

An Analysis of the Impact of the Tax Burden on the Cultural and Sports Industry

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Abstract

This paper first analyzes the tax policy changes of culture and sports industry of replacing business tax with value-added tax(VAT); then under certain assumptions on the basis of calculating tax, culture and sports industry in replacing business tax with value-added tax(VAT) changes before and after tax, and practical investigation; finally puts forward some countermeasures and suggestions to deal with the influence of culture and sports industry "replacing business tax with value-added tax(VAT) tax the.

Keywords

Camping and increasing; Cultural and sports industry; effect of tax burden.

1. Introduction

For a long time, the business tax system is applicable to the cultural and sports industry in China. There is a lot of duplication of Taxation in the cultural and sports industry because the tax of foreign goods or services can't be deducted. According to the circular on the comprehensive pilot of the pilot project of changing business tax to VAT (fiscal 2016 [36]), it is clear that from May 1, 2016, the cultural and sports industry will be included in the scope of business tax instead of VAT, and the applicable VAT rate is 6% lower. What is the impact of "landing on the camp to increase" policy on the tax burden of culture and sports industry, whether it can achieve the purpose of reform, eliminate duplicated taxation, reduce tax burden and speed up the development of industry? This article will carry on the analysis to this, and put forward the corresponding countermeasures and suggestions.

2. Culture and sports industry camp to increase relevant policies

2.1 Taxpayer

The value added tax payer of cultural sports service refers to the units and individuals who provide cultural and sports services in People's Republic of China. The annual value added tax that provides cultural and sports services is more than 5 million yuan (including the total number), and the taxpayer is the general taxpayer. The taxpayer who has not exceeded the prescribed standard is a small-scale taxpayer.

2.2 Tax rate

According to the Provisional Regulations on business tax revised in 2009, the cultural and sports industry levied the business tax in accordance with the tax rate of 3%. In accordance with the provisions of the taxation 2016 Document No. 36, into the category of culture and sports service value-added tax general taxpayer applies to low tax rate of 6%; the general taxpayer small-scale taxpayers as well as the specific cultural and sports institutions to provide alternative simple calculation of the cultural and sports service, sign a yield of 3%. The change of tax rate before and after the change of cultural and sports service camp is shown in Table 1.

As can be seen from table 1, after the increase of cultural and sports industry camp, the actual tax rate of the general taxpayer of value-added tax increased by 2.66%, while for small scale taxpayers, the tax rate decreased by 3% to 2.91% and a slight decrease.

Table 1 changes in tax rates before and after the change of cultural and sports camps

Taxpayer	period	Tax category	Nominal tax rate (%)	Real tax rate (%)	Tax rate change
General taxpayer	Prior to the reform of the camp	Sales Tax	3	3	+2.66
	After the modification of the camp	Value added tax	6	5.66	
Small scale taxpayer	Prior to the reform of the camp	Sales Tax	3	3	-0.09
	After the modification of the camp	Value added tax	3	2.91	

Notes: $6\% / (1+6\%) = 5.66\%$; $5.66\% - 3\% = +2.66\%$; $3\% / (1+3\%) = 2.91\%$; $2.91\% - 3\% = -0.09\%$

2.3 Incidence of taxation

After the transformation of cultural and sports business camp in business tax, it belongs to the field of "life service industry". According to the "sales service, intangible assets and real estate notes", cultural and sports services, including cultural services and sports services. The cultural services include literature creation, cultural performances, games, borrow books and library, archives management, archives, cultural relics and intangible cultural heritage protection, organized religious activities, science and technology activities, cultural activities, provide sightseeing places; sports service including organized sports, athletics, sports, and sports the management of sports training, sports guidance, business activities.

