

Reflections on Optimizing Current Tax Accounting Methods

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Abstract

In recent years, tax collection and management reform has been continuously promoted, and the IT application of tax has become increasingly improved. So, the current tax accounting has failed to adapt to the development of tax collection and management, and it has become a trend to synchronize the reform of the current tax accounting system. Therefore, it is necessary to actively explore and analyze the specific problems existing in the current tax accounting and conduct an in-depth analysis of the problems in order to explore the tax accounting methods that adapt to the overall development of tax collection and management and improve the efficiency of tax accounting. In addition, the continuous development of information technology also brings challenges and opportunities to tax accounting. Tax accounting in the reform also needs to focus on IT applications and actively utilize information technology to improve the efficiency of tax accounting and better provide services for enterprises.

Keywords

Reform; Tax Accounting; Enterprises.

1. Introduction

The accounting object of tax accounting is the tax funds and its movements, which refers to the whole process of various incomes collected by the tax authorities, including levy, collection, reduction, exemption, arrears, settlement, deposit and withdrawal. Tax accounting must accurately and timely account for all tax operations that actually occurs and give rise to the movement of tax funds. The basic function is to reflect and supervise the formation, declaration and payment of taxable amounts by taxpayers. Its task is two-fold. It not only needs to urge taxpayers to fulfill their tax obligations in accordance with tax laws, but also protect the legitimate interests of taxpayers within the scope allowed by the tax law[1]. Specifically, it includes: checking taxpayers' taxes of various tax types in accordance with the national tax laws; correctly preparing and submitting accounting statements and tax returns; and analyzing taxpayers' tax activities to ensure the correct implementation of tax laws and safeguard the interests of enterprises. The existence of tax accounting helps taxpayers to follow tax laws, ensures fiscal revenue, and plays the role of tax laws; helps to urge taxpayers to fulfill their obligations; helps to promote the enterprise to properly handle the distribution of relations; helps to safeguard the legitimate rights and interests of taxpayers, etc. With the deepening of the current reform of tax collection and management, especially the IT application of tax in recent years, the current tax accounting which is increasingly highlighting its incompatibility with the tax development, is lagging far behind the reform of tax collection and management.

2. Tax Accounting Contents and Bookkeeping Methods

Tax accounting mainly deals with a range of taxes and fees, such as collection, deposit, declaration and settlement and withdrawal.

- ① Tax collection. It refers to the operation of a series of procedures in which the state tax department collects taxes and fees from enterprises in accordance with the law and puts them into the treasury. It includes taxes and fees paid by enterprises to the tax authorities, those collected by the tax authorities from enterprises, and those collected by the collectors on behalf of the enterprises and submitted to the State Treasury[2].
- ② Incorporation of taxes and fees into the State Treasury. After the collection of taxes and fees paid by different agencies, the treasury collection office will calculate the accounts of the treasury payment process. The county-based tax authorities will verify the total amount of taxes and fees based on the daily financial statements and payment instruments issued by the sub-treasury.
- ③ Tax declaration and settlement. After receiving the tax payment vouchers returned by the treasury, the local tax authorities prepare a summary list of tax payment vouchers, which is then handed over to the tax authorities at the county level for tax payment according to the recorded data.
- ④ Tax withdrawal. According to the tax law, the tax department returns the taxes and fees that have been incorporated into the State Treasury to the taxpaying enterprises, and the treasury is responsible for this.

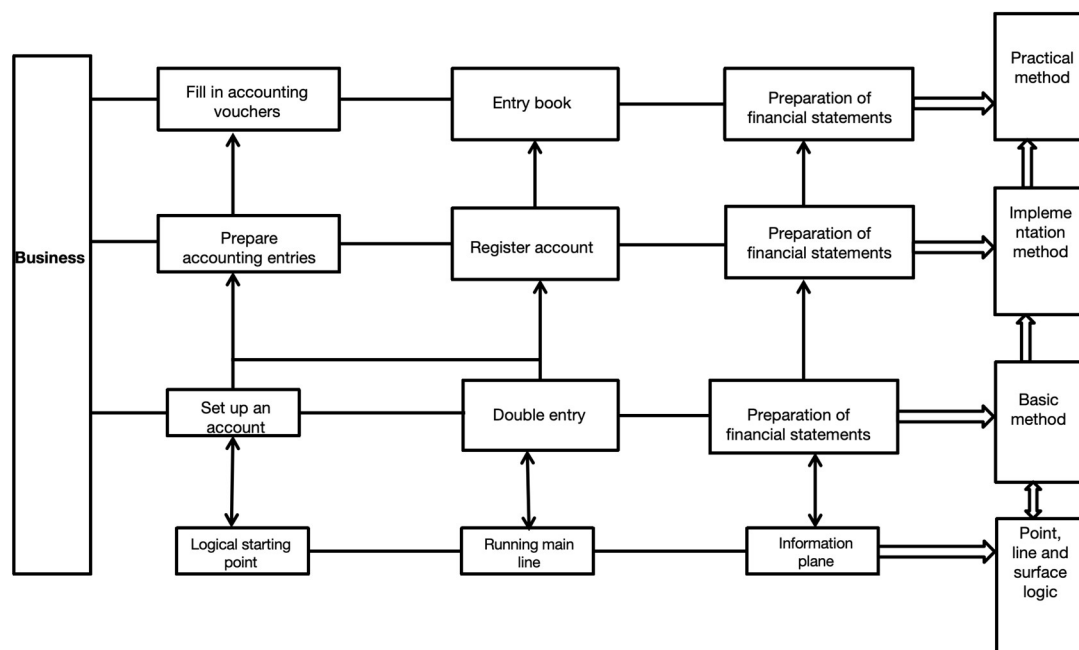


Figure 1. The main method of accounting[3]

