

## **Analysis of the influence of "camp to increase" policy on the supply chain of agricultural products**

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**Key words:** replacing business tax with value-added tax(VAT); agricultural products logistics; impact

**Abstract:** Since 2011, our country has promoted the reform of business taxation as value-added tax, so far, our tax policy and system have made very significant changes, and it has great significance to the development of China's economy. As a major agricultural industries in China, the development of agriculture and health is directly related to the quality of the development of China's economy, a large part of the supply chain of agricultural products as the agricultural operation is very important, the implementation of replacing business tax with value-added tax(VAT) policy has a great effect on the enterprise supply chain of agricultural products. In this paper, the author mainly analyzes the impact of VAT on the supply chain of agricultural products.

### **Introduction**

In 2011, China's Ministry of Finance and the State Administration of Taxation promulgated the circular on the issuance of pilot projects on VAT for business tax reform, which took place in Shanghai. In 2012 the Ministry of Finance and national tax bureau issued the "Ministry of Finance and the State Administration of Taxation on the 8 in Beijing and other provinces to carry out the transportation industry and part of modern service industry business tax VAT pilot's notice", in Beijing City, Tianjin City, Guangdong Province, Guangdong province and other 8 provinces and municipalities to carry out value-added tax pilot implementation. After two years of pilot implementation, since 2013, business tax changed to VAT, which has been widely applied in the country. Since then, China's tax policy and system have made significant changes compared with the past. In the past few years replacing business tax with value-added tax(VAT) policy implementation process, we see the implementation of the policy of replacing business tax with value-added tax(VAT) largely reduce the tax burden of the service industry, the specialized division of labor for the service industry, promote the upgrading of the industrial structure has a very important significance to promote. Agriculture is a major economic industry in our country. In order to better promote the foundation of such a national economy and the development of weak industries, agriculture is extremely important to promote the supply chain of agricultural products. Therefore, the analysis of the pros and cons of value-added tax for business tax reform, to develop a better supply chain of agricultural products development, not only related to the development of China's agricultural economy, but also related to the overall development of the national economy.[1]

### **Camp changed to increase policy implementation analysis**

As one of the most important taxes in China, value-added tax accounts for 1/3 of the total amount of

tax revenue in china. In the past, from the point of view of the protection of the relevant laws, China mainly made the enterprise income tax, the vehicle and vessel tax as well as the corresponding laws, while the value-added tax as the main category of tax in China was only the provisional regulations promulgated by the state council. With the continuous improvement of China's law, it is essential to formulate the corresponding law on value-added tax. [2]The value-added tax of business tax reform is built on the establishment of a standardized and unified tax system, the realization of the development of the market economy and the adjustment of the economic structure. Many experts and scholars in China have analyzed and studied the significance, scope and content of the reform of value-added tax on business tax reform, and analyzed the feasibility of value-added tax in various industries. Many experts believe that due to the early normal formulation in the tax tax system is formulated according to the economic development of the market economy system and the actual situation of the early tax policy in the past, many of China's economic development has great role in promoting, has great significance for China's fiscal revenue growth. However, with the development of the world economy, China's economy has become the market economy transformation period, if we still use the past in different industries with different tax measures will hinder the unified, open, standardized and orderly requirements of modern market economy, is not conducive to the normal operation of the market economy. At the same time, business tax reform value-added tax for the third industry played a role in avoiding repeating taxation, reducing the tax burden, and promoting the optimization of industrial structure.[3]

### **"camp changed to increase" new policy analysis of the impact of agricultural supply chain**

Since 2013, China's full implementation of value-added tax, value added tax play a role is obvious to people, China's agricultural products value added tax has adopted many preferential measures such as exemption, vegetables and other agricultural products shall be exempted from value added tax, from 2013 to 2016 related to the wholesale market of agricultural products, and during the period of exemption from urban land market the use of tax and real estate tax and a series of measures. However, we must realize the logistics of agricultural products is a complex circulation of agricultural products, agricultural products logistics in some small micro enterprise value added tax and business tax threshold is low, the logistics and transport process of tax is not reduced, is not conducive to the development of small and micro enterprises engaged in agricultural products logistics and transport. Therefore, the implementation of the new policy of business tax reform and value added tax has both positive and negative impacts on the supply chain of agricultural products in two aspects.[4]

Due to the coexistence of value added tax and business tax in the past, the supply of agricultural products enterprises has double taxation, for example, provide business tax service enterprises purchased materials and equipment cannot deduct input tax; the production, wholesale and retail enterprises purchase business tax service has not deductible corresponding pay business tax; business tax service enterprises provide service of business tax is not deductible. Thus, for agricultural products supply chain as a link layer transfer. If there is double taxation, is bound to the enterprises in the supply chain of agricultural products tax burden, agricultural products circulation to the hands of consumers consumption will be higher. The value-added tax can better avoid the agricultural products business double taxation, reduce the burden of many enterprises, but also conducive to the supply chain of agricultural products in China to promote the healthy and stable development of China's agricultural progress better.[5]

