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HIGHLIGHTS

- Finance Minister Liu Kun: Budget implementation has been generally stable since this year and efforts will be made on five fronts in the next step
- Finance Minister Liu Kun met with IMF Managing Director Georgieva at the Diaoyutai State Guesthouse
- Three ministries jointly published the *Announcement on the VAT Policy for Equipment Purchased by R&D Institutions*
- Four ministries jointly published the *Announcement on Income Tax Policy Matters for Third-Party Enterprises Engaging in Pollution Prevention and Control*
- China's tax revenue from January to July registered an increase of 14.5% year on year

Brief Introduction of IEFI

Founded in 2007, the International Economics and Finance Institute (IEFI) is affiliated to the Ministry of Finance of China, specializing in international economic and financial studies. It focuses macroeconomic research on advanced economies such as U.S., Europe, Japan and emerging economies including BRICS countries, and carries out analytic work on global and regional economic and financial cooperation, global governance reform and international development cooperation. Its mandates also include participating in bilateral and multilateral financial dialogues, and conducting communication and exchanges with think tanks and government agencies around the world.

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Website: <http://iefi.mof.gov.cn>

Acronyms

ADB	Asian Development Bank
AIIB	Asian Infrastructure Investment Bank
AMRO	ASEAN+3 Macroeconomic Research Office
APEC	Asia-Pacific Economic Cooperation
ASEAN+3	Association of Southeast Asian Nations, China, Korea and Japan
BEPS	Base Erosion and Profit Shifting
BRI	Belt and Road Initiative
BRICS	Brazil, Russia, India, China and South Africa
CAAC	Civil Aviation Administration, China
CAC	Cyberspace Administration, China
CAFS	Chinese Academy of Fiscal Sciences
CAREC	Central Asia Regional Economic Cooperation
CASS	Chinese Academy of Social Sciences
CBIRC	China Banking and Insurance Regulatory Commission
CEPA	Closer Economic Partnership Arrangement
CMIM	Chiang Mai Initiative Multilateralization
CPA	Certified Public Accountant
CPC	Communist Party of China
CPI	Consumer Price Index
CPPCC	Chinese People's Political Consultative Conference
CSRC	China Securities Regulatory Commission
FDA	Food and Drug Administration
GAC	General Administration of Customs, China
GAMS	General Administration of Market Supervision, China
GAS	General Administration of Sport, China
GDP	Gross Domestic Product
IEFI	International Economics and Finance Institute, Ministry of Finance, China
IMF	International Monetary Fund
IPI	Industrial Production Index
IPR	Intellectual Property Rights
LICs	Low-Income Countries
MCA	Ministry of Civil Affairs, China
MCT	Ministry of Culture and Tourism, China
MEE	Ministry of Ecology and Environment, China
MIIT	Ministry of Industry and Information Technology, China
MNR	Ministry of Natural Resources, China
MOA	Ministry of Agriculture and Rural Affairs, China
MOE	Ministry of Education, China
MOF	Ministry of Finance, China
MOFCOM	Ministry of Commerce, China

MOHRSS	Ministry of Human Resources and Social Security, China
MOHURD	Ministry of Housing and Urban-Rural Development, China
MPS	Ministry of Public Security, China
MOST	Ministry of Science and Technology, China
MOT	Ministry of Transport, China
MVA	Ministry of Veteran Affairs, China
MWR	Ministry of Water Resource, China
NAO	National Audit Office, China
NBS	National Bureau of Statistics, China
NCP	New coronavirus pneumonia
NDB	New Development Bank
NDRC	National Development and Reform Commission, China
NEA	National Energy Administration, China
NFGA	National Forestry and Grassland Administration, China
NFSRA	National Food and Strategic Reserves Administration, China
NHC	National Health Commission of the People's Republic of China
NHSA	National Healthcare Security Administration, China
NMPA	National Medical Products Administration, China
NPC	National People's Congress, China
NRTA	National Radio and Television Administration, China
OECD	Organization for Economic Co-operation and Development
PBoC	People's Bank of China
PMI	Purchasing Managers' Index
PPI	Producer Price Index
PPP	Public-Private Partnership
QE	Quantitative Easing
QQE	Qualitative and Quantitative Ease
R&D	Research and Development
RCEP	Regional Comprehensive Economic Partnership
SAFE	State Administration of Foreign Exchange, China
SAMR	State Administration of Market Regulation, China
SASAC	State-owned Assets Supervision and Administration Commission of the State Council, China
SAT	State Administration of Taxation, China
SMEs	Small and Medium Enterprises
SOEs	State-owned Enterprises
VAT	Value-added Tax
WTO	World Trade Organization

I. Policy Update

1. MOF and the State Administration of Taxation jointly published the *Announcement on Extending the Implementation of the Individual Income Tax Policy for Crew Members of Ocean-going Vessels*

On August 29, MOF and the State Administration of Taxation jointly published the *Announcement on Extending the Implementation of the Individual Income Tax Policy for Crew Members of Ocean-going Vessels*, which provided the following. First, crew members of ocean-going vessels refer to the crew members of international voyage vessels registered with the maritime administration authorities and the crew members of ocean-going fishing vessels registered with the fishery administration authorities. Second, this announcement will be implemented until December 31, 2027. Third, ocean-going crew members with 183 days of sailing time in a tax year will be eligible for 50% deduction of their taxable wage income when paying individual income tax.