3. Major Problems in Current Tax Accounting

3.1. Overly Complex Design of the Current Tax Accounting System

The complexity of the current tax accounting system is mainly manifested in three aspects. Firstly, there are many accounting units set up. The existence of current four different accounting units essentially leads to duplicate accounting, which reduces the efficiency of the whole tax collection and management and makes the overall accounting system unreasonable. Secondly, the complexity of accounting subjects in tax accounting and the large number of accounting subjects detailed subjects, make the overall accounting subjects overly complicated and burdensome. As the main voucher of tax accounting, the certificate of tax completion, serves as both the voucher of budget income and the voucher of statistical accounting. The same documents serve different purposes, and basically are uniformly printed. The situation where

the same voucher performs different functions in different places and is printed by the same department to a certain extent violates the principle of objectivity[4].

3.2. Lack of a Systematic and Standardized Tax Cost Accounting System

In the tax accounting system that focuses on tax funds as the main object of accounting, there is a lack of accounting for tax costs. This process mainly focuses on accounting for tax revenues, seriously ignoring the problems in tax costs. Currently, China lacks a science-based and standardized system for accounting tax costs, resulting in mixed views on China's tax costs. Some people claim that China's tax cost rate is too high, while others argue that it is reasonable. Existing studies have shown that some people analyzed that China's tax cost rate has reached 5% to 6%, while others analyzed that China's current tax cost rate is 4.7% [5]. The tax cost rate of the developed countries remains around 2%. Therefore, compared with the developed countries, China's tax collection cost rate is generally higher. The main reason is that China lacks a systematic and standardized tax cost accounting system, which has caused the tax collection cost rate to be ignored for a long time, bringing unnecessary costs to tax collection and management. If a systematic and standardized tax cost accounting system can be established to reduce the tax cost rate in a science-based and reasonable way, it will enable tax accounting to bring greater benefits, and facilitate the construction of a conservation-oriented society. Therefore, the tax authorities should strengthen the reform of tax accounting and emphasize the establishment of a tax cost accounting system, so that tax accounting can better serve the tax authorities and tax-related enterprises.

3.3. Unclear Status of Tax Accounting in the Accounting System

The unclear status of tax accounting in the accounting system has slowed down the development of tax accounting. Generally speaking, accounting can be divided into budget accounting and financial accounting based on the different accounting subjects and purposes; accounting can be divided into financial accounting and management accounting based on different reporting objects; according to the work content, it can be divided into general ledger accounting, current accounting, cost accounting, material accounting, etc.; according to the scope of the work, it can be divided into public accounting, private accounting, government accounting. But no matter which classification method is used, there is no clear provision on which classification system tax accounting belongs to. Some think that tax accounting is categorized in budget accounting, considering that tax accounting is a part of budget accounting. While others claim that the relationship between budget accounting and tax accounting is not composition, but parallel. As for which category tax accounting belongs to, there is no clear classification in the official accounting system and guidelines. The unclear status of tax accounting in the accounting system seriously restricts the reform and development of tax accounting, and the ambiguous positioning has led to few proposals for reforming tax accounting, let alone the effective integration of theory and practice, which fundamentally affects the development of tax accounting, and makes it impossible to put forward innovative reform initiatives.

3.4. The IT Application of Tax Accounting is Not Yet Fully Popularized

In the digital era, all aspects of society are constantly updating, and the development of the big data era has also brought new challenges to tax accounting technology. The traditional tax accounting technology can no longer meet the requirements of the development of the big data era. Many tax items have gone digital, tax-related enterprises can enjoy one-stop tax services through the tax system, which brings much convenience to enterprises and tax authorities and improves the efficiency of tax accounting. But on the whole, the IT application of tax accounting has not been fully realized. The development of tax accounting is not consistent with the current speed of IT application and digital development, lagging behind the development of IT

application. There are some areas where the tax accounting businesses can't be handled completely through information technology, and some are not proficient in information technology, requiring excessive manual intervention, which are all the manifestations of the incomplete IT application of tax accounting. Nowadays, with the increasing popularization of IT application, tax authorities should actively reform and innovate tax accounting methods, and continuously strengthen IT application, so as to upgrade the IT application of tax accounting, thus improving work efficiency. The current development of information technology has brought tremendous impacts to various industries, enterprises and tax authorities need to actively respond to the reform of information technology, and innovate reform ideas, so that tax accounting develop and progress in sync with IT application.

