According to different types of business, there are the following types: 17%, 13%, 11%, 6%, 5%.3%, and the 3% rate is reduced by 2%, which is higher overall

In order to understand the difference between the two more clearly, and to compare the tax corresponding to the increase in the camp.

This article takes a company as an example to illustrate the situation of corporate tax burden under two tax systems [5]. The purchase price of enterprise purchased goods is 4 million yuan, the business activity of outsourcing is 4 million yuan, the sales income (operating income) is 10 million yuan, the value-added tax rate is 17%, the business tax rate is 5%, and the comprehensive additional tax rate is 10% (city construction tax) For the time being 5%, the education fee is 3%, and the local education fee is 2%). Table 2 shows the tax burden comparison between VAT taxpayers (referred to as A) and business tax payers (referred to as B).

Table 2. Comparison of tax burden between VAT taxpayers and business tax taxpayers (10,000 yuan).

Taxpayer	Tax on purchased resources	Sales taxation	Turnover tax	additional tax	Overall tax burden
A	400×17%+400×5%=68+20=88	1000×17%=170	1000×17%-400×17%+400×5%=102+20=122	122×10%=12.2	122+12.2=134.2
B	400×17%+400×5%=68+20=88	1000×5%=50	400×17%+400×5%+1000×5%=88+50=138	138×10%=13.8	138+13.8=151.8

The turnover tax mentioned above refers to the amount of circulation is the amount of goods or services, services transactions, the acceptance of goods, services, services for the purchase amount, sales when the realization of sales or operating income. At the beginning of the parallel design of the two taxes, there is a congenital deficiency [6]. Although both the value-added tax and the business tax are levied on the turnover amount, the value-added tax is calculated by the value-added amount in the

sales income, and the value-added tax is levied by the sales income. The value-added tax paid for part of the purchased resources costs is subject to differential taxation; while the business tax is fully levied, the tax is levied on all operating income. Different taxation methods have resulted in the phenomenon of deduction of chain breakage, repeated tax payment, and unfair tax burden.

3. The tax impact of the reform of replacing business tax with VAT on power supply companies

Although the reform of replacing business tax with VAT has little impact on the economic efficiency and tax burden of the company's core power grid operation business (the grid operation business is mainly based on VAT tax-related business), it has a great impact on the power grid engineering investment and construction unit business [7]. The scope of the industry and the scope of deductions are "double expansion". In general, it is necessary to achieve "all industry tax burdens are only reduced or not increased", which has a greater impact on the scope of application, involving all business entities. Below, there are several aspects that have a greater impact. There is making a brief analysis.

3.1. Impact analysis of grid operation business

The impact on the high-reliability power supply income is: from the original payment of 3% business tax to the payment of value-added tax (new projects are paid at 11%, old projects, A supplies are paid at 3%), according to the estimated impact of the value-added tax 650 about 10,000 yuan, due to the fact that the business can be deducted less, it is expected that the tax burden of the business will increase, but the overall impact on the company is small. The impact on the community supporting fees: from the original payment of 3% business tax to the payment of value-added tax (new projects are paid at 11%, old projects are paid at 3%). As the deductible items of this business account for a relatively large proportion, preliminary calculations will result in simultaneous growth in sales and imports, with little impact on the tax burden.

3.2. Impact on investment business

The main impacts of the implementation of the "VAT reform" policy on grid engineering investment: First, construction services are included in the scope of VAT collection. At present, the company's power grid investment mainly involves engineering services, installation services, repair services, leveling land, landscaping, etc. in construction services. For engineering operations, the special VAT invoices obtained can be used to deduct the current VAT output tax; the second is that the newly added real estate and real estate construction projects are allowed to be deducted from the output tax in two years.

3.3. Impact on construction units

In the short period after the reform of replacing business tax with VAT, due to the inability to deduct the labor costs and compensation fees of the construction unit, the business subcontracting fee and the self-purchasing material fee deduction rate are low, and the construction business tax burden of the transmission and transformation company will increase by 3%. At the same time, it will lead to a decline in profits [8]. The main reasons for the impact are as follows: First, labor costs cannot be deducted. Second, the subcontracting project is difficult to deduct. Subcontracting teams issuing special invoices for value-added tax will increase their expenses, which may be reflected in the settlement of the company with the transmission and distribution company (the bargaining process will have a specific impact). Under the premise of not including the tax quotation, the subcontracting team will choose to invoice at the simple levy rate of 3%, which will reduce the deduction of the transmission and distribution company and increase the tax burden. Due to the complicated situation of subcontractors, there are many uncertain factors in the billing, and in the short-term process of the expansion of the camp, it will have a greater impact on the tax deduction of the substation. Third, the compensation fee cannot obtain the VAT invoice and cannot be deducted. Fourth, the deduction rate of self-purchased materials is low. Sand, earth, stone, commercial concrete, tap water, etc. used in

construction and production of building materials are subject to a 3% VAT rate. Fifth, financial expenses cannot be deducted. According to the relevant policies, the input tax paid for loan interest is not deductible. Sixth, the deduction rate of fixed assets is low. According to the relevant policies, the depreciation of purchased fixed assets cannot be deducted from input tax.

4. Tax burden change model established

Tax burden before the reform is $T_B = ST_Y$ .Tax burden after the reform is $T_{VA} = (S-C)T_Z$.

Where S stands for annual operating income or sales revenue; C stands for the annual deductible resource procurement cost (including the annual purchase cost of inventory and the annual new fixed asset acquisition cost); TY stands for business tax and surcharge rate; TZ stands for VAT and additional tax rate [9].

