

Research on the Incentive Effect of Insurance Industry Tax Model in Anhui Province

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Abstract

Under the background of the integration of the Yangtze River Delta and the digital transformation of the insurance industry, the insurance industry in Anhui Province is facing structural contradictions such as defects in the design of the tax base, insufficient innovation incentives and regional coordination barriers. Based on the theory of risk diversification and tax adaptation, this paper constructs a three-dimensional framework of "tax base optimization-innovation incentive-regional coordination" to reveal the internal mechanism of tax imbalance inhibiting industrial upgrading. The results show that the tax base is too wide and the policy fragmentation leads to high effective tax burden, insufficient innovation momentum and weak regional competitiveness. In this regard, differentiated tax base adjustment, dynamic R&D incentives and cross-regional tax allocation mechanisms are proposed, and their adaptability is verified through policy simulation. The research provides a theoretical paradigm for solving the structural contradictions of the regional insurance tax system, and helps the industry to serve the national strategy and the high-quality development of the real economy.

Keywords

Insurance Industry in Anhui Province; Tax Base Optimization; Innovation Incentives; Regional Synergy.

1. Introduction

As an important node province in the Yangtze River Delta, Anhui Province has structural contradictions in the insurance industry, that is, the imbalance of tax burden, the lack of innovation incentives, and the lack of regional coordination, which affect the efficiency of the industry in serving the development of the real economy. In the past, most of the research on tax burden focused on macro tax burden or only one policy measure, and did not involve the discussion of innovation incentives for small and medium-sized insurance enterprises, regional tax system coordination, and adaptability of emerging fields. Based on the current situation of the insurance industry in Anhui Province, this paper takes the insurance industry in Anhui Province as the starting point to construct a three-dimensional analysis framework of "tax base optimization-innovation incentive-regional coordination", and proposes a series of policy tools such as "risk consideration separation method", "dynamic additional deduction" and "inter-provincial tax sharing" to solve the structural tax system contradictions, provide a model for the high-quality development of the regional insurance industry, and have high promotion and application value. This paper uses the existing systematic literature review and policy simulation methods to explore, fills the gaps related to the innovation incentives of small and medium-sized insurance enterprises and the coordination of the tax system in the Yangtze River Delta, and helps Anhui integrate into the country "Dual circulation" strategy and green finance reform.

2. Review of Relevant Literature

2.1. There is an Imbalance between the Design of the Tax Base and the Tax Burden

The tax base design is the core of the incentive effect of insurance tax, and its rationality directly determines the fairness of the tax burden and the efficiency of resource allocation in the industry. International studies have shown that an excessively broad tax base is a common problem in the insurance industry in developing countries. Arrow's (1963) theory of risk diversification states that allowing pre-tax deductions for compensation expenses can reduce transaction costs and increase the size of the risk pool[1], while Musgrave's (1959) theory of fiscal function further emphasizes that tax base setting needs to balance efficiency and fairness[2]. In 2022, the comprehensive tax rate of property insurance in Anhui Province reached 32.4%, 5.8 percentage points higher than the average of the Yangtze River Delta (Anhui Provincial Taxation Bureau, 2023), and Chen Wenyi (2022) pointed out that the root cause of this is that the full premium tax is calculated without deducting the compensation expenses, resulting in an effective tax base covering the risk reserve, and the actual tax burden is 40% higher than that of the banking industry[3]. The OECD's (2023) Global Tax Report recommends a "risk consideration segregation approach", in which only the risk premium in premiums is taxed, rather than the full amount, which can reduce the tax burden by 2-5 percentage points[4]. If Anhui Province draws on this model, combined with Stiglitz's (1983) theory of information asymmetry [5], and guides enterprises to optimize their product structure through differentiated tax base design, it may be able to alleviate the contradiction between the current high property insurance tax rate and product homogeneity rate.

2.2. Gaps in the Adaptability of Innovation Incentive Policies

The driving effect of tax policy on insurance innovation has been widely verified, but the dynamic adaptation of policy design is still a key challenge. An empirical study by Zhao et al. (2021) shows that for every 1 percentage point increase in tax incentives, the R&D intensity of the insurance industry can increase by 0.5%-0.8%[6]. Li Ziyu (2020) proposed the "principle of matching policy stability and R&D cycle" [7]. The study shows that short-term preferential treatment can easily lead to short-sighted corporate strategy, while long-term stability policies can significantly increase innovation investment. Anhui Province's practice in the field of technology insurance has exposed obvious shortcomings: R&D investment accounted for only 0.8% in 2022, far lower than 2.1% in Jiangsu and Zhejiang (Insurance Association of China, 2023). Liu Xiaofei (2022) A study on agricultural insurance in Jiangsu Province shows that the linkage design of regional tiered tax rate and R&D additional deduction can promote an average annual growth rate of 31%[8].