4. Strategies for Reforming Current Tax Accounting

4.1. Accounting Vouchers Should Go Digital

For one thing, the reform of accounting vouchers in the direction of paperless can improve the efficiency of tax declaration, reduce the complexity of preparing various paper materials, and simplify the declaration process, providing convenience to both the declarant and the staff of the tax authorities. It eliminates the need for declarants to prepare a pile of paper materials that may eventually be left aside. For another, replacing paper vouchers with electronic ones improves efficiency of accounting. Electronic vouchers are not only convenient for tax accountants to manage and search in the future, but also saves costs to a certain extent, so that social resources can be effectively conserved. The development of information technology and digitalization lead to a higher degree of IT application of the tax accounting, which determines that the electronic tax accounting vouchers will eventually replace the original paper-based ones. The popularization of electronic tax system across China further promotes the process of paperless tax accounting vouchers. Therefore, the tax authorities should keep pace with the development of the times, promoting IT application of tax accounting while moving towards paperless tax accounting vouchers. At the same time, they should strengthen the management of electronic vouchers for tax accounting. Although the vouchers go digital, the management should not be lax. Strictly regulated management of the paperless vouchers should be implemented, drawing on previous methods of managing paper-based tax accounting vouchers to strengthen management.

4.2. Strengthening the Management of Tax Accounting Costs

Ignoring the tax accounting cost rate leads to a slow progress in the reform of China's tax accounting. Thus, it is necessary to emphasize tax accounting costs in the reform. The management of tax accounting costs need to start from the following aspects: firstly, it is necessary to have a correct understanding of tax accounting costs, that is, to pay attention to the role of tax costs in the tax accounting system. In the tax accounting, not only the calculation of revenue should be concerned, but also objectively recognized cost management objectives are needed. At the same time, the development of tax revenues and tax costs should be balanced and integrated to achieve both cost control and improved return rate. Secondly, a comprehensive evaluation system of tax cost-effectiveness should be established to provide a standard for measuring the tax cost rate. A comprehensive evaluation index of tax cost-effectiveness can provide a basis for tax accounting in the process of managing costs, so that tax costs can be effectively reduced. Finally, in addition to the establishment of evaluation indicators, it is also necessary to have a budget, assessment and supervision system for tax costs. Only by establishing a complete system can the tax authorities and tax-related enterprises jointly establish a correct concept of cost, pay attention to the cost accounting in tax accounting, focus on the tax costs in the whole process of tax accounting, adopt effective ways to reduce the

tax costs and improve the efficiency of tax accounting, thereby improving the efficiency of tax collection and management.

4.3. Strengthening Hardware and Software for Tax Accounting Operations

The reform of tax accounting cannot be separated from the support of software and hardware facilities. Only by building sound software and hardware facilities can effective progress be made in other aspects of the tax accounting reform. Software and hardware facilities are the foundation and support of accounting. For one thing, the construction of software and hardware facilities needs to be based on the standardized tax accounting operations, which means that the construction of software and hardware is to serve tax accounting. The development of software facilities needs to be compatible with the tax accounting, and it cannot violate the principles and purposes of the tax accounting. Based on the workflow of the tax accounting and aiming to improve the efficiency of the tax accounting, it is necessary to develop, build and reform hardware and software facilities. For another, it is necessary to pay attention to the standardization level of tax accounting software. Based on the standardization goals of tax accounting, a set of accurate, efficient, highly accessible and shareable IT software should be built to better serve the tax accounting operations and improve the work efficiency. In addition, tax accounting software and hardware facilities need to follow the principle of unified management, and work processes and data collection methods need to be unified to improve the efficiency of software use.

4.4. Establishing a Specialized Tax Accounting System

The lack of a clear accounting system in tax accounting is mainly reflected in the special existence of tax funds. For one thing, tax funds are different from enterprise production and operation funds and financial budget funds. Tax funds are mainly the value-added part generated by enterprise production funds during business operation, and tax funds are not entirely the enterprise financial budget funds. Therefore, the special form of the tax funds determines that a special tax accounting system should be established to give tax funds a clear positioning in the process of tax accounting. Therefore, it is necessary to actively carry out reform and innovation, establish a tax accounting system that is different from enterprise accounting and budget accounting, and establish an independent tax fund accounting system, thereby improving the efficiency of tax accounting and promoting the reform and development of tax accounting.

5. Conclusion

To sum up, the analysis and statistics of fund movement process is the focus of tax accounting management. The latter should be centered around the former and establish a complete accounting process, which includes the whole process from the generation of tax funds to the treasury. Then, the initial information should be analyzed, sorted and integrated through modern information technology to reflect the tax funds in the levy and management of revenue, operation, tax cost expenditure, etc. Therefore, starting from the reform of information technology, we should promote the development of tax accounting vouchers towards paperless direction, while emphasizing tax cost accounting, improving the tax accounting hardware and software facilities, and establishing a clear status of tax accounting in the accounting system, and promoting the reform.

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