

Effect, problems and promotion measures of water-saving tax incentive policies in China

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Objectives & Methods

This paper collects policies and catalogues of China's water-saving tax incentive, uses typical sample analysis method combined with industry estimation, selects 123 typical water-saving enterprises to analyze the related industrial scale, tax cut scale and tax burden level involved with China's water-saving tax incentive policy.

Conclusions

- ① Water-saving tax incentive involves an industrial scale is about 325.5 billion RMB. Domestic sewage treatment industry scale of 150 billion RMB, industrial wastewater treatment industry scale of 100 billion RMB, reclaimed water industry scale of 10 billion RMB, seawater desalination industry scale of 8 billion RMB, drip irrigation belt (pipe) industry scale of 2.5 billion RMB, irrigation facilities and agricultural water-saving engineering industry scale of 15 billion RMB, environmental protection special equipment industry scale of 30 billion RMB, water-saving special equipment industry scale of 10 billion RMB.
- ② Water-saving tax incentive reduces the tax burden is about 15.57 billion RMB / year. The theoretical value of the overall scale of water saving and tax reduction in China is 15.57 billion RMB, and the actual value is 12.15 billion RMB. Among them, value-added tax decreased by 6.99 billion RMB and corporate income tax decreased by 5.16 billion RMB. The domestic sewage, industrial wastewater, irrigation area supporting facilities and agricultural water-saving engineering industries have the largest scale of tax reduction, and the domestic sewage, drip irrigation belt (pipe) industries have the highest proportion of water-saving tax incentive implementation.
- ③ Average tax reduction rate of water-saving enterprises reaches 40% - 60%. About 86% of the 123 typical water-saving enterprises surveyed have implemented the water-saving tax reduction policy. Among the enterprises enjoying the water-saving tax reduction policy, the value-added tax has been reduced by 60% on average, and the enterprise income tax has been reduced by 40% on average. The legal tax burden rate of enterprises enjoying the water-saving tax reduction policy has been reduced from 9.8% before the tax reduction to 5%, and the actual tax burden rate has also been reduced to 6%.
- ④ Different benefits of water-saving enterprises reaches 80%. About 95% of domestic sewage treatment and drip irrigation belt (pipe) production enterprises enjoy preferential policies; About 90% of enterprises in industrial wastewater treatment, reclaimed water production and seawater desalination enjoy preferential policies; About 50% of the enterprises in irrigation area supporting facilities, agricultural water-saving projects, and purchasing special equipment for environmental protection enjoy preferential policies; Only about 15% of the enterprises purchasing special water-saving equipment enjoy preferential policies.