

The Implementation Effect of the General Income Tax and the Changes of Tax Planning

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Abstract—Wage and salary income, labor remuneration, author's remuneration and royalties shall be calculated on a consolidated basis by the tax year for the resident individuals in the new Individual Income Tax Law. The implementation effect and tax planning changes of the general income tax has received extensive public concern. On basis of the summary of policy changes of the general income tax, this article analyzes its implementation effect, and concludes that general income tax is helpful for tax reduction and fairness improvement. To perfect the individual income tax, the article analyzes the problems of the general income tax and put forwards some suggestions, just as to unify the caliber of the taxable income of the four income items, to unify the withholding regulations and to optimize pre-tax deduction. Finally, this article discusses the tax planning changes caused by the new general income tax.

Keywords—general income; individual income; implementation effect; tax planning

I. INTRODUCTION

As an important tool for income adjustment, personal income tax has long been the focus of social attention. In recent years, with the development of China's social economy, the income gap of residents has widened, and the drawbacks of personal income tax have become increasingly prominent. In order to reflect the principle of tax equity and effectively exert the income adjustment effect of personal income tax, China's personal income tax has undergone a series of reforms, and from January 1, 2019, the newly revised personal income tax law has been implemented. The new personal income tax law has been adjusted from various aspects such as collection mode, tax rate, and taxation basis.

Among them, the four income syndromes are important measures in the reform, and how the implementation effect is widely concerned. At the same time, the syndrome income is also planned for personal income tax.

II. CHANGES IN THE COMPREHENSIVE INCOME TAX POLICY FOR INDIVIDUAL INCOME TAX

A. Implementing a Comprehensive Classification and Collection Model

Different from the classification and collection mode of the original personal income tax, the new tax law counts the income of the individual's individual wages, labor remuneration, remuneration income and royalties into comprehensive income, which is comprehensively taxed annually. Business income, income from property leases, income from property transfers, dividends on interest dividends, and occasional income are still classified.

B. Increased Pre-tax Deductions and Increased Pre-tax Deductions

The new tax law fully considers the average consumption level of residents at this stage and the family difference of taxpayers. The fee allowed before the comprehensive income tax is increased to a fixed amount of 60,000 yuan per year. The taxpayer's children's education expenditure, maintenance of the elderly, and mortgage rent are added. Special deductions such as expenditures, continuing education expenditures and major medical expenses, as well as other expenditure items such as commercial health insurance and tax deferred commercial insurance, are shown in "Table I".

TABLE I. PRE-TAX DEDUCTION PROVISIONS BEFORE AND AFTER THE REFORM

Project	Pre-tax deduction	
	Original tax law	New tax law
Salary and salary income	Monthly deduction of 3,500 yuan	1. Fixed a deduction of 60,000 yuan 2. Special deduction (three insurances and one gold)
Remuneration income	Each time the income is greater than 4,000 yuan, the rate is deducted by 20%;	3. Special additional deductions: child education, continuing education, major medical care, housing loan interest, housing rent, and support for the elderly.
Remuneration income	Each time the income is less than 4,000 yuan, the fixed amount is deducted 800 yuan.	4. Other deductions: payment of enterprise annuities and occupational annuities in accordance with state regulations, purchases in compliance with state regulations, commercial health insurance and tax deferred commercial pension insurance
Royalties income		

C. Adjustment and Optimization of the Applicable Tax Rate Structure for Comprehensive Income

The comprehensive income is subject to a seven-level excess progressive tax rate, which is consistent with the original wage and salary income tax rate, but the income level corresponding to the first three low tax rates (3%, 10%, 20%) is expanded, as shown in “Table II”. The maximum

income is 2 times, 2.67 times and 2.78 times higher than the original highest income respectively; the gap between the highest income and the lowest income is 2 times, 3 times and 2.89 times higher than the original tax rate. [1] At the same time, the gap between the income range of the second tariff rate of 25% was reduced, which was 0.38 times of the original fourth gear range. The 30%, 35%, and 45% third-grade higher tax rates remain unchanged.

TABLE II. NEW AND OLD SEVEN-LEVEL EXCESS PROGRESSIVE TAX RATE CHANGE

Original tax rate for the whole year's taxable income (yuan)	New tax rate for the whole year's taxable income (yuan)	Tax rate (%)	New and old level maximum income multiple	New and old level maximum income and minimum income gap multiple
Not more than 18,000	Not more than 36,000	3	2	2
18000—54000	36000—144000	10	2.67	3
54000—108000	144001—300000	20	2.78	2.89
108000—420000	300000—420000	25	1	0.38
420000—660000	420000—660000	30	1	1
660000—960000	660000—960000	35	1	1
More than 960000	More than 960000	45	1	1

III. EVALUATION OF THE IMPLEMENTATION EFFECT OF THE NEW PERSONAL INCOME TAX

A. Reduced the Personal Income Tax Burden of Residents, Especially the Middle and Low Income Groups

The new comprehensive income tax policy pre-tax fee deduction standard has fully considered the price increase and the cost of living improvement factor. The annual special deduction standard of 60,000 yuan is significantly higher than the before reform 3,500 yuan per month, that is, 42,000 yuan per year. The addition of special deductions for special projects has excluded more low-income groups from the scope of personal income tax adjustment. Under the progressive income tax rate system, the expansion of the first three levels of tax rate is also conducive to reducing the tax rate applicable to taxpayers. To reduce the tax burden of the middle and low income groups. At the same time, for the middle and low income groups whose labor income and remuneration are the main sources of income, the tax burden

is greatly reduced because the tax rate is changed from the original applicable minimum tax rate of 20% to the progressive tax rate of 3%.