2. State Council published the *Circular on Raising the Special Additional Deduction Standards for Individual Income Tax*

On August 31, the State Council published the *Circular on Raising the Special Additional Deduction Standards for Individual Income Tax*, which provided the following. First, the special additional deduction standard for infant care for infants under the age of 3 will be raised from 1,000 RMB per month per infant to 2,000 RMB; the special additional deduction standard for children's education will be raised from 1,000 RMB per month per child to 2,000 RMB; and the special additional deduction standard for supporting the elderly will be raised from 2,000 RMB per month to 3,000 RMB. Second, other matters shall be conducted in accordance with the relevant provisions of the *Interim Measures for Special Additional Deductions for Individual Income Tax*. Third, the above adjusted deduction standards will come into effect starting from January 1, 2023.

3. Four ministries jointly published the *Announcement on Extending the Relevant Tax Policies for Science and Technology Business Incubators, University Science and Technology Parks and Public-innovation Spaces*

On September 4, MOF, the State Administration of Taxation, the Ministry of Science and Technology, and the Ministry of Education jointly published the *Announcement on Extending the Relevant Tax Policies for Science and Technology Business Incubators, University Science and Technology Parks and Public-innovation Spaces*, which provided the following. First, incubation services refer to the services of brokerage, operating leasing, R&D and technology, information technology and assurance consulting provided to incubatees. Second, real estate and land used by national and provincial-level science and technology business incubators, university science and technology parks, and state-filed public innovation spaces, as well as those provided to incubatees for use free of charge or through leasing are exempted from real estate tax and urban land use tax; income derived from the provision of incubation services to incubatees is exempted from VAT. Third, the implementation period is from January 1, 2024 to December 31, 2027.

4. Three ministries jointly published the *Announcement on the VAT Policy for Equipment Purchased by R&D Institutions*

On September 5, MOF, the Ministry of Commerce and the State Administration of Taxation jointly published the *Announcement on the VAT Policy for Equipment Purchased by R&D Institutions*, which provided the following. First, this announcement applies to domestic R&D institutions and foreign-funded R&D centers that are entitled to the policy of full VAT refund for purchase of domestically produced equipment, including national engineering research centers, enterprise technology centers, national key laboratories (including national key laboratories at enterprises) and national engineering technology research centers. Second, the foreign-funded R&D centers must meet the following conditions: no less than 8 million US dollars of total investment if they are independent legal persons; no less than 8 million US dollars of total R&D investment if they are non-independent legal persons as internal departments or branches of the enterprise; no less than 80 full-time R&D personnel; no less than 20

million RMB of the cumulative value of equipment purchased since their establishment. Third, the announcement will be implemented until December 31, 2027, specifically from the first date of the month following the receipt of the qualification for tax refund of domestic R&D institutions and foreign-funded R&D centers.

5. Four ministries jointly published the *Announcement on Income Tax Policy Matters for Third-Party Enterprises Engaging in Pollution Prevention and Control*

On September 5, MOF, the State Administration of Taxation, the National Development and Reform Commission, and the Ministry of Ecology and Environment jointly published the *Announcement on Income Tax Policy Matters for Third-Party Enterprises Engaging in Pollution Prevention and Control*, which provided the following. First, third-party enterprises engaging in pollution prevention and control refer to enterprises entrusted by pollutant-discharging enterprises or governments to be responsible for the operation and maintenance of environmental pollution control facilities. Second, enterprise income tax will be levied at a reduced rate of 15% for eligible third-party enterprises engaging in pollution prevention and control. Specific conditions include: legally registered resident enterprises in China; more than 1 year of continuous operation practice of environmental pollution control facilities, and capacity to ensure the normal operation of facilities. Third, the implementation period is from January 1, 2024 to December 31, 2027.

6. MOF published the *Interim Measures for the Life Cycle Management of Projects-funded by Loans of International Financial Institutions and Foreign Governments*

On September 5, MOF published the *Interim Measures for the Life Cycle Management of Projects-funded by Loans of International Financial Institutions and Foreign Governments*, which provided the following. First, the Measures are applicable to the management of the whole life cycle of projects, such as project solicitation and application, planning of project pipeline, project preparation, project consultation and negotiation, project signing and entry into force, project implementation, project completion, project performance evaluation and audit, debt repayment, project supervision and inspection. Second, as the basic unit of management, every project is

included in the project database of the MOF's management system for loans and grants of international financial institutions and foreign governments, and relies on the said system for its life cycle implementation management. Third, in line with the principle of "unified leadership and tiered management", the finance authorities shall advance, guide and supervise the implementation of projects, the provision of matching funds, loan repayment and other activities.

7. MOF published the *Measures for the Management of Special Funds for Inclusive Financial Development*

On September 12, MOF published the *Measures for the Management of Special Funds for Inclusive Financial Development*, which provided the following. First, the special funds for inclusive financial development refer to the special transfer payment funds made available by the central government to support the development of inclusive finance, which are used to support provinces, autonomous regions, municipalities directly under the central government, cities with separate planning status, and the Xinjiang Production and Construction Corps to carry out work related to provision of interest subsidies for business start-up guaranteed loans, central fiscal support for inclusive financial development and demonstration zones, and targeted fee subsidies for rural financial institutions. Second, the central finance authorities will provide tiered rewards and subsidies to each province, and support the inclusive financial development and demonstration zones determined by each province to independently carry out inclusive financial work, so as to alleviate the problem of financing accessibility and affordability for targeted groups of people. Third, MOF is responsible for special fund policy design, budget preparation, allocation and issuance, and will organize and carry out budget performance management, and guide local governments to strengthen special fund management.

