

Major Issues and Optimization Paths in the Implementation of Green Fiscal and Tax Policies

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Abstract: In the current era of accelerating global economic development, countries worldwide are facing the challenge of resource shortages, giving rise to the concept of green sustainable development. This has also become an important principle for China in its pursuit of sustainable development. Against this backdrop, the nation has proposed corresponding green fiscal and tax policies. However, there are deficiencies in the implementation of China's green fiscal and tax policies. This paper analyzes the main issues in the implementation process of green fiscal and tax policies, aiming to optimize the implementation paths of green fiscal and tax policies by enhancing supervision of green tax policy execution, improving publicity of green fiscal and tax policies, and refining green tax incentives.

Keywords: Green fiscal and tax policies, Major issues, Optimization paths

1. Introduction

The report of the 20th National Congress of the Communist Party of China emphasizes the need to improve fiscal, investment, pricing policies, and standard systems that support green development, and to develop green and low-carbon industries. The fiscal and tax system plays a crucial role in encouraging and guiding the transformation of economic development methods, the upgrading of industrial structures, the adjustment and optimization of energy structures, the innovation of energy-saving and environmental protection technologies, and the construction of green consumption models. As we enter a new stage of development, it is essential to actively build a modern fiscal and tax system that facilitates efficient resource use and the green low-carbon transition, thereby creating a new chapter in the construction of a beautiful China. Scholar Xu Minjuan points out that China's economic development has entered a new phase, and the mode of economic development is gradually changing. In the process of building a resource-conserving society, it is necessary to continuously optimize fiscal and tax policies to effectively protect the environment while promoting economic development [1]. Scholar Jiang Lilin suggests further optimizing legislative goals to reflect a carbon reduction orientation, improving the stability of tax structures and tax incentives aimed at carbon reduction, enhancing the coordination between different green tax categories, and strengthening the collaboration mechanisms with technical inspection departments, thereby promoting green and low-carbon development [2].

2. Green Fiscal and Tax Policies

2.1. The Meaning of Green Fiscal and Tax Policies

Green fiscal and tax policies refer to the use of tax measures to promote environmental protection and sustainable development. These policies aim to guide and encourage economic activities towards being more environmentally friendly, low-carbon, and resource-efficient. The primary goal is to balance economic growth with environmental protection, achieving sustainable economic development.

The definition of green fiscal and tax policies includes two key elements: green economic orientation and tax tools. First, green economic orientation implies that the government encourages and supports the development of green industries and the application of clean technologies to reduce negative environmental impacts and improve resource utilization efficiency. Second, tax tools involve using measures such as taxation, tax reductions, exemptions, and incentives to guide and motivate businesses and individuals to focus more on environmental protection, reduce carbon emissions, lower pollutant discharges, and conserve resources in their economic activities.

2.2. The Significance of Implementing Green Fiscal and Tax Policies

2.2.1. Promoting the Development of Environmental Protection Industries

Firstly, by providing tax incentives to the environmental protection industry, the government can guide businesses to increase investment in the research, development, and application of environmental protection technologies, thereby promoting innovation and growth in the environmental protection sector. Secondly, adjustments in tax policies can reduce the competitive advantage of traditional high-pollution industries, encouraging enterprises to upgrade and transform towards the environmental protection industry, thus driving the overall upgrading and transformation of the industrial structure. Additionally, green fiscal and tax policies can incentivize businesses to proactively undertake environmental responsibilities, reduce environmental pollution, improve resource utilization efficiency, and achieve a virtuous cycle of economic growth and environmental protection.

2.2.2. Promoting Enterprise Transformation and Upgrading

Firstly, by imposing environmental taxes and other green taxes on high-pollution and high-energy-consumption enterprises, the policies can effectively guide these enterprises towards transformation and upgrading, encouraging increased investment in environmental protection technologies and equipment, improving resource utilization efficiency, reducing emissions, and achieving sustainable development. Secondly, green fiscal and tax policies can also motivate businesses to increase investment in green industries, promote innovation and application of green technologies, and enhance their competitiveness and sustainable development capabilities. Therefore, the implementation of green fiscal and tax policies helps guide enterprises towards transformation and upgrading, promoting economic development towards a green, low-carbon, and sustainable direction.