2.4 Allowable range of deductible

Table 2 The main entry tax deductible list involved in the procurement

Procurement project	concrete content	Income tax deduction rate
Acquisition of real estate	Fixed assets, construction projects	11% (Installment deduction)
Obtain movable property	Electronic equipment, cars, etc.	17%
Purchase goods	Books, newspapers, prints, office supplies, heating, natural gas, water, greening, labor protection, etc.	13%
Acquisition of intangible assets	Purchase of technology, trademark, copyright, management, etc.	6%
Telecommunication industry	Telephone, Internet, etc.	11%
	SMS, MMS, mobile data traffic, etc.	6%
Construction services	Decoration service, decoration service, etc.	11%
financial service	Loan service, insurance service, etc.	6%
Transportation service	Land transport, air transport, etc.	11%
Modern service	Car rental, vehicle repair, etc.	17%
	Leasing, parking, passing, mailing, etc.	11%
	R & D and technical services, cultural and creative services, logistics auxiliary services, radio, film and television services, business assistance services, forensic consultation services, etc.	6%
Life service	Accommodation fee, property management fee, etc.	6%

After the camp changed to increase, the taxpayers of cultural and sports industry bought goods, services, intangible assets and immovable property for business activities. Except for special

provisions, they could deduct the valid and valid tax withholding documents, which can be deducted widely, as shown in Table 2.

3. The tax burden on the culture and sports industry is affected by the tax reform

3.1 The theoretical effect of replacing business tax with tax on culture and sports industry

General taxpayer

Effect of replacing business tax with value-added tax(VAT) tax culture and sports industry is mainly analyzed from two aspects: one is the rate of change, for the general taxpayers, replacing business tax with value-added tax(VAT) after tax increases (as shown in Table 1); two is the VAT, replacing business tax with value-added tax(VAT) general taxpayers who purchase goods and services tax VAT input tax deduction, but how? How much can you deduct? It will affect the overall tax burden of cultural and sports enterprises.

Assuming a certain cultural and sports enterprises (general taxpayer) A, before replacing business tax with value-added tax(VAT) only pay business tax, after replacing business tax with value-added tax(VAT) "applies only to the range of value-added tax," before and after replacing business tax with value-added tax(VAT) "turnover was X1 yuan (including tax), operating costs of goods and services purchased are Y1 yuan, that can obtain special VAT invoices (11% tax deductible), the cost is a yuan (including tax), without considering other taxes (urban construction tax rate of 7%, additional education fee rate of 3%, the income tax rate of 25%). According to the calculation formulas of business tax, value-added tax and enterprise income tax, we analyze the overall tax burden changes of the general taxpayer before and after the "camp changed to increase" respectively, as shown in Table 3.

Table 3 Comparison of tax burden calculation before and after the general tax payer "camping to increase"

Project	Prior to the reform of the camp	After the modification of the camp
Business income	X1	$X1/(1+6\%)$
Operating cost	Y1	$Y1-[a-a/(1+11\%)]=Y1-0.09a$
Business tax amount	$X1*3\%=0.03X1$	0
substituted money on VAT	0	$X1/(1+6\%)*6\%=0.0566X1$
Value-added tax entry tax	0	$a/(1+11%)*11\%=0.099a$
Value added tax	0	$0.0566X1-0.099a$
Business tax and additional (urban construction tax, additional education fee, etc.)	$0.03X1*(1+7\%+3\%)=0.033X1$	$(0.0566X1-0.099a)*(1+7\%+3\%)=0.06226X1-0.1089a$
The change of the tax burden of the circulation tax before and after the increase of the camp	$(0.06226X1-0.1089a)-0.033X1=0.02926X1-0.1089a$	
Tax balance of income tax and tax before and after the increase	$\{[X1/(1+6\%)-(Y1-0.09a)-(0.06226X1-0.1089a)]-(X1-Y1-0.033X1)\}*25\%=-0.21465X1+0.0497a$	
Overall tax and tax difference before and after the increase of the camp	$0.0078X1-0.0592a$	

Can be seen from table 3, when the formula of $0.0078X1-0.0592a=0$, replacing business tax with value-added tax(VAT) before and after the tax burden unchanged, namely $a=13.18\%X1$, shows that when the enterprise can obtain the deductible VAT invoice cost tax price accounted for 13.18% of operating income, replacing business tax with value-added tax(VAT) has no effect on the tax burden

of the enterprise; when $a > 13.18\%X_1$, that when the enterprise can obtain the deductible VAT invoice cost price including tax revenue accounted for the proportion of more than 13.18%, replacing business tax with value-added tax(VAT) after the business tax decrease; when $a < 13.18\%X_1$, shows that when the enterprise can obtain special VAT invoices can be deducted the cost price including tax revenue accounted for the proportion is less than 13.18% when replacing business tax with value-added tax(VAT) after the business tax increase.