8. Four ministries jointly published the *Circular on Adjusting and Improving the Relevant Policies for Student Loans*

On September 18, the Ministry of Education, MOF, the People's Bank of China and the National Administration of Financial Regulation jointly published the *Circular on*

Adjusting and Improving the Relevant Policies for Student Loans, which provided the following. First, the upper-limit of national student loans will be increased. Starting from the fall semester of 2023, the annual loan limit for full-time general college students will be increased from no more than 12,000 RMB to no more than 16,000 RMB; the annual loan limit for full-time graduate students will be increased from no more than 16,000 RMB to no more than 20,000 RMB. Second, the national student loan interest rate will be adjusted from 30 basis points below the loan prime rate (LPR) to 60 basis points below the LPR. Third, commercial student loans for graduate students will be offered to provide certain favorable treatment for graduate students in terms of loan amount, interest rate, term, repayment method, etc.

II. Facts & Figures

1. Total profit of China's major industrial enterprises from January to July reached 3.94398 trillion RMB

The data published by NBS on August 29 showed that total profit of China's major industrial enterprises from January to July reached 3.94398 trillion RMB, down by 15.5% year on year. Among them, total profit of state-controlled enterprises was 1.38059 trillion RMB, down by 20.3% year on year; total profit of joint-stock enterprises was 2.88356 trillion RMB, down by 16.6%; total profit of foreign-invested enterprises and Hong Kong, Macao and Taiwan-invested enterprises was 935.57 billion RMB, down by 12.4%; and total profit of private enterprises was 1.02266 trillion RMB, down by 10.7%.

2. Total operating income of China's SOEs from January to July increased by 4.3% year on year

The data published by MOF on August 29 showed that total operating income of China's SOEs from January to July was 47.71607 trillion RMB, up by 4.3% year on year; and total profit was 2.73325 trillion RMB, up by 3.9% year on year.

3. Lottery sales in China totaled 48.905 billion RMB in July

The data published by MOF on August 31 showed that lottery sales in China totaled 48.905 billion RMB in July, an increase of 17.535 billion RMB or 55.9% year on year. Among them, welfare lottery sales were 17.866 billion RMB, an increase of 5.485 billion RMB or 44.3% year on year; sports lottery sales were 31.039 billion RMB, an increase of 12.050 billion RMB or 63.5% year on year.

4. China's manufacturing PMI in August was 49.7%

The data published by NBS on August 31 showed that China's manufacturing PMI in August was 49.7%, up by 0.4 percentage points from the previous month. By the scale of enterprises, the PMI of large, medium and small-sized enterprises was 50.8%, 49.6% and 47.7% respectively, up by 0.5, 0.6 and 0.3 percentage points respectively from the previous month. In terms of the sub-indexes, among the five sub-indexes that make up the manufacturing PMI, the production index, new order index and supplier delivery time index were above the critical point, while the raw material inventory index and employee index were below the critical point.

5. China's tax revenue from January to July registered an increase of 14.5% year on year

The data published by MOF on September 5 showed that China's tax revenue from January to July was 11.7531 trillion RMB, an increase of 14.5% year on year. Among them, the domestic VAT increased by 84.2%, the domestic consumption tax decreased by 10.6%, the enterprise income tax decreased by 7.4%, the individual income tax decreased by 0.6%, the deed tax increased by 4.2%, the real estate tax increased by 6.5%, the urban land use tax decreased by 4%, the land value appreciation tax decreased by 16.4%, and the farmland land occupation tax decreased by 20.3%.

6. China's non-tax revenue from January to July fell by 2.3% year on year

The data published by MOF on September 5 showed that China's non-tax revenue from January to July was 2.1803 trillion RMB, down by 2.3% year on year. Among them, the income from the paid use of state-owned resources (assets) increased by 7.6%, the income from national administrative fees decreased by 10.7%, and the income from fines and forfeitures decreased by 14.8%.

7. China's CPI in August rose by 0.1% year on year

The data published by NBS on September 9 showed that China's CPI in August rose by 0.1% year on year. Among them, prices in urban areas rose by 0.2%, prices in rural areas fell by 0.2%; food prices fell by 1.7% and non-food prices rose by 0.5%; consumer

goods prices fell by 0.7% and services prices rose by 1.3%.

8. China's PPI in August fell by 3.0% year on year

The data published by NBS on September 9 showed that China's PPI in August fell by 3.0% year on year. Among them, prices of extractive industries fell by 9.9%, prices of raw materials industries fell by 4.0%, prices of processing industries fell by 3.1%, food prices fell by 0.2%, apparel prices rose by 1.0%, prices of general daily necessities rose by 0.6%, and prices of durable consumer goods fell by 1.2%.

