

Using Tax Policy to Promote the Development of China's Pension System

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Abstracts: Since entering the 21st century, China's society has gradually developed towards an aging society. The large number of elderly people and diversified service needs have become one of the urgent problems to be solved in today's society. In order to ensure the stability of social development, China's elderly care service industry is gradually rising with the aging of the population. During the "Twelfth Five Year Plan" period, the elderly care system of "home based, community based, institution supplemented, and combination of medical care and nursing care" has made great achievements in the development of China's elderly care service industry. It provides a certain system guarantee to solve the problems of home care and self-worth realization of this vulnerable group. However, the development of elderly care services in China is still lagging behind, and tax policies are needed to promote the development of the elderly care system in China. This paper will discuss the important role of tax on China's development, the current status of tax policies in the elderly care service industry in China.

Keywords: Tax Policy; Pension System; Development

1. Introduction

Population aging is an aging society stage entered by western countries after highly developing social economy, which is also an inevitable result of China's rapid economic development. And it is not so fast, so western countries have enough time to face the problem of population aging. The background of China's entering into an aging society is that economic development and productivity development are relatively backward. It is an important feature of China's aging population that people are aging before they are fully rich. Therefore, China has actively developed the elderly care service industry in the current "13th Five Year Plan" period, so as to enable the elderly to spend their twilight years peacefully and share the fruits of a century of struggle. We should actively develop the elderly care service industry and improve the elderly care service industry system.

2. The important role of taxation in China's development

2.1 The role of taxation in the macro-economy

2.1.1 Adjusting the total demand

The tax revenue has the intrinsic stable function to the economy, and can play the role of automatically adjusting the total demand. The progressive income tax system can be adjusted when the demand is overheated. With the increase of national income, it can ensure the automatic increase of taxation and achieve the purpose of restraining the total demand. On the contrary, it is the same reason. In this process, it plays the role of automatically adjusting the total social demand. Secondly, according to the changes in the economic situation, we should formulate corresponding tax policies to ensure the stability of the economy.

2.2 The role of tax in microeconomics

2.2.1 Adjusting income distribution

As we all know, taxation is an important means to adjust income distribution. National income is redistributed after the initial distribution. The government holds the political right to levy taxes on the owners of production factors such as enterprises and individuals. This is an important link in the redistribution of national income. Taxation is the most powerful means and standardized form for the state to participate in the distribution of national income. The distribution relationship between

individuals is harmonious and standardized. Different types of taxes have different functions. For example, the progressive tax rate for personal income tax is excessive, which includes the characteristics of high tax rate for high-income people, low tax rate for low-income people or no tax. It can adjust the income distribution of individuals, ensure the fairness of social development, and build a harmonious society.

3. The current situation of tax policies for the elderly care service industry in China

3.1 Tax status of elderly care institutions

The current preferential tax policies for elderly care services in China are mostly aimed at elderly care institutions. First of all, China's urban land use tax and farmland occupation tax are exempted, the land and farmland occupied by non-profit institutions are exempted, and elderly care institutions can be exempted from real estate. Secondly, in the process of operation, non-profit elderly care institutions enjoy the privilege of exemption from value-added tax on the income generated in the process of operation and exemption from corporate income tax on their profits. However, the tax policy of the elderly care institutions in China still has the problem of imbalance and incomplete chain. The elderly care institutions in China have the characteristics of slow recovery of funds and long recovery period in the early, middle and late stages of investment. The demand for investment funds is large. At present, China has relatively small preferential strength for elderly care institutions. Most of the elderly care institutions have very few collateral available for mortgage, and very few financing channels, It is as difficult as the sky.

3.2 Other tax policies related to elderly care services

China is a socialist country. The Personal Income Tax Law of China stipulates that the part of the basic endowment insurance purchased by enterprises for employees is allowed to be deducted before the individual income tax, and the part paid by enterprises is also allowed to be deducted before the calculation of the enterprise income tax. The number of elderly left behind in China is huge, the service needs are diverse, and the aging situation is severe. In order to solve the pension problem of this vulnerable group, the tax policy of elderly care service in China is constantly improving and developing to provide policy guarantee for the life of the elderly.

4. Problems in the current tax policy of China's elderly care service industry

4.1 The scope of tax preference is narrow

At present, the pressure on the pension problem in China has increased dramatically. Compared with the anxiety of their own pension problem, the problem of parents' pension is more urgent. Most parents are supported by the New Rural Cooperative Medical System at most, and some do not even have social security pension. The pension burden for their children is very heavy. Although China is constantly improving the pension system, it still cannot guarantee 100% coverage. The preferential policies of China's tax laws for elderly care services are mostly concentrated in non-profit elderly care service institutions, but the problem of aging population in China has become very serious. The non-profit elderly care institutions set up only with the financial support of the government are far from enough, and need the support of private capital. However, due to the narrow scope of preferential policies, the enthusiasm of private capital has been discouraged and the speed of solving the elderly care problem in China has been reduced.

4.2 Less investment in intelligent development of elderly care service industry

The 21st century is a century dominated by the development of the Internet. People have entered the information age. The application of Internet technology has changed the way people produce and live. The elderly care service in the form of "Internet plus" has also been put on the agenda. However, the current preferential tax policy still adopts the traditional way, taking into account the traditional elderly care institutions. The experience of historical development shows that promoting the elderly care service industry can drive the development of China's tertiary industry and related industries, drive the development of China's national economy, create more jobs, and contribute to the stability of China's social development. Taxation is an important means to regulate the economy, and it has not yet played a great role in the context of information development.

5. Strategies for promoting the development of China's elderly care system with tax policies

5.1 Improving the tax policy system of elderly care institutions

First of all, if you want to improve the tax policy system of elderly care institutions, the first step is to appropriately liber-

alize the current preferential policies. For example, in terms of private capital attraction, appropriately increase the deduction of individual and enterprise donations, attract social capital investment in elderly care service institutions, and appropriately increase the tax relief of donations on the basis of existing tax policies, so as to make the preferential policies of non-profit elderly care institutions equal to those of for-profit elderly care institutions, reduce the gap between the preferential policies of tax support policies for non-profit elderly care institutions and for-profit elderly care institutions, and let more taxes serve for-profit elderly care institutions. Secondly, we should improve the preferential tax policies for elderly care institutions. Both non-profit elderly care service institutions and for-profit elderly care service institutions need to be supported by relatively perfect policies. For non-profit elderly care service institutions, the original preferential policies can still be implemented. The for-profit institutions should fully consider the characteristics of large investment demand and long return period in the elderly care service industry, Give more financial support to for-profit institutions.

5.2 Improving the financial system and performance evaluation

The 21st century is bound to be a century of opportunities and challenges. By 2050, China will face the crisis of transition from an "old age society" to an "aging society". The rapid growth of the elderly population in China has become an inevitable trend of development. The first two of the three birth tides since the founding of China will focus on the demand for elderly care within 30 years. The development of the elderly care industry has become an industry that needs urgent development and improvement in China. In order to promote the development of China's pension system through tax policies, we need to improve the financial system and performance evaluation. First, we should establish a long-term and stable financial input and subsidy mechanism to ensure the continuity and stability of the development of elderly care services. Second, the central government and local governments should work together to ensure the development of elderly care services. The central government is responsible for the overall planning of financial decentralization and the formulation of tax policies. Local governments need to allocate financial expenditure according to local actual conditions. The central and local governments should cooperate highly to better promote elderly care services. Third, we should strengthen the performance evaluation of elderly care service projects, develop a reasonable performance evaluation system, and improve the well-being of the elderly.

6. Conclusion

At present, the development of China's elderly care service system is still in the primary stage, and the structural contradiction of uneven supply and demand is more prominent. It requires the joint efforts of families, society, the government and other aspects to alleviate the problem of population aging, formulate corresponding tax measures and policies to complement the weaknesses, ensure the stable development of China's society, and let the elderly enjoy the best treatment.

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