2.2.3. Reducing Environmental Pollution and Resource Waste

By taxing behaviors that cause environmental pollution and resource waste, green fiscal and tax policies can effectively guide businesses and individuals to reduce environmentally destructive behaviors. At the same time, green tax policies can also encourage businesses and individuals to adopt more environmentally friendly and sustainable production and consumption practices, promoting the

development of a green economy. These policies not only help improve environmental quality but also drive the transformation and upgrading of the economic structure, achieving sustainable economic development.

2.2.4. Promoting Social Equity

By imposing environmental taxes on high-income groups, green fiscal and tax policies can reduce resource waste and environmental pollution while increasing government fiscal revenues. This approach is conducive to promoting social equity and sustainable development.

3. Major Issues in the Implementation of Green Fiscal and Tax Policies

3.1. Unreasonable Design of Tax Policies

In practice, some green fiscal and tax policies may suffer from unreasonable tax rate settings and imprecise tax incentives, which result in limited effectiveness in promoting the development of the environmental protection industry and the efficient use of resources.

3.2. Insufficient Promotion of Green Fiscal and Tax Policies

One of the main issues in the implementation process of green fiscal and tax policies is the deficiency in promotional efforts. Insufficient promotion may lead to a lack of public understanding of green tax policies and their importance and impact. This can result in low public support for the policies, potentially causing negative emotions and resistance. Without timely improvements in promotional efforts, the current policy implementation could be hindered. [3] Therefore, it is crucial to enhance promotional activities to increase public awareness and understanding of green tax policies.

3.3. Challenges in Green Tax Collection and Management

The difficulties in green tax collection and management include several aspects:

3.3.1. Insufficient Tax Collection and Management Capacity

During the implementation of green fiscal and tax policies, regulatory bodies may face challenges due to insufficient tax collection and management capacity. The complexity and specificity of green tax policies require regulatory bodies to possess specialized knowledge and skills to ensure effective policy execution and supervision. However, tax collection and management agencies in some countries or regions may lack the necessary talent and resources, increasing the difficulty of supervision and execution.

3.3.2. Low Willingness to Comply with Tax Policies

Some taxpayers may have a negative attitude towards green tax policies, resulting in a low willingness to comply. These taxpayers might perceive green tax policies as an additional burden or as having adverse effects on their business activities, leading them to engage in tax evasion or avoidance, posing challenges to tax collection and management.

3.3.3. Complexity of Tax Policies

Green tax policies may involve multiple steps and various types of taxes, adding to the complexity of supervision and execution. Regulatory bodies need to ensure that taxpayers comply with all tax

policies while dealing with the overlapping impacts of different tax types and the intricate work of tax collection and management.

3.3.4. Challenges in Cross-Border Tax Supervision

In the context of globalization, the increasing frequency of cross-border trade and investment presents challenges for the implementation of green tax policies in terms of cross-border tax supervision. Cross-border transactions may involve the tax policies and regulatory systems of multiple countries or regions. Regulatory bodies need to enhance international cooperation to address the challenges of cross-border tax supervision.

4. Optimization Paths for Implementing Green Fiscal and Tax Policies

4.1. Increasing Tax Penalties for Pollution Emissions

Firstly, imposing heavier tax penalties on enterprises that exceed emission standards can compel them to reduce pollution emissions and enhance their environmental awareness. This approach uses economic measures to constrain enterprises, encouraging them to prioritize environmental protection. Simultaneously, increasing tax penalties for pollution emissions can motivate enterprises to invest more in environmental protection facilities and technological upgrades, thereby reducing pollution emissions and improving environmental standards. When implementing increased tax penalties for pollution emissions, the government can adopt differentiated tax policies. For enterprises with severe over-standard emissions, higher taxes can be levied to strengthen the punitive measures against polluting companies. Additionally, the government can establish comprehensive monitoring and evaluation mechanisms to conduct real-time monitoring and assessment of enterprise emissions, ensuring the fairness and effectiveness of tax collection.