9. China's cumulative general public budget revenue from January to August was 15.1796 trillion RMB

The data published by MOF on September 15 showed that China's cumulative general public budget revenue from January to August was 15.1796 trillion RMB, up by 10% year on year. Among them, tax revenue was 12.7885 trillion RMB, up by 12.9% year on year; non-tax revenue was 2.3911 trillion RMB, down by 3.6% year on year. In terms of central and local revenue, the central general public budget revenue was 6.9687 trillion RMB, up by 9.5% year on year; the local general public budget revenue was 8.2109 trillion RMB, up by 10.3% year on year.

10. China's cumulative general public budget expenditure from January to August was 17.1382 trillion RMB

The data published by MOF on September 15 showed that China's cumulative general public budget expenditure from January to August was 17.1382 trillion RMB, up by 3.8% year on year. In terms of central and local expenditure, the central general public budget expenditure was 2.2546 trillion RMB, up by 6.5% year on year; the local general public budget expenditure was 14.8836 trillion RMB, up by 3.3% year on year.

11. Value-added of China's major industrial enterprises in August increased by 4.5% year on year

The data published by NBS on September 15 showed that value-added of China's major industrial enterprises in August increased by 4.5% year on year. In terms of the three categories, value-added of mining industries increased by 2.3% year on year, value-added of manufacturing industries increased by 5.4% year on year, and value-added of electricity, heating, gas and water production and supply industries increased by 0.2% year on year. In terms of types of ownership, value-added of state-controlled enterprises increased by 5.2% year on year; value-added of joint-stock enterprises increased by 5.7% year on year, and value-added of foreign-invested enterprises and Hong Kong, Macao and Taiwan-invested enterprises increased by 0.8% year on year; value-added of private enterprises increased by 3.4% year on year.

III. MOF Events

1. On August 28, Vice Finance Minister Zhu Zhongming met with Andreas Barckow, Chairman of the International Accounting Standards Board. The two sides exchanged views on topics such as international convergence of accounting standards and enhancement of personnel exchanges and cooperation.

2. On August 31, Finance Minister Liu Kun met with IMF Managing Director Georgieva at the Diaoyutai State Guesthouse. The two sides exchanged views on the global and Chinese economic situation, China's fiscal policy, and cooperation between MOF and IMF.

3. On August 31, Finance Minister Liu Kun met with President of Benin Patrice Talon in Beijing. The two sides exchanged views on China-Benin economic financial cooperation and other topics. Wang Weidong, Vice President of China Development Bank, also attended the meeting.

4. On September 7, Finance Minister Liu Kun met with World Bank President Ajay Banga during the East Asia Summit in Jakarta, Indonesia. The two sides exchanged views on the reform of World Bank, overall cooperation between the two sides, and clean energy, water resource recycling, health care and other topics related to sustainable development.

5. From September 4 to 9, Yang Guozhong, Chief Inspector of the Discipline Inspection and Supervision Office of the CPC Central Commission for Discipline Inspection and the National Supervision Commission of MOF, visited the headquarters of ADB and AMRO in the Philippines and Singapore, and met with ADB President Masatsugu Asakawa and AMRO Director Li Kouqing to exchange views on cooperation between China and the two international institutions, as well as the regional and China's economic situation. During the visit, Yang Guozhong also held discussions with staff

members of the Executive Director's Office for China at ADB and AMRO, and investigated the cross-border operations and anti-corruption and integrity practices of Chinese enterprises in the Philippines, such as China Telecom and China Energy Construction Corporation.

6. On September 15, Vice Finance Minister Wang Dongwei met with Rosito, Secretary for International Affairs and G20 Finance Deputy of the Ministry of Finance of Brazil, in Beijing. The two sides exchanged views on the priority work of finance track during Brazil's 2024 G20 presidency and China-Brazil economic and financial cooperation.

7. On September 16, Finance Minister Liu Kun met with Zambian Finance Minister Musokotwane. The two sides exchanged views on Zambia's debt issue and currency swap cooperation.

IV. Local Finance

1. Jiangsu Finance: Adopting four measures to promote scientific and technological innovation

According to the news released by the Finance Department of Jiangsu Province on August 28, the Finance Bureau of Wuxi City has strengthened fiscal role to help promote more new breakthroughs in scientific and technological innovation. First, efforts were made to enable enterprises to play the principal role in scientific and technological innovation, support enterprises to independently choose the types of talents they need, and independently use talent support funds. Second, they worked to optimize and adjust the expenditure structure to support scientific and technological innovation, with a focus on the construction of major scientific and technological platforms and breakthroughs in key technologies. Third, stepped up actions to innovate ways of fiscal support for the development of science and technology, and promote greater operational efficiency of angel investment funds. Fourth, made serious efforts to implement the measures for government procurement to support scientific and technological innovation, and supplement and revise the catalogue of innovative products for government procurement year by year.

2. Hunan Finance: Taking multiple measures to optimize government procurement business environment

According to the news released by the Finance Department of Hunan Province on August 31, the Shaoyang City has conducted government procurement in line with the principles of openness, fairness and transparency, and worked to create a stable, fair, transparent and predictable business environment for all types of business entities to participate in government procurement activities by improving government services and regulating government procurement behavior. First, they continued to deepen the reform of “streamlining administration, delegating powers and improving services”, promote government procurement to the benefits of enterprises, and ensure level playing field. Second, made constant efforts to strengthen standardized administration,

effectively manage government procurement demand, and promote efficient operation of government procurement. Third, they worked to strengthen interim and ex-post supervision, improve business environment in accordance with regulations, and comprehensively enhance the quality and efficiency of government procurement services.