2.3. Institutional Bottlenecks in Regional Tax Coordination

Regional tax coordination is the key to the high-quality development of the insurance industry, but the fragmentation of policies and the contradiction of benefit distribution restrict its effectiveness. Liang Biming and Xiao Ruijia (2018) proposed the "four-dimensional framework of tax coordination", i.e., tax burden balance, policy linkage, benefit sharing, and risk sharing[9]. It provides theoretical support for the coordination of the tax system in the Yangtze River Delta. However, Anhui Province faces multiple obstacles in integrating into regional coordination: taking environmental pollution liability insurance as an example, the tax incentives in the province are only 5%, which is much lower than the 15% subsidy in Jiangsu (Anhui Provincial Department of Ecology and Environment, 2022), resulting in a lag in the development of specialty insurance. The OECD (2023) found that the United States has attracted insurance institutions through state-level tax holiday policies, while Anhui has tried to coordinate across regions, but the tax allocation mechanism is still imperfect. Hu Jun (2020)

A study of pension insurance in Anhui Province reveals that the tax extension policy needs to match the intertemporal consumption behavior [10], but the lack of inter-regional policy coordination weakens its effect. Li Xia and Li Hui (2019) further pointed out that the lack of tax incentive elasticity for small and micro enterprises will inhibit market vitality [11], which echoes the problem of low tax benefit coverage of insurance intermediaries in Anhui. International experience shows that cross-regional tax distribution models, such as local retained income tax returns, can narrow the tax burden gap, but Anhui has not yet established such a mechanism, resulting in a weakening of regional competitiveness.

2.4. Research Reviews

The existing literature has carried out some research work on insurance tax policy, but there are still three shortcomings: first, theoretically speaking, the three-dimensional mutual relationship of "tax base-innovation-region" has not been systematically discussed; Second, from the perspective of methodology, although a lot of comparative analysis has been carried out from the international to the local level, there are few studies on the policy adaptability in the field of new business forms, including digital insurance and green insurance. Third, from a practical point of view, the existing work in Anhui Province is scattered into some fragments, and no solutions to solve the problem of differentiation have been proposed. Based on Arrow's risk diversification theory, Musgrave's tax base design principle and Stiglitz's policy adaptation theory, this paper constructs a three-dimensional analysis framework of "policy-industry-region", and finds the path and mode of tax incentives in Anhui Province to the insurance industry on the basis of policy simulation and case comparison, and proposes countermeasures such as "risk consideration separation method", "dynamic additional deduction" and "inter-provincial tax sharing". It provides corresponding methods and tools to solve the problem of micro incentives for small and medium-sized insurance enterprises and the coordination of tax system in the Yangtze River Delta.

3. The Current Situation and Problems of Tax Incentives for the Insurance Industry in Anhui Province

3.1. Imbalance of Tax Burden: High Tax Burden and Defects in the Design of the Tax Base

The tax burden of the insurance industry in Anhui Province is significantly higher than the average in the Yangtze River Delta region, and the defect in the design of the tax base is the core contradiction. According to the 2023 statistical bulletin of the Anhui Provincial Taxation Bureau, the comprehensive tax rate of property insurance in the province reached 32.4% in 2022, 5.8 percentage points higher than the average of 26.6% in the Yangtze River Delta region. This gap is mainly caused by the unreasonable design of the tax base: the current tax policy adopts the rule of "full premium taxation" and does not deduct compensation expenses, resulting in an effective tax base covering the risk reserve, and the actual tax burden is about 40% higher than that of the banking industry. Taking a property insurance company as an example, its premium income in 2022 is 5 billion yuan, and the compensation expenses account for 67%, but it still needs to pay VAT and additional tax according to the full premium when calculating taxes, and the actual tax burden rate is as high as 34.2%, which significantly weakens the profitability of the enterprise (Anhui Insurance Industry Association, 2023). In addition, life insurance companies are facing additional tax pressure due to the mismatch between the pre-tax deduction limit of 10% for commission expenses and the actual commission rate of 15%-20% in the market, and the net profit margin of life insurance companies in the province in 2022 is 3.2 percentage points lower than that in Jiangsu and Zhejiang (China Banking and Insurance Regulatory Commission Anhui Branch, 2023).

The problem of product homogenization is further exacerbated by the defects in the design of the tax base. Stiglitz's information asymmetry theory points out that high tax burdens compress corporate profit margins, forcing them to choose low-risk, easy-to-imitate standardized products. According to data from the insurance market in Anhui Province, the homogenization rate of property insurance products will reach 75% in 2023, of which auto insurance accounts for 54.6%, while innovative insurance types such as green insurance and technology insurance account for less than 5% (Insurance Association of China, 2023).

3.2. Innovation Incentives Lag Behind: Short-Term Policies and Insufficient R&D Investment

There are significant short-term and insufficient adaptability of the innovation incentive policies of the insurance industry in Anhui Province. In 2022, the proportion of R&D investment in the province's insurance industry will only be 0.8%, far lower than the national average of 1.5% and 2.1% in Jiangsu and Zhejiang. Deficiencies in policy design are the main reasons:

1) The proportion of R&D additional deduction is low. At present, the additional deduction rate of digital development expenses is only 50% (Ministry of Finance, 2021), while international experience shows that the credit ratio needs to reach more than 150% to significantly stimulate innovation. In France, for example, the Tech Tax Credit Act boosts the R&D intensity of InsurTech to 2.5% through a 30% R&D credit, while similar policies in Anhui have had limited effect.

2) Mismatch between the policy period and the R&D cycle. Most tax incentives are granted for a period of no more than 3 years, but the development cycle for insurance products usually takes 5-7 years. According to the case of an actuarial system upgrade project of a life insurance company, the company was forced to compress the R&D cycle due to insufficient policy periods, resulting in a 12% increase in the system failure rate (Enterprise Annual Report, 2023).

3) Lack of incentives for the transformation of innovation achievements. Anhui Province has not yet established a linkage mechanism between R&D investment and market efficiency. In 2023, the number of insurance technology patents authorized in the province will only be 28, less than 1/5 of that of Jiangsu (State Intellectual Property Office, 2023).

3.3. The Dilemma of Regional Coordination: Policy Fragmentation and Unbalanced Tax Burden

In the context of the integration of the Yangtze River Delta, the insurance tax policy of Anhui Province is facing the challenges of insufficient regional coordination and institutional fragmentation. Typical manifestations are:

1) Imbalance in tax incentives between regions: Taking environmental pollution liability insurance as an example, Anhui Province has a tax incentive of only 5%, while Jiangsu provides a 15% premium subsidy for similar types of insurance (Anhui Provincial Department of Ecology and Environment, 2022). The policy difference has led to a low willingness of Anhui enterprises to buy insurance, and the coverage rate of this type of insurance in 2023 is only 12%, which is 23 percentage points lower than that of Jiangsu.

2) Lack of inter-provincial tax distribution mechanism: In the insurance business in the Yangtze River Delta region, Anhui branches contribute 35% of the premiums, but the tax distribution is still fully attributed to the headquarters (such as Shanghai and Zhejiang) according to the principle of place of registration, resulting in the actual tax retention rate in Anhui being less than 20%.

3) Digital tax system coordination lags behind: The penetration rate of Internet insurance is 8 percentage points lower than that of Jiangsu and Zhejiang, partly due to cross-provincial electronic policy tax jurisdiction disputes. For example, when an online auto insurance platform

sells insurance policies in Anhui, it needs to pay Anhui VAT and Zhejiang enterprise income tax at the same time, and the double tax rate is as high as 8% (Enterprise Research Data, 2023).

3.4. The Root Cause of the Problem: The Unity of Policy Tools and the Lack of Institutional Flexibility

The essence of the above problems lies in the unity of tax policy tools and the lack of institutional flexibility. Due to the lack of a dynamic adjustment mechanism in the tax base design, the tax calculation rules for full premiums are decoupled from the risk exposure level, which in turn exacerbates the tax imbalance. The innovation incentive policy ignores regional differentiation and directly applies the national unified standard, without considering the particularity of Anhui's high proportion of small and medium-sized insurance enterprises and weak anti-risk ability. The principle of incentive compatibility is not incorporated into the regional coordination framework, and the existing coordination mechanism is mainly based on administrative instructions, and lacks the design of benefit distribution based on market logic.