Suppose that the cost that the cultural and sports enterprises can get the special invoices that can be deducted from the value-added tax is 5%, 10%, 15% and 20%, respectively. The change of the tax burden before and after the increase of the analysis camp is shown in Table 4.

Table 4 a/X1 ratio affects the change of tax burden before and after the camp

a/X1 ratio	5%	10%	13.18%	15%	20%
Total tax burden difference before and after the change of the camp	0.0048X1	0.0019X1	0	-0.0011X1	-0.004X1

Can be seen from table 4, "replacing business tax with value-added tax(VAT)", can obtain the deductible VAT invoice cost price including tax revenue accounted for the proportion (a/X1 ratio) is small, the overall tax burden of cultural and sports enterprises increased; on the other hand, can obtain the deductible VAT invoice cost tax price for the proportion of business income (a/X1 ratio) increases, the overall tax burden of cultural and sports enterprises decreased.

Small scale taxpayer

Culture and sports industry of small scale taxpayers after replacing business tax with value-added tax(VAT) nominal tax rate unchanged, is still 3%, but due to the tax basis of business tax and value-added tax, so the actual interest rate changes (Table 1), therefore, in the calculation of the VAT payable, replacing business tax with value-added tax(VAT) value-added tax after the tax payable and the amount of business tax comparison will be reduced, as shown in table 5.

Table 5 Comparison of tax burden of small scale taxpayers before and after "camp to increase"

Project	Prior to the reform of the camp	After the modification of the camp
Business income	X1	$X_1/(1+3\%)$
Operating cost	Y1	Y1
Business tax amount	$X_1 * 3\% = 0.03X_1$	0
Value added tax	0	$X_1/(1+3\%) * 3\% = 0.0291X_1$
Business tax and additional (urban construction tax, additional education fee, etc.)	$0.03X_1 * (1+7\%+3\%) = 0.033X_1$	$0.0291X_1 * (1+7\%+3\%) = 0.032X_1$
The change of the tax burden of the circulation tax before and after the increase of the camp	$0.032X_1 - 0.033X_1 = -0.001X_1$	
Tax balance of income tax and tax before and after the increase	$\{[X_1/(1+3\%) - Y_1 - 0.032X_1] - [X_1 - Y_1 - 0.033X_1]\} * 25\% = -0.0191X_1$	
Overall tax and tax difference before and after the increase of the camp	-0.0201X1	

Assuming a certain cultural and sports enterprises (small scale taxpayers) B, before replacing business tax with value-added tax(VAT) only pay business tax, after replacing business tax with value-added

tax(VAT) "applies only to the range of value-added tax," before and after replacing business tax with value-added tax(VAT) "turnover was X1 yuan (including tax), operating costs of goods and services are purchased Y1 yuan, if can obtain special VAT invoice (rate of 11%), does not take into account other taxes (urban construction tax rate of 7%, additional education fee rate of 3%, the income tax rate of 25%). According to the calculation formula of business tax, value-added tax and enterprise income tax, the change of overall tax burden of small scale taxpayers before and after "camp to increase" is analyzed respectively, as shown in Table 5.

From table 5, we can see that by comparing the data before and after the "camp changed to increase", for the small scale taxpayers of culture and sports service, the tax burden is obviously reduced after the "camp changed to increase". The tax reform of "camp to increase" will be very helpful for reducing the tax burden of small scale tax enterprises.

3.2 Realistic investigation

In order to better understand the effect of replacing business tax with value-added tax(VAT) "on tax culture and sports industry changes, this paper chooses Binzhou city as the research point, the stratified sampling method conducted a questionnaire survey of cultural and sports enterprises, a total of 120 questionnaires were distributed, 113 valid questionnaires, the general taxpayer 65, small-scale taxpayers 48 home; from the industry distribution, the cultural industry has 58, the sports industry has 55. The survey results showed that: (1) a total of 54 enterprises increased the tax burden, accounting for 47.79% of the total research enterprises, and a total of 38 enterprises had a decrease in tax burden, accounting for 33.63% of all research enterprises. (2) There are 49 enterprises and 6 tax payers in 54 enterprises that have increased tax burden, accounting for 75.38% and 12.5% of all general tax enterprises and small-scale taxpayer enterprises, respectively. (3) Starting from the main causes of the increase of tax burden, according to the results of recovery, the number of votes from high to low is in the following order: high value-added tax rate, difficulty in obtaining VAT invoices, insufficient deductible amount of input tax, factors of production and operation and unclear policy interpretation.

4. Countermeasures and suggestions on the influence of cultural and sports industry on the tax burden of "the increase of camping"

4.1 A careful interpretation of the related policies of "camping and increasing"

In the national tax system reform to speed up the environment, culture and sports enterprises want to develop and grow in the fierce competition environment, it must quickly adapt to this change, a careful reading of "replacing business tax with value-added tax(VAT)" policy, which requires enterprises to strengthen cultural and sports departments "replacing business tax with value-added tax(VAT)" training, each enterprise departments should actively adjust the business model, and actively cooperate with the financial departments to fully grasp the tax principle of VAT, the VAT tax preferential policies for enterprise financial sector feedback data is more accurate. Such as the VAT "sell give one" mode of existence, the sales department in the development of marketing mode, can't be sold for a gift "and" deemed sale confusion, but in the special VAT invoices, their sales accounted for separately, and then take the sales discounts, after the discount the amount of tax, to prevent additional tax burden.

While all sectors of the enterprise are actively responding to the "business transformation to increase", we should also strengthen the cost input plan, calculate the operation cost and input output ratio according to the actual operation situation, and plan the structure of the operation cost reasonably, so as to correctly calculate the profit and loss situation of the enterprise.

4.2 Perfecting the management of the tax deductible

From the reality of sports enterprise culture in Binzhou can be seen in the "replacing business tax with value-added tax(VAT)" after the general taxpayer of value-added tax, some enterprises reduce the overall tax burden, but decreased slightly, the overall tax burden in some enterprises not fall, according to a survey of the reasons, the most reason is due to improper value tax deductible.

Therefore, how to deduct the tax on the "camp to increase" in the rear entry tax? How do you deduct it? How much is the deductible? It will become a top priority for the general taxpayers of cultural and sports enterprises. This requires enterprises to consider whether suppliers can provide VAT invoices that can deduct input tax in addition to considering the price of suppliers, when purchasing goods and services. For example, after the "camp changed to increase", although the value-added tax rate increased to 6%, if we can get the value-added tax invoices issued by the other party, and the tax rate is 17% or 11%, it will play a great role in reducing the tax burden. Therefore, when purchasing goods and services, cultural and sports enterprises need to consider the deductible items in the light of comparing the price of the general taxpayer suppliers and the suppliers of small scale taxpayers, and calculate the balance point of tax burden. At the same time, according to the current operating income situation, reasonable allocation of the entry of deductible accounting period, adjustment of the amount of deductible tax, to reduce the tax burden.

4.3 Pay more attention to the management training of financial personnel

"Replacing business tax with value-added tax(VAT) after the implementation of the policy, culture and sports enterprise financial accounting, tax planning has a very complex change, the enterprise financial management staff to handle specific financial services made more stringent requirements, not because of their low level of business and restrictions on promoting the value-added tax business tax for the move.

Financial managers should adapt themselves to the requirements of the new tax system as soon as possible after the reform, clarify the working process, do well in business and tax planning, and fully recognize the impact of financial management on the changes of tax system, so as to flexibly handle financial businesses. In addition, because business tax is replaced by value added tax, the role of value-added tax invoices in cultural and sports industry is becoming more and more obvious, which requires financial managers to do invoice management well.

The enterprise attaches great importance to strengthening financial management training, can take some effective ways, such as carry out regular professional training courses of financial personnel, making them more familiar with tax policy, after the change of business, understanding; also can timely carry out professional knowledge contest, practical business assessment, reward for excellent performance in the competition assessment of performance is better for financial personnel; the result is not ideal, the poor performance of the staff, take two training or deduct wages and other punitive measures. Through the above measures, a high level, strong working ability of the financial management elite team, to realize the enterprise internal control upgrade.

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