3. Zhejiang Finance: Adopting three measures to make financing more accessible and affordable for micro and small enterprises

According to the news released by the Finance Department of Zhejiang Province on September 6, the Finance Bureau of Hangzhou City has given play to the role of governmental financing guarantee institutions to support the cultivation and development of micro and small enterprises as well as entities engaging in agriculture and rural areas. First, the Finance Bureau of Hangzhou City has made good efforts to combine Party building with financing guarantee, and carry out the special campaign of “field visits and investigations for better services and solutions”, in order to advance the reform of governmental financing guarantee system in Hangzhou. Second, they worked to combine government services with market mechanism, and establish a tripartite coordination mechanism of “policy support, guarantee credit enhancement, and bank concessions”, to support Hangzhou in fostering an enabling environment for innovation and entrepreneurship. Third, they also took measures to combine fiscal and financial support, effectively coordinate financial resources at the city and district level, and leverage more financial capital from the private sector.

4. Shandong Finance: Innovating fiscal management to enhance the capacity to coordinate and mobilize financial resources

According to the news released by the Finance Department of Shandong Province on September 8, the Finance Bureau of Dezhou City has innovated fiscal management to enhance its capacity to coordinate and mobilize financial resources. First, the Finance Bureau of Dezhou City maintained their efforts to cultivate tax base, mobilize financial resources from all channels and actively seek fiscal support to boost fiscal capacity and provide stronger support for protection of people’s livelihood. Second, they worked to

improve the accuracy of forecasting, safeguard the bottom line, and enhance risk prevention and control by implementing targeted policies, conducting reasonable management, and improving management efficiency. Third, they strengthened their efforts to implement non-tax policies, publicize the catalogues of fees, advance the reform of non-tax collection, support the implementation of tax and fee cut policies, and optimize the business environment.

5. Shandong Finance: Further enhancing government procurement to support green, low-carbon and high-quality development

According to the news released by the Finance Department of Shandong Province on September 11, the Finance Department of Shandong has further deployed government procurement policies to guide and drive more policies and private funds to support green, low-carbon and high-quality development of Shandong. First, the Finance Department of Shandong has adopted measures to promote green procurement in key areas such as construction and transportation, carry out priority procurement or compulsory procurement of energy-saving, water-saving and environmentally friendly products, and increase government procurement of clean-energy vehicles. Second, they beefed up efforts to carry out pilot of government procurement to support green building materials to promote building quality improvement, and use government procurement policies to actively promote the application of green construction and building materials. Third, they continued to implement a package of policies for government procurement to support SMEs, optimize the preferential measures for procurement from SMEs, and increase the financing of government procurement contracts. Fourth, they worked to optimize the business environment in the field of government procurement, and strengthen the application of electronic licenses for government procurement.

6. Hubei Finance: Providing more and better financial services for enterprise development

According to the news released by the Finance Department of Hubei Province on September 15, the Finance Bureau of Xianning City has conducted the pilot program

of fiscal support for comprehensive reform of financial services for private and micro and small enterprises, so as to better leverage the role of fiscal funds. First, the Finance Bureau of Xianning City provided support for the governmental financing guarantee institutions to reach out to grassroots businesses through reward incentives, risk compensation, capital injection, guarantee fee subsidies, etc. Second, they made efforts to enhance the coordination of fiscal, financial and industrial policies, and introduce new mechanisms of financial services for brick tea industrial chain, scientific and technological innovation and industrial clustering. Third, they worked to integrate fiscal funds, change the model of support, encourage technology business incubators and co-working spaces to set up seed funds and angel investment funds, and develop the "investment + incubation" operational model. Fourth, they established a special subsidy mechanism for governmental financing guarantee institutions, with a focus on risk sharing and incentivizing banks to lend. Fifth, they helped reduce the financing costs of enterprises and prevent the capital chain rupture of enterprises with the local government acting as a "bridge".

7. Yunnan Finance: Introducing nine measures to strengthen the supervision of fiscal funds

According to the news released by the Finance Department of Yunnan Province on September 20, the Finance Bureau of Kunming City has improved the closed-loop supervision mechanism throughout the whole process of fiscal funds with clear powers and responsibilities, scientific management and efficient operation to ensure the safe operation and efficient use of fiscal funds. First, strengthen fiscal responsibilities and provide guidance for management of fiscal funds. Second, enhance the accountability of departments over the supervision of the use of fiscal funds. Third, standardize the operational process and improve the supervision mechanism throughout the whole process of fiscal funds. Fourth, improve the effectiveness of funds and strengthen the performance management throughout the whole process of fiscal funds. Fifth, highlight process management and improve the level of government procurement services. Sixth, improve management methods and deepen the integrated budget management. Seventh, optimize working mechanisms and improve the fiscal and accounting supervision system. Eighth, strengthen accountability and improve the mechanism for supervision

and accountability of fiscal funds. Ninth, take a coordinated approach to improve quality and efficiency of the supervision of fiscal funds.