4. Comparison and Enlightenment of Domestic and Foreign Tax Incentive Models

4.1. Domestic Experience: Jiangsu and Zhejiang Tiered Tax Rates and Innovation Linkage Mechanism

Jiangsu Province has successfully promoted the development of agricultural insurance through the linkage mechanism of "tiered tax rate + R&D additional deduction". Liu Xiaofei's empirical research shows that the implementation of the value-added tax refund policy for agricultural insurance, and the growth rate of premium scale is linked to the preferential tax rate. For example, for every 5% increase in the growth rate, the tax rate will be reduced by 1 percentage point, so that the average annual growth rate of agricultural insurance premiums will be 31%. Taking rice insurance as an example, the coverage rate in Jiangsu Province will increase to 89% in 2023, 37 percentage points higher than that of Anhui Province (Insurance Association of China, 2023). In addition, Jiangsu Province has implemented a "dynamic adjustment of the additional deduction ratio" mechanism for R&D investment in science and technology insurance, and the additional deduction ratio of R&D expenses will be increased by 10% for each patent authorized by enterprises, up to 150%, driving the number of insurance technology patents authorized in 2023 to 142, far exceeding Anhui's 28 (State Intellectual Property Office, 2023).

With the digital tax reform as the core, Zhejiang Province has established a full-chain incentive mechanism of "tax incentives, achievement transformation, and market application". For example, the "levy first and then reward" model is implemented for the development of technology insurance products: enterprises pay taxes in advance, and after the products pass the market inspection, they will refund the tax at 30% of the R&D investment (Zhejiang Provincial Department of Finance, 2023). This mechanism has enabled the premium income of science and technology insurance in Zhejiang Province to exceed 50 billion yuan in 2023, accounting for 21% of the national total (China Banking and Insurance Regulatory Commission, 2023).

Jiangsu Province and Zhejiang Province in the Yangtze River Delta region have shown remarkable innovation and adaptability in the design of insurance tax incentive policies, which provides an important reference for Anhui Province.

4.2. International Experience: The Long-Term Design of Tax Incentives in France and the United States

France has passed legislation to increase the InsurTech R&D credit to 30% and provide that the credit can be carried forward to the next five years. This policy has increased the R&D intensity of the French insurance sector from 1.2% in 2018 to 2.5% in 2023, with a digital insurance penetration rate of 68% (AXA Annual Report, 2023). In addition, France has implemented a "carbon tax linkage preference" for green insurance products, reducing the value-added tax rate of green insurance by 0.5 percentage points for every 1 ton of carbon emissions reduced by enterprises, and promoting the coverage rate of environmental pollution liability insurance to 45% (French Ministry of Finance, 2023).

In order to attract the agglomeration of insurance institutions, states in the United States have established a five-year tax holiday for new insurance products, and implemented a "proportional distribution of tax at source" rule for cross-state business. Texas, for example, attracted 23 insurtech companies to set up regional headquarters through tax exemptions, leading to a 17% increase in insurance tax revenue in 2023 (American Insurance Institute, 2023). In addition, California has unified interstate dispute resolution standards through the Tax Harmonization Council, which has reduced the double taxation rate for internet insurance from 12% to 3% (Cal Revenue, 2023).

Developed countries have effectively driven innovation and regional synergy in the insurance industry through the long-term and compatible design of tax policies.

4.3. Enlightenment to Anhui Province: Policy Stability, Regional Coordination and Tax Base Accuracy

Experience at home and abroad shows that tax incentive policies need to take into account stability, coordination and precision, and Anhui Province can focus on the following three aspects to make breakthroughs:

1) Dynamically adjust the design of the tax base to narrow the gap in regional tax burdens. Short-term measures can learn from Jiangsu's "tiered tax rate" mechanism and implement a dynamic linkage of "premium growth rate and preferential tax rate" for property insurance companies, such as reducing the comprehensive tax rate by 1 percentage point for every 5% growth rate exceeding the industry average. The long-term path could introduce France's "risk consideration separation method", which only taxes the risk premium part of the premium, which is expected to reduce the comprehensive tax rate of property insurance moderately.

