

## **CHINA DAILY**

### **China has its fiscal cake and eats it too**

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BEIJING - China's fiscal wellbeing in the first 10 months of this year signals that the country has struck a fine balance between its extensive growth-spurring tax and fee cuts and unslackened spending in key areas.

China's fiscal revenue increased 3.8 percent year-on-year to around 16.77 trillion yuan (\$2.39 trillion) in the first 10 months of 2019. The growth rate was down 3.6 percentage points year-on-year, according to data released Monday by the Ministry of Finance (MOF).

Weaker revenue growth is largely due to the country's largest tax and fee cut of recent years, which is expected to reduce the tax burdens and social insurance contributions of enterprises by nearly 2 trillion yuan this year, a figure almost equivalent to the country's total fiscal revenues in 2003.

Given the complex economic situation, cutting taxes and fees' policies have played a full role in countercyclical adjustments, said Cai Zili, an official with the State Taxation Administration.

"The policies benefit a vast number of taxpayers and fee payers in more direct and effective ways, stabilizing economic development expectations," Cai said.

A survey conducted by tax authorities showed that 92.2 percent of taxpayers believe that cutting taxes and fees has a positive impact on the production and operation of enterprises, which boosts market confidence.

In the first nine months of 2019, enterprises and individuals saved nearly 1.8 trillion yuan thanks to the fiscal incentives, which meant a tradeoff in tax revenue. By the end of September, the national tax revenue, excluding export tax rebates, totaled 11.2 trillion yuan, with a growth rate plunging 12.9 percentage points from the same period last year, Cai said.

In spite of the steep tax and fee cuts, China's fiscal spending expanded 8.7 percent year-on-year to around 19.06 trillion yuan in the January-October period.

During the period, spending on education and science and technology rose by 9.2 percent and 10.9 percent, respectively. Government expenditures in other key sectors such as employment, health, environmental protection and communities also have continued rapid growth.

Fiscal authorities at all levels have taken the initiative to tap the potential of increasing revenue, so as to maintain a relatively high fiscal expenditure to support the implementation of the country's major strategies, reforms and policy measures, a MOF official said.

Data from the ministry pointed to a marked growth in non-tax revenue. In the period, China's non-tax revenue gained 558 billion yuan to 2.6 trillion yuan, up 27.1 percent year-on-year.

The MOF official attributed the stellar growth to collecting more profits from state-owned financial institutions and enterprises as well as better management of state-owned resources and assets.

Other efforts to offset the impact of tax and fee cuts on revenue include expanding financial sources, marked reduction in regular expenditures and strengthened curbs in budget implementation.

"We will keep doing a good job in budget management, so as to ensure steady fiscal revenue and expenditure," the MOF official said.