Value added tax to avoid supply chain enterprises double taxation, perfecting the tax system, deepen the industrial division of labor, reduce the agricultural products supply chain enterprise tax burden, promote the enhancement of supply chain enterprises increased in the number, scale, competitiveness, for the entire supply chain structure optimization, increase employment has a very practical role especially for the development of agricultural products supply chain engaged in the transport of small and medium enterprises, reduce the tax burden for these small and medium-sized enterprises have more experience to provide better service for logistics, optimizing the structure of the enterprise, has very important significance and the agricultural products supply chain enterprises to improve the quality of service.

The implementation of value-added tax, China's logistics enterprises with annual revenues of less than 5 million yuan, which is identified as a small scale tax for logistics enterprises, the VAT rate is 3%, a decrease of 2.91% and the past tax for agricultural logistics supply chain in such a high cost of logistics enterprises of small and medium-sized enterprises to reduce their stress the tax burden, so that these agricultural products supply enterprises have more investment in economic development, enhance the supply of agricultural products in small and medium enterprise market competition ability.[6]

In the past two business tax and VAT tax coexist situation, there will be some transactions difficult to define, because the tax authorities shall have the right of final interpretation, often make the disadvantaged businesses, increasing the risk of corporate tax, but also increased between tax authorities and business disputes. For example, a single enterprise behavior, corporate finance is difficult to correctly distinguish the fashion, the existence of corporate sales and run mixed behavior, it is more difficult to distinguish between, and enterprises should pay taxes to pay taxes is more difficult to distinguish. However, after the business tax reform value added tax, it ceases to be related to VAT or business tax, and has a very obvious role in reducing the tax risk of the enterprises supplying agricultural products.

Value added tax for agricultural products supply chain for many to reduce their tax burden, promote their economic growth, but for the use of warehouse in handling and transport logistics industry, business tax reform VAT, tax rate had a 3% sales tax to 6% and 11% of the value-added tax, the adjustment the larger, especially logistics costs accounted for the largest proportion of labor costs and warehouse rent is not deductible, and the actual implementation of the project can be achieved in the process of deduction is less, greatly increased the tax burden of logistics industry. Especially for agricultural products, logistics, transportation, a small profit industry, the average profit margin is less than 3%, so the increase of the tax burden makes the logistics industry less profitable, hindering the rapid development of the supply chain of agricultural products.[7]

After the business tax reform VAT, many logistics enterprises usually adopt the input tax deduction to reduce its tax burden, some companies canceled the logistics of intermediate links and supplier transactions and provide value-added tax invoices to reduce their tax burden, so as to reduce intermediate links in the supply of agricultural products, is bound to make some small and medium enterprises frustrated and had to change the business model, change the structure of logistics industry of agricultural products. In addition, after the business tax reform VAT, because the supplier usually requires the buyer will pay the account directly and provide value-added tax invoices for the deductible VAT, and no longer by the logistics enterprises, this will inevitably affect the logistics capital flow of the enterprise, make some agricultural products logistics enterprises have to change the business model to its own development needs.[8]

## Conclusion

Although the value added tax to a certain extent, the development of agricultural products supply chain has certain adverse effects, but we must be aware of the business tax reform vat has many positive effects, and with China's tax system of continuous improvement, through our continuous adjustment and perfection of the value added tax for the development of the future including each enterprise of agricultural products supply chain industry and progress will have a very important significance to promote, such as all sectors are included in the scope of replacing business tax with value-added tax(VAT), which can increase the number of deductible input, reduce costs, improve economic efficiency. Therefore, we should continue to improve laws and regulations enacted to supply products tax, to fully absorb the country about the adoption of a tax reform suggestions and opinions, accelerate the construction of China's tax information, to realize the information management of the tax, to support the development of small and medium enterprises, the real meaning of some small and medium-sized enterprises type to reduce the supply of agricultural products part of the tax burden, increase deductions and deduction scope, to ensure the healthy development of the industry of agricultural products in the company. The implementation of the learning experience of foreign value-added tax, value-added tax of our country to gradually achieve a single tax rate, simplify the tax rate level, which makes the management of agricultural products to reduce the tax burden on enterprises, will be more small and medium-sized enterprises into the general taxpayer category, in order to solve the low threshold, the complexity of the operation of the main objective. At the same time, can according to the difference in different places, with local characteristics of the open source, so that not only can solve many tight areas dilemma, tax incentives for agricultural products enterprises, alleviate agricultural enterprise tax, is conducive to the development of these small and medium sized enterprises. In short, VAT taxes profits, outweigh the disadvantages will inevitably promote the development of each enterprise in the supply chain of agricultural products, has a very important practical significance for the development of agriculture in our country.[9]

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