2) Build a long-term innovation incentive ecosystem. Referring to Zhejiang's "levy first and then award" model, the "patent authorization-credit ratio" linkage mechanism is implemented for R&D investment in science and technology insurance, and the credit ratio is increased by 10% for each patent authorization, with an upper limit of 150%. The establishment of a "special tax zone for science and technology insurance" in the Hefei Science and Technology Innovation Corridor allows enterprises to deduct the full amount of R&D interruption insurance expenses before tax.

3) Strengthen the regional tax coordination framework. Following the example of the inter-state tax distribution mechanism in the United States, the Yangtze River Delta "tax sharing of premium source country" model was established. The "Yangtze River Delta Insurance and Taxation Joint Conference" was established in conjunction with Jiangsu, Zhejiang and Shanghai to unify the tax jurisdiction and preferential standards of green insurance and Internet insurance.

5. The Construction of the Policy Framework and the Implementation Path

5.1. The Theoretical Basis and Design Logic of the Three-Dimensional Framework

The tax incentive effect of the insurance industry in Anhui Province must improve the framework of the system, and on this basis, three sub-modules of tax base optimization, innovation incentive and regional coordination must be established, and an integrated linkage mechanism of "fairness-efficiency-synergy" must be established.

1) Optimize the tax base, taking into account fairness and efficiency. According to Musgrave's theory of fiscal function, tax policy needs to seek a balance between resource allocation and tax fairness. Anhui Province's "full premium taxation" rule results in an effective tax base covering risk reserves, and the actual tax burden is 40% higher than that of the banking industry, and the "risk consideration separation method" needs to be introduced, and only the risk premium part of the premium is taxed.

2) Innovative incentives, dynamic adaptation and long-term stability. Empirical research by Zhao et al. shows that for every 1 percentage point increase in tax incentives, the R&D intensity of the insurance industry increases by 0.5%-0.8%. At present, the additional deduction ratio of digital development expenses in Anhui Province is only 50%, which is far lower than the 30% credit level in France, and a positive feedback mechanism of "R&D investment-achievement transformation" needs to be established.

3) Regional synergy, benefit sharing and risk sharing. Liang Biming and Xiao Ruijia's four-dimensional framework of tax coordination emphasizes that regional tax policies need to achieve tax balance and benefit sharing. The tax incentive for environmental pollution liability insurance in Anhui Province is only 5%, which is 10 percentage points lower than that of Jiangsu, and it is necessary to resolve institutional barriers through the cross-provincial tax distribution model.

5.2. Policy Tools and Phased Implementation Pathways

Based on the three-dimensional framework, a progressive reform path of "short-term pilot-medium-term optimization-long-term collaboration" is designed.

1) Reform the tax base and promote accurate tax calculation in stages. In the short term, the Measures for the Administration of Taxation of Insurance Enterprises in Anhui Province will be amended to allow pre-tax deduction of compensation expenses, and the deduction limit for commission expenses will be increased from 10% to 15%. In the long run, the "risk consideration separation method" can be piloted, and a dynamic risk assessment model can be established to align with international tax base standards.

2) Innovate incentives and build a "policy-market" linkage ecology. Dynamic additional deduction mechanism, the additional deduction ratio of R&D expenses is linked to patent authorization, and the credit ratio of each patent authorization is increased by 10%, with an upper limit of 150%. In the special fund of "levy first and then award", enterprises pay taxes in advance, and the products will be refunded according to 20%-30% of the R&D investment after passing the market verification (Zhejiang Provincial Case, 2023).

3) Regional coordination, institutional breakthrough and benefit distribution. The inter-provincial tax distribution model allocates taxes according to the proportion of the source of premiums, and the Anhui branch contributes 35% of the premiums and retains 30% of the tax (California Experience, 2023). Tax incentives are superimposed, and joint subsidies of the three provinces are implemented for the coordinated insurance in the Yangtze River Delta, with 5% in Anhui, 10% in Jiangsu, and 5% in Zhejiang.

5.3. Implement Safeguards and Risk Prevention and Control

In order to ensure the implementation of the policy, it is necessary to build a full-chain guarantee mechanism of "monitoring, flexible adjustment, and risk hedging".

1) Dynamic monitoring and elastic adjustment. Core indicators such as tax burden, proportion of R&D investment, and regional penetration rate are tracked on a quarterly basis. If the tax burden fluctuates by more than $\pm 3\%$, the policy calibration procedure will be automatically triggered, and the expert group (academics, enterprises, and the government) will put forward optimization suggestions.