Case 1: Xiao Wang is a design institute. The monthly salary is 15,000 yuan, and the annual salary is 180,000 yuan. In addition, Xiao Wang has a part-time job for 5 months and earns 3,500 yuan per month for labor compensation. Earned an income of 50,000 yuan; Xiao Wang is also a literary enthusiast, and published a work that year to obtain a remuneration of 12,000 yuan. Xiao Wang pays 3,000 yuan per month for three insurances and one yuan, totaling 24,000 yuan for the whole year. The special supplementary deduction for children's education expenditure, parental support expenses, and housing loan expenses is 36,000 yuan for the whole year, and there are no other deductions. Before and after the reform, Xiao Wang's personal income tax changes are shown in “Table III”. The same income, according to the new tax law, Xiao Wang can reduce the income tax burden of $28484-9552 = 18,932$ yuan.

TABLE III. COMPARISON OF XIAOWANG'S TAX PAYMENT BEFORE AND AFTER THE REFORM

Project		Original tax law	New tax law
Wage income	15,000 yuan / month	1370yuan / month	
Income from remuneration for services	3500yuan / month	540yuan / month	9552yuan
income from author's remuneration	12000yuan	1344yuan	
Royalties income	50000yuan	8000yuan	
Total for the whole year		28484yuan	9552yuan

B. Four Income Syndrome Taxes Helping Promote Horizontal Equity

The original tax law implements a classification and collection model, and the taxable income is divided into 11 items according to their nature. Different income items are subject to different fee deduction standards, and different tax rates and taxation methods are adopted. The four incomes of the same labor nature, which are included in the comprehensive income and combined taxation, which embodies the same tax treatment for income of the same

nature. The individual tax burden of the residents is no longer different due to different sources of income and different tax counts. The difference is beneficial to the horizontal fairness.

C. The Comprehensive Income Deduction System Is Conducive to Improving Vertical Equity

Before the original wage and salary income tax, the monthly fixed fee is allowed to be deducted by 3,500 yuan. The income from labor remuneration, remuneration income

and royalties are allowed to deduct a fixed fee of 800 yuan or 20% of the rate. Such a fee deduction system is too mechanical, does not take into account the individual differences of taxpayers, cannot accurately measure the taxpayer's tax burden capacity, and cannot achieve vertical fairness. [2] The new personal income tax law takes into account the differences in the number of children of the residents, parental support and other family conditions, and the introduction of special deductions, which will help to more accurately measure the taxpayer's personal tax burden. Matching its tax burden capacity with the tax burden level, in line with the requirements of the principle of capacity and affordability for personal income tax is conducive to the vertical equity.

Case 2: A company in a company, can earn a monthly income of 15,000 yuan, three insurance and one gold monthly payment of 2,000 yuan, A has a primary school children, the first suite is still repaying this year, parents have been At the age of 60, A is a non-only child.

B is a freelancer. In the same year, he provided design services for a project and received a salary of 180,000 yuan. The unit pays monthly. It is also 2,000 yuan per month to pay three insurances and one gold. B has two children, both attending elementary school, no housing, renting a house in a provincial capital, parents 60 years of age, and B is the only child.

Analysis: According to the original tax law, the annual income of A and B is the same, but the nature is different. The monthly tax payable for wages and salaries is 745 yuan, and the annual tax amount is 8940 yuan. The monthly tax payable according to the remuneration for labor services is 1,600 yuan, and the annual tax amount is 19,200 yuan. The tax burden of the same income is the same, and the original tax law does not fully consider the difference in family burden between the two parties. Although the family burden of B is heavier, the tax amount is higher.

According to the new tax law, the income from wages A and the income from labor services are uniformly taxed according to the comprehensive income. The expenses allowed for deduction before tax in the current year are 60,000 yuan for the fixed amount, 12,000 yuan for the children's education, 12,000 yuan for the mortgage, and 12,000 for the elderly. Yuan, a total of 96,000 yuan, the tax payable is 5880 yuan. The fees allowed for deduction before B tax are 60,000 yuan for fixed amount, 24,000 yuan for children's education, 18,000 yuan for rent and 24,000 yuan for elderly people, 126,000 yuan for the whole year, and 540 yuan for tax payable. (See "Table IV") In the original tax law, A should be lower than the personal income tax, and under the new tax law, the personal income tax burden of B is lighter than A. It can be seen that the New Deal fully considers the individual differences and can more accurately measure the taxpayer's individual tax burden capacity and help to achieve the principle of fairness.

TABLE IV. ANNUAL TAX PAYABLE UNDER THE NEW AND OLD TAX LAWS

	Income item	Income amount	New tax law			Original tax law		
			Expense deduction	tax rate	Annual tax payable	Expense deduction	tax rate	Annual tax payable
A	wage	15000yuan / month	96000 yuan/year	10%	5880 yuan	3500yuan / month	20%	16440yuan
B	Service remuneration	15000yuan / month	126000 yuan/year	3%	540 yuan	Fixed rate20%	20%	28800yuan

D. The New Tax Rate Structure Is Conducive to the Adjustment of the High-income Class and Easing the Income Gap

The income from wages and salaries in the original personal income tax is subject to a seven-level excess progressive tax rate, but the progressive tax rate itself is unfair, and its progressive progress does not increase with the increase of income. The low-income class is more advanced and does not effectively play the role. As the new personal income tax optimizes the tax rate structure, it has increased the 3%, 10%, and 20% three-grade low-tax rate, and more focused on the progressive adjustment of the high-income class, which helps to improve the distribution and ease the income gap.

IV. ANALYSIS AND OPTIMIZATION OF PROBLEMS IN THE COMPREHENSIVE INