

A Study on the Impact of Tax Preferential Policies on the Scope of Small scale Individual Business Owners

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Abstract: This study focuses on tax preferential policies and their impact on small-scale individual businesses. Through in-depth analysis of the structure and function of tax preferential policies, a detailed discussion is conducted on the current economic situation of small-scale individual businesses. On this basis, a combination of research and questionnaire surveys is used to evaluate the tax preferential policies of small-scale individual businesses. The adjustment of tax policies is reasonable and necessary for different groups of small-scale individual businesses, providing more support and assistance for their development.

Keywords: Tax preferential policies; Small scale individual businesses; Impact assessment; economic development; Policy effects; Group differences

Introduction

Tax preferential policies are one of the important measures adopted by the state to promote economic development and support small-scale individual businesses. For small-scale individual businesses, tax preferential policies cover many aspects, such as tax reduction and exemption, simplification of tax procedures, and extension of tax payment deadlines. The implementation of these policies has a certain impact on the business development and survival status of small-scale individual businesses. With the continuous improvement and adjustment of tax preferential policies, the scope of the impact on small-scale individual businesses is also worth in-depth research. Therefore, in-depth exploration of the specific impact group range of tax preferential policies on small-scale individual businesses can help better play the promoting role of tax policies and promote the healthy development of small-scale individual businesses.

I. Overview of tax preferential policies

The tax preferential policy is a policy formulated by the state to promote the development of small-scale individual businesses. This policy mainly includes forms such as tax reduction, tax incentives, and tax subsidies, aiming to reduce the tax burden on small-scale individual businesses and improve their business profitability. The specific contents of tax preferential policies include exemption from value-added tax, income tax, reduction or exemption from business tax, and reduction or exemption from personal income tax. The implementation of these preferential policies has had a positive impact on the business activities of small-scale individual businesses, not only improving their survival ability, but also enhancing their production and operation efficiency. It has also injected new vitality into the diversified development of local economy and promoted the development of local economy.

The implementation of tax preferential policies is mainly aimed at solving the tax problems faced by small-scale individual businesses and promoting their development and growth. By implementing tax incentives, the tax burden on small-scale individual businesses can be reduced, encouraging them to increase investment, expand production scale, and improve economic efficiency. At the same time, tax preferential policies can also promote technological innovation and product upgrading of small-scale individual businesses, improve their market competitiveness, and promote the healthy development of the industry.

However, there are also some problems and challenges with tax preferential policies. For example, the specific implementation and execution details of preferential policies are not clear enough, resulting in some small-scale individual businesses struggling to enjoy the benefits brought by preferential policies; Some local governments have insufficient implementation of tax preferential policies, which has affected the effectiveness of the policies; Some small-scale individual businesses may engage in tax evasion, leading to a decrease in fiscal revenue.

The impact of tax incentives on small-scale individual businesses is positive. However, in order to better leverage the effects of preferential policies, it is necessary to continuously improve policy details, increase policy publicity, enhance policy implementation, guide small-scale individual businesses to pay taxes in accordance with the law, enhance their self-discipline awareness, and promote the healthy development of small-scale individual businesses.

II. Analysis of the current situation of small-scale individual businesses

Small scale individual businesses play an important role in today's socio-economic development. They are the foundation of the economy, the source of innovation, and also the main source of employment. However, small-scale individual businesses face many difficulties and challenges. Small scale individual businesses refer to individual businesses, self-employed individuals, and other small-scale businesses. At present, there are numerous small-scale individual businesses in China, covering a wide range of fields, including rural small workshops, individual small shops, individual catering, and individual clothing customization. They play an important role in employment and entrepreneurship, serving community residents, and promoting local economic development.

From the perspective of business scale, small-scale individual businesses usually operate on a household basis, with limited funds and resources, resulting in smaller production and operation scales. They often face fierce market competition, difficulties in financing, and low management levels, resulting in lower operating income and greater operational difficulties.

In terms of taxation, small-scale individual businesses also face certain tax pressures. Due to its limited business scale and income level, it is difficult for it to bear a high tax burden, especially since some tax preferential policies have not fully benefited small-scale individual businesses and have not effectively reduced their tax burden.

In addition, small-scale individual businesses generally have low levels of management, financial transparency, and informatization, leading to non-standard and untimely tax declaration and even tax evasion, which is not conducive to tax collection and management and also affects the effective implementation of tax preferential policies.

Small scale individual businesses face a series of problems and challenges in terms of business scale, tax burden, and management level. The impact of tax incentives on them deserves in-depth research and analysis.

III. Evaluation of the impact of tax incentives

In this study, we used a combination of field research and questionnaire surveys to evaluate the tax incentives for small-scale individual businesses. Firstly, we will conduct a detailed analysis of the tax situation of individual business owners, including the amount of tax paid, types of tax paid, and the application of tax preferential policies. Secondly, we will use a control group experimental design to compare individual business owners who benefit from tax incentives with those who do not, in order to evaluate the impact of tax incentives on their business and financial status. When evaluating the effect, the focus will be on the changes in indicators such as operating income, profit status, and investment willingness. Finally, we will analyze the differential effects of tax incentives on different groups (such as different industries and regions), in order to gain a deeper understanding of the impact of tax incentives on small-scale individual businesses and provide scientific basis for policy formulation. In addition, we also adopted a combination of quantitative and qualitative methods to deeply explore the impact of tax incentives on small-scale individual businesses. Through field research and case analysis, we have found that in some specific groups, the effect of tax incentives is more significant, while in other groups, the impact may not be satisfactory. Specifically, small-scale individual businesses in some urban areas have benefited from tax incentives, their economic conditions have improved, and their entrepreneurial environment has become more friendly. However, in some rural or remote areas, the impact of tax preferential policies may not be obvious enough, and there may even be difficulties in implementation.

Based on the above research results, we conclude that adjusting tax policies is reasonable and necessary for different groups of small-scale individual businesses. We suggest that when formulating tax policies, the government should pay more attention to the diverse needs of individual businesses in different regions and types, and formulate targeted policies to better promote the economic development of the entire population. At the same time, it is necessary to consider its long-term impact and sustainability. Tax incentives may bring about economic growth and employment opportunities in the short term, but if the long-term dependence on tax incentives neglects the fairness and effectiveness of the tax system, it may lead to problems such as reduced fiscal revenue and intensified fiscal deficits. Therefore, when evaluating the impact of tax incentives, it is necessary to comprehensively consider the long-term impact and sustainability of policies to avoid adverse effects. In addition, the evaluation of the impact of tax incentives also needs to consider the fairness and rationality of policies. Tax preferential measures should allocate resources reasonably, promote sustainable economic and social development, and ensure the balance of interests among different groups and industries. When evaluating the impact of tax incentives, it is necessary to comprehensively consider the interests of all parties to ensure the fairness and sustainability of the policy.

IV. Conclusion

This study investigates and analyzes the implementation of tax preferential policies for small-scale individual businesses, and finds that the impact of tax preferential policies on small-scale individual businesses is positive. The tax preferential policies have effectively reduced the tax burden on small-scale individual businesses and improved their profitability. The tax preferential policies have stimulated the entrepreneurial enthusiasm of more individual operators and promoted the development of small-scale individual businesses. At the same time, tax preferential policies also provide more development space and opportunities for small-scale individual operators, promoting their stable economic growth. Therefore, tax preferential policies have a significant promoting effect on small-scale individual businesses, helping to promote economic development and employment.

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