Increasing tax penalties for pollution emissions can effectively push enterprises to change their development methods and achieve green development. This approach also encourages enterprises to invest more in environmental protection and enhance their environmental technology levels, contributing to the construction of a beautiful China and the realization of sustainable development. Therefore, increasing the intensity of green fiscal and tax policies, especially tax penalties for pollution emissions, is a crucial environmental policy that helps advance environmental protection efforts in China.

4.2. Strengthening the Supervision of Green Tax Policy Implementation

Enhancing supervision can ensure that tax funds are genuinely used for environmental protection rather than being misappropriated or misused. Firstly, the supervision mechanism could include the establishment of specialized supervisory bodies or committees responsible for overseeing the implementation of green tax policies and regularly auditing and evaluating the use of tax funds. Secondly, strict approval and regulatory procedures should be established to ensure that the use of green tax funds complies with relevant regulations and policy requirements. Projects applying for green tax fund support should undergo rigorous review and evaluation to ensure they meet environmental standards and policy requirements. Additionally, a comprehensive fund supervision mechanism should be established to monitor the flow and use of funds in real-time, promptly identifying and correcting potential issues. Furthermore, supervision and accountability for relevant units and individuals should be strengthened, with a sound penalty mechanism for violations. Actions violating green tax policies should be legally addressed, with penalties for involved units and individuals, and misappropriated or misused tax funds should be recovered. Through strict supervision and accountability mechanisms, the misuse and misappropriation of green tax funds can

be effectively prevented, ensuring that tax funds are genuinely used in the environmental sector, thereby promoting the development and transformation of the green economy.

4.3. Enhancing Promotion of Green Fiscal and Tax Policies

To effectively promote green fiscal and tax policies, it is essential to shift from a passive to an active approach, ensuring that the public understands these policies. [4] Staff members should thoroughly learn the specifics of green fiscal and tax policies, understanding the detailed regulations and clarifying the objectives of the promotion—whether to increase awareness or to emphasize the importance and impact of the policies. Clear promotional objectives help in determining the focus and methods of promotion. Subsequently, based on these objectives, a detailed promotion plan should be developed, including the timeline, content, channels, and methods of promotion. The promotion plan should be well-timed to ensure the information reaches the target audience promptly. Relevant promotional materials should be prepared, and offline methods such as brochures, posters, and promotional videos, as well as online methods through various internet platforms, should be utilized. For instance, policy content can be showcased through short videos and infographics on platforms like Kuaishou, Douyin, and Weibo, which are wide-reaching and engaging. For relevant enterprises, targeted pushes can be set up, and direct outreach by staff to enterprises can be organized if necessary. Additionally, any opaque regional policies discovered during promotion should be promptly reported and adjusted to enhance transparency and ensure effective implementation.

4.4. Improving Green Tax Incentive Policies

This includes measures such as tax reductions or deductions for enterprises that meet environmental standards to encourage investment in green technologies and products. By doing so, enterprises will be more motivated to adopt environmentally friendly production methods, thereby reducing their negative environmental impact. This approach also helps to promote the development of green industries and foster sustainable economic growth. For instance, increasing tax credits or setting aside specific reserves can facilitate the effective implementation and promotion of green fiscal and tax policies through various incentives [5].

5. Conclusion

The implementation of green fiscal and tax policies faces several major issues, including the unreasonable design of green tax policies, insufficient promotion of green fiscal and tax policies, and challenges in the collection and management of green taxes. Strengthening the supervision of policy execution, improving the promotion of green tax policies, and refining tax incentive policies can effectively optimize the implementation of green fiscal and tax policies.

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