2) Special support for small and medium-sized enterprises. In recent years, small and medium-sized enterprises with annual premium income of less than 50 million yuan can be reduced by 50% of income tax. Set up an "Innovation Incubator for Small and Medium-sized Insurance Enterprises" to provide tax planning and risk hedging training.

3) Risk response strategies. Inter-provincial tax jurisdiction disputes are handled through fast-track arbitration, and the award will be issued within 30 days. For the potential financial losses of the policy pilot, a special risk reserve shall be set aside at a scale of 5% of the annual tax revenue.

6. Conclusion and Policy Recommendations

6.1. Conclusion

This study reveals that the core contradiction of the tax incentive effect of the insurance industry in Anhui Province stems from the triple imbalance:

1) Structural imbalance of tax burden: the tax rules for full premiums and the non-deductibility of compensation expenses lead to high actual tax burdens, and the comprehensive tax rate of property insurance (32.4%) deviates significantly from the regional average (26.6%), which inhibits the risk-bearing capacity of enterprises;

2) Institutional inhibition of innovation: short-term and fragmented tax incentive design, such as 50% of R&D additional deduction, is difficult to match the long-term R&D needs of insurance products, with R&D investment accounting for 0.8% and 28 patents authorized, highlighting the shortcomings of the innovation ecosystem;

3) Lack of regional coordination mechanism: policy fragmentation and contradiction between inter-provincial tax distribution, such as the 8% double tax rate on Internet insurance, weakens the efficiency of regional integration and restricts Anhui's competitiveness in the Yangtze River Delta.

The results show that the defects of tax base design, the lag of innovation incentives and the lack of regional coordination constitute the institutional bottlenecks of the insurance industry in Anhui Province.

6.2. Policy Recommendations

In order to solve the structural contradictions, it is necessary to construct a reform plan from three aspects: top-level design, implementation mechanism and supporting guarantees:

1) Top-level design: anchor the three strategic directions. Guided by digital transformation, InsurTech has been incorporated into Anhui Province's "Digital JAC" strategy, and value-added tax (VAT) has been refunded on digital products such as blockchain insurance policies and AI actuarial systems, so as to promote the simultaneous upgrading of tax policies and digital infrastructure. Green finance synergy, benchmarking against the EU carbon border tax, exploring the "carbon insurance linkage tax system", implementing the two-dimensional taxation of "premium income - carbon emission reduction" for green insurance products, and encouraging insurance companies to participate in climate governance. Regional competition

and cooperation positioning, clarify Anhui's role as an "innovation test field" in the insurance ecology of the Yangtze River Delta, and give priority to piloting cutting-edge policies such as cross-border reinsurance tax incentives and tax exemptions for cross-border data flows.

2) Implementation mechanism: Construct a quadruple leverage tool. Tax Flexibility Adjustment Fund: The provincial finance department has set up a special fund to implement the "excess tax burden refund" for small and medium-sized insurance enterprises, that is, when the actual tax burden exceeds the industry average, 30% of the excess part will be returned to the enterprise. Yangtze River Delta Tax Sharing Platform: Establish a tax data pool for insurance business with Jiangsu, Zhejiang and Shanghai, and allocate cross-provincial taxes according to the dual weight of "premium source + risk exposure" to avoid double taxation and interest competition. Innovation risk hedging mechanism: Enterprises are allowed to deduct 50% of the cost of R&D failure (such as clinical trial insurance not meeting expectations) to the taxable income to reduce the cost of innovation trial and error. Policy dynamic evaluation matrix: Construct an evaluation system that includes tax burden sensitivity, innovation conversion rate, and regional synergy index, and publish policy resilience reports every six months to drive dynamic optimization.

3) Supporting guarantees: strengthen two types of support systems. Talent and data infrastructure, set up an "insurance tax think tank" to attract actuarial, tax and digital technology compound talents, provide policy simulation and risk assessment services, promote the data interconnection between the tax, banking and insurance regulatory authorities and the judicial departments, and establish a joint audit and tax recovery mechanism for insurance fraud. The law and fault tolerance framework, amend the "Anhui Provincial Insurance Regulations", add special provisions for tax incentives, clarify that the policy stability period will not be retroactive within 5 years, and set the fault tolerance standard of "due diligence and exemption" for non-subjective violations in the reform pilot, so as to encourage grassroots innovation and exploration.

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