8. Guizhou Finance: Deepening the reform of budget management to promote high-quality fiscal development

According to the news released by the Finance Department of Guizhou Province on September 21, the Finance Bureau of Longli County has continuously improved the budget management system and effectively enhanced the efficiency of the use of fiscal funds to promote the high-quality economic and social development of the county. First, implement full-process budget management and strengthen the overall coordination between budgets. Second, strengthen the development of budget expenditure standards, and strictly implement the requirements of “belt-tightening” at Party and government organs. Third, carry out comprehensive disclosure of budget information and improve the level of granularity. Fourth, improve the informatization of budget supervision, and build a monitoring model featuring ex-ante and interim effective control and ex-post performance assessment. Fifth, build a budget performance management system, and strengthen the application of performance evaluation results.

V. Remarks & Opinions

1. Bai Chongen: It is important to ease the pressure of local government debt and tackle the salient problems of the current macro-economy

On August 29, Bai Chongen, Dean of the School of Economics and Management of Tsinghua University, stated in an article in the *CPPCC Daily* that insufficient demand and weak expectations are still the salient problems of the current macro-economy. To resolve the above problem, he put forward three suggestions. First, ease the pressure on local government debt. To this end, the issuance of special central government bonds may also be considered, in addition to restructuring local government debts and alleviating short-term debt repayment pressure. Second, promote more scientific theory on the private economy. It is important to improve relevant theoretical research and publicity work, and create a public opinion environment that is more conducive to the development of the private economy. Third, effectively deliver the policy of equal treatment for both state-owned enterprises and private ones. We need to establish a special supervision system for public officials infringing on the rights and interests of private enterprises, and provide a safe complaint mechanism for private entrepreneurs. We also need to ensure no one who has fulfilled their duties will be held liable for anything beyond their control, improve fault tolerance mechanisms, avoid unfair treatment of private enterprises caused by differences in accountability, and dispel the worries of relevant government departments and units. Moreover, relevant laws and regulations should be further improved.

2. Wang Dongwei: Stepping up efforts to support market entities in tiding over difficulties in order to better promote stable, healthy and high-quality development of economy

On September 7, Vice Finance Minister Wang Dongwei attended the regular policy briefing of the State Council to give an update on the continuation, optimization and improvement of tax and fee cut policies for stable and healthy economic development. Wang Dongwei pointed out that since the beginning of this year, in the face of the

complex and challenging international circumstances and the arduous tasks of domestic reform, development and stability, the Ministry of Finance has conscientiously implemented the important instructions of General Secretary Xi Jinping and the decisions of the CPC Central Committee and the State Council, firmly geared towards the primary task of high-quality development, and continuously stepped up macro policy support. In line with the requirements of “deploying more powerful, targeted and sustainable proactive fiscal policies”, MOF has extended and optimized a number of phased preferential tax and fee policies, studied some highly-targeted new measures, and actively formulated a batch of policies ready for implementation when needed, so as to systematically employ a mix of tax and fee policies to support enterprises in tiding over difficulties. The measures are mainly focused on the following seven aspects.

(1) Support the efforts to build up the strength and quality of real economy. First, on the basis of policy optimization and improvement, the preferential tax policies for micro and small enterprises and the self-employed that were due to expire have been extended until the end of 2027 to further stabilize expectations and strengthen confidence. Second, unemployment and work-related injury insurance premiums and employment security funds for the disabled have been lowered to ease the burden on employers. Third, fiscal support has been further strengthened for small and medium-sized enterprises in terms of fiscal fund guidance, financing, government procurement policies, and support for job stabilization.

(2) Promote income increase and consumption expansion. First, three special additional deduction standards for individual income tax, i.e., care for infants under the age of 3, children's education, and support for the elderly, have been raised. Second, the one-time bonus for the year continued to be taxed separately. Third, preferential policies such as personal income tax rebates for the purchase of housing have been introduced. These measures are likely to effectively reduce the tax burden of residents and enhance their consumption capacity.

(3) Promote high-level technological self-reliance. A number of preferential tax policies have been extended and optimized, with a focus on supporting R&D inputs, investment

for start-ups, R&D equipment, key industrial chains, and incentives for entrepreneurship and innovation development.

(4) Support the development of strategic emerging industries. First, tax reduction and exemption policies for new energy vehicle purchase have been extended and optimized, to consolidate and amplify the development advantages of China's new energy vehicle industry. Second, preferential tax policies for civil aero engines and civil aircrafts have been extended to support research on key and core technologies. Third, preferential policies for VAT deduction in advanced manufacturing have been introduced to promote the upgrading and development of advanced manufacturing and improve the innovation capacity and core competitiveness of enterprises.

(5) Promote the sustainable and healthy development of the capital market. First, a number of preferential tax policies related to Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect and mutual recognition of funds, opening of commodity futures market, innovative enterprise depository receipts, and equity incentives for listed companies have been extended. Second, stamp duty on securities transactions has been halved to energize the capital market and boost investor confidence.

(6) Promote the stabilization of foreign trade and foreign investment. First, the tax policy on imported exhibits at CIFTIS has been extended to support the holding of major exhibitions such as CIFTIS. Second, the tax policy for export return goods of cross-border e-commerce has been extended to support foreign trade enterprises in expanding sales channels through new formats and models. Third, the tax exemption policies for allowances of foreign individuals and preferential individual income tax policies for individuals in the Guangdong-Hong Kong-Macao Greater Bay Area have been extended, so as to create a favorable policy environment to attract foreign investment and overseas talents to work in China.

(7) Support the efforts to prevent and resolve risks. First, preferential tax policies related

to VAT, deed tax, and stamp duty for banking financial institutions and financial asset management companies in disposing of non-performing debts have been extended. Second, the policy and collection method of the income from the transfer of mining rights have been refined and adjusted to shift from one-time payment to annual payment, which will greatly reduce the payment pressure of enterprises and promote the high-quality development of the mining industry. Third, the preferential policy of halving the resource tax for filling mining of coal has been extended.

The above seven policy measures share four features:

(1) Policy continuity. Since the beginning of this year, a great deal of tax and fee policies involving a wide range of sectors and with long duration have been extended, which meets the expectations of enterprises. The extension of those policies has been expeditiously determined and released to the outside world, so as to stabilize expectations, boost confidence, and create a stable policy environment for enterprises to make investment decisions and conduct business activities.

(2) Being forward-looking. In light of changes in the situation and the trend of economic operation, we have strengthened counter-cyclical adjustment and research of policy reserve, properly handled the timing, intensity and rhythm of policy introduction, and given full play to the role of tax regulation and control.

(3) Being targeted. In view of the difficult and critical points in economic operation, we have worked to improve the quality of supply and expand effective demand, and intensified support for scientific and technological innovation, real economy and development of micro, small, medium-sized enterprises.

(4) Being synergistic. Fiscal and tax policies and other macro policies such as financial and industrial policies were calibrated and deployed in the same direction to build up the synergy and promote the formation of a stable and predictable macro policy environment.

In the next step, on the basis of coordinated and efficient implementation of policies, we will further strengthen policy research, make good use of policy space, identify the focus of policy measures, and seek to support market entities in tiding over difficulties, in order to better promote stable, healthy and high-quality development of economy.

3. Liu Kun: Budget implementation has been generally stable since this year and efforts will be made on five fronts in the next step

On August 28, Finance Minister Liu Kun reported at the 5th meeting of the Standing Committee of the 14th NPC on the implementation of the budget since the beginning of this year. Liu Kun pointed out that, since this year, in the face of the complex and challenging international circumstances and with arduous tasks of domestic reform, development and stability, all regions and departments, under the strong leadership of the Party Central Committee with Comrade Xi Jinping as the core, have followed the guidance of the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, fully implemented the guiding principles laid out at the 20th CPC National Congress, acted on the resolution on the budget of the 1st Session of the 14th NPC in accordance with the decisions of the Central Economic Work Conference, adhered to the general principle of seeking progress while maintaining stability, applied the new development philosophy in full, to the letter and in all fields, moved faster to foster a new development paradigm, promoted high-quality development, taken into account both domestic and international imperatives, coordinated pandemic prevention and control with economic and social development, and worked on development and security as two top priorities. As a result, the national economy continued to recover with a sound momentum of high-quality development, industrial upgrading was accelerated, food and energy security was effectively safeguarded, and social security and stability was enhanced, laying a sound foundation for meeting the annual economic and social development targets. All aspects of fiscal reform and development have been taken forward in a solid manner, with generally stable fiscal operation and relatively good implementation of the budget.

The relevant departments under the State Council have conscientiously followed the Budget Law and implemented the relevant requirements of the budget review and

supervision of NPC, strictly implemented the budget approved by the 1st session of the 14th NPC, intensified the implementation of proactive fiscal policies, optimized the structure of expenditures, stepped up support for major national strategic tasks and protection of people's livelihood, sped up budget implementation, improved fiscal management, further strengthened fiscal supervision, strictly enforced economic and financial discipline, and promoted the overall recovery of economic operation. Generally speaking, the implementation of the budget since the beginning of this year has been stable, which has effectively guaranteed the implementation of the major policy decisions and arrangements of the CPC Central Committee and the State Council. At the same time, there are also some difficulties and problems in fiscal operation and budget implementation, which merit our special attention and need to be effectively addressed.

In the next step, under the strong leadership of the Party Central Committee with Comrade Xi Jinping as the core, we will fully implement the guiding principles of the 20th CPC National Congress, adhere to the general principle of seeking progress while maintaining stability, apply the new development philosophy in full, to the letter and in all fields, move faster to foster a new development paradigm, comprehensively deepen reform and opening-up, step up macro-policy regulation and management, focus efforts on expanding domestic demand, boosting confidence and preventing risks, promote the continuous progress of economic operation, enhancement of growth momentum, improvement of social expectations, and resolution of hidden risks, and ultimately achieve the effective improvement of quality and reasonable growth of the economy. Efforts will be made on the following areas:

(1) Strengthen the implementation of proactive fiscal policies with greater effectiveness. We will strengthen monitoring and analysis of fiscal and economic operation, closely track the implementation of local and departmental budgets, make good use of the mechanism for direct allocation of fiscal funds, reasonably accelerate the progress of fiscal expenditure, comprehensively improve the efficiency of fund disbursement, and work towards the early outcomes of various fiscal and tax policies. We will strive to issue almost all the new special bonds of this year by the end of September, and the

funds raised from the special bonds for project construction will be used up by the end of October. We will study the possibility of expanding the fields of investment and the scope of using the special bonds as the capital for projects in order to attract and crowd in private investment. We will strengthen the preparation and post-investment management of special bond projects, improve the supervision and management mechanism for the whole cycle and whole process of project construction and operation, and improve the effectiveness of the use of special bond funds. We will implement relevant supportive tax and fee policies, resolutely rectify arbitrary collection of fees and fines, and promote the resolution of the problem of government arrears to enterprises. We will strengthen the coordination and cooperation of fiscal, monetary and other policies to better enhance synergies. We will strengthen the management of expectations, ramp up policy publicity and interpretation, and vigorously boost public confidence.