The difference between the corporate tax burden before and after the change in the camp is reduced, and the difference $\Delta T = ST_Y - (S-C)T_Z$ can be obtained. From the basic model, if $\Delta T>0$, it means that the tax burden of the enterprise after the reform is increased; if $\Delta T<0$, it means that the tax burden of the enterprise after the reform is increased; if $\Delta T=0$, it means that after the reform the tax burden of the company has not changed. $\Delta T = S(T_Y - T_Z) + CT_Z = 0$, there is $C/S = (T_Y - T_Z)/T_Z$. Since the VAT rate and the business tax rate are a kind of tax policy, they are fixed. If the company operates goods or services of different tax rates, the average VAT rate and the average business tax rate can be taken, so (TZ-TY)/TZ is constant (temporary Set to K), the value of K depends on the average VAT rate and average business tax rate of the company. Figure1 shows the basic model of the change in the VAT rate of the VAT. The ratio of the difference between the VAT rate and the business tax rate and the VAT rate is called the equilibrium point of the VAT increase. According to the tax balance point, it can be judged that the tax has been increased before and after the VAT reform. Negative changes.

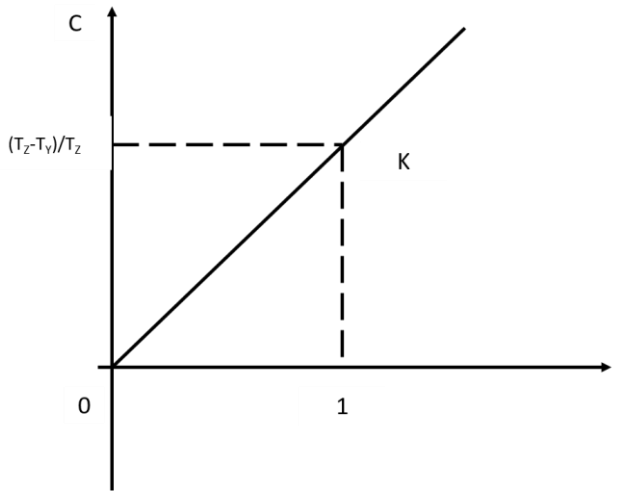


Figure 1. Basic model of the change in the tax reform.

Before the reform of replacing business tax with VAT, the electric power construction enterprise belongs to the main business tax, the tax rate is 3%, and the additional tax is mainly the urban maintenance and construction tax, the education surcharge, and the local education surcharge; if the applicable reform is added, it becomes the main body of the VAT, with reference to transportation. Industry, the VAT rate can be tentatively set at 11%, and the additional tax also includes urban maintenance and construction tax, education surcharge, and local education surcharge. The urban maintenance and construction tax is 7%, 5%, and 1% in total. It is tentatively set at an average of 5%, education surcharge is 3%, and local education surcharge is 2%. Business tax and surcharge rate = 3% ×(1 + 5% + 3% + 2%) = 3.3%, then VAT and surcharge rate = 11% (1 + 5% + 3% + 2%) = 12.1%.

5. Increase the tax planning management strategy for the reform of replacing business tax with VAT

5.1. Tax Risk Prevention and Control

First of all, fully prepare for the preliminary preparations. Look for notices of various tax incentives and investment plans for rural power grid upgrading and upgrading projects, sort out and study, organize and study new policy provisions and related requirements, so that we can master the specific provisions of the new policies and make full use of preferential policies. Second, conscientiously do a good job in the preparation of the filing materials. According to the "three exemptions and three reductions" preferential calculation form, the relevant information such as the "Public Infrastructure Enterprise Income Tax Relief Record Form" and other relevant materials are submitted to the tax authorities for filing, which is a key step. Once again, take the initiative to report and communicate with the competent tax authorities to eliminate misunderstandings in policy understanding. Grasping the particularity and industry characteristics of the grid enterprise business, in-depth understanding of the policy of the reform of replacing business tax with VAT, actively and the tax department actively communicate the specific business process and standards, strive for the tax policy that is beneficial to the company, and organize the financial assets department of the city and county companies to plan ahead. In conjunction with the actual work of the company, we will grasp the rhythm of handling relevant procedures in advance, coordinate the departments and departments, and implement the sorting and submission of information [10].

5.2. Improve invoice management

The unit that implements the general taxation method requires the supplier to issue a special VAT invoice after the "reform of replacing business tax with VAT"; for the unit that implements the simple expropriation method, the supplier is required to issue a VAT ordinary invoice; after the change of replacing business tax with VAT, each supplier will be at the end of the month. At the time of settlement, a VAT invoice will be issued according to the contract to ensure the authenticity, legality and validity of the invoice issued.

5.3. Do a good job in new grid planning

The power supply company should establish professional management thinking. On the basis of careful study of the tax law, make full use of the favorable provisions of the national tax regulations, do a good job in resource allocation, guide the development of various professional businesses, do a good job in tax planning, and improve the company's financial management. At the same time, we should continuously increase the learning and exchanges between financial personnel and finance and business, fully absorb and understand the spirit of the constantly updated financial and taxation policies standardize the company's business development, and maximize the legal operation. The state's various tax incentives will be put in place to ensure the maximum benefit of the company with the lowest tax cost.

6. Conclusion

The "Twelfth Five-Year Plan" is a crucial period for the development of power companies. Power companies should actively respond to climate change, respond to energy-saving and emission reduction policies, and adjust energy structure to ensure safe, reliable and high-quality power supply. With the reform of replacing business tax with VAT, in the management, the power company should design and arrange the tax burden as an important factor affecting the final business results, pay attention to the risk management of taxation, establish correct taxation awareness, and regulate the taxation of enterprises. The behavior should be based on the tax incentives granted by the tax rules to reduce the tax burden in order to maximize the after-tax benefits.

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