(2) Support the real economy for growing stronger and better. We will promote extra tax deduction of R&D expenses and other policies that encourage innovation to the benefit of enterprises, and guide more SMEs to engage in specialization and innovation. We will study and deepen the reform of the mechanism for allocation and use of science and technology funds, and continuously improve the efficiency of investment in science and technology. We will make high-quality development of the manufacturing industry a top priority, strengthen the innovation capacity, step up support for research of key technologies, and study relevant policies to support the development of advanced manufacturing and foster a modern industrial system. We will improve the funding mechanism for rural revitalization, resolutely safeguard the bottom line of ensuring food security and preventing large-scale relapse into poverty, and solidly advance key work such as rural development, rural construction, and rural governance. We will implement major regional strategies and enhance the coordination and balance of regional development. We will make good use of policies such as special funds for foreign economic and trade development to support the stabilization of foreign trade and foreign investment.

(3) Effectively protect and improve people's livelihood. We will fully implement the

employment priority strategy, and make good use of policies such as social insurance subsidies, vocational training subsidies, guaranteed loans and loan interest subsidies for business start-up, so as to promote the employment and entrepreneurship of college graduates and other young people and encourage enterprises to create jobs. We will enhance the accountability for the "three priorities" of public finances at all levels, guide local governments to effectively coordinate transfer payment funds and their own financial resources, make more efforts to optimize the structure of expenditures, channel more financial resources to lower-level governments, strengthen the monitoring and early warning of the balance of treasury funds, provide timely and appropriate support to struggling areas, and ensure that no problems occur with respect to the "three priorities" at the grassroots level. We will continue to provide funding support to ensure people's livelihood such as compulsory education, basic medical care, and basic housing, raise the level of basic pensions for urban and rural residents, raise the special additional deduction standards for children and elderly care in individual income tax, strengthen aid and assistance to people in need, support flood prevention and drought control, and continuously reinforce the tight safety net for protection of people's livelihood.

(4) Prevent and resolve local government debt risks. We will develop and implement a package of solutions for tackling debt risks. We will further enhance local and departmental responsibilities, and strictly implement the requirement that "provincial government bears overall responsibility, and sub-provincial Party committees and governments assume their respective responsibilities". The central finance authorities will actively support local governments in resolving hidden debt risks, urge local governments to deploy all kinds of funds, assets, resources and various supportive policies and measures, and closely track the efforts of cities and counties in properly resolving existing hidden debts, optimizing the term structure, reducing the interest burden, and gradually defusing the debt risks. We will strengthen cross-departmental joint supervision, exert high pressure, strengthen regular supervision and assessment, resolutely investigate and deal with newly increased hidden debts, enforce lifelong accountability and retroactive investigation of responsibility, and prevent new debts from being added while old debts are being resolved. We will steadily promote the consolidated supervision of local government debts and promote the establishment of a

unified and long-term regulatory system and framework.

(5) Further tighten economic and financial discipline. We will fully implement the *Guidelines on Further Strengthening the Work of Fiscal and Accounting Supervision*, improve the accounting supervision system, improve the working mechanisms, and intensify the supervision of the fiscal, financial and accounting activities of state organs, enterprises and institutions in accordance with laws and regulations. We will solidly promote special actions related to fiscal and accounting supervision while implementing major decisions and deployments of the CPC Central Committee and the State Council, severely crack down on all kinds of violations of economic and financial discipline, and strengthen accountability, censure and punishments, so that discipline could truly have teeth. We will further advance post-audit rectification, urge for both immediate rectification and creation of long-term mechanisms to prevent similar problems, consolidate the responsibility for rectification, and report the results of rectification to the Standing Committee of NPC and disclose them to the public.

4. Zhang Yuyan: Promoting an open world economy towards common prosperity for all mankind

On September 22, Zhang Yuyan, Director of the Institute of World Economics and Politics of the Chinese Academy of Social Sciences, stated at the Plenary Session of the 2023 Eurasian Economic Forum that the changes in the world, the times, and history are unfolding in an unprecedented way, and one of the unprecedented challenges facing mankind is the interference of political factors in the process of advancing global and regional development with economic logic. Economic politicization takes many forms, such as the trade protectionism that runs contrary to economic laws and the creation of blocs and walls that fuel discriminatory regionalism, all at the expense of the welfare of free trade participants. The future of the world depends on the choices of the people of all countries, and the correct choice is to maintain a pluralistic and stable international economic pattern and economic and trade relations, advance trade and investment liberalization and facilitation, advance bilateral, regional and multilateral cooperation, and promote an open world economy towards common prosperity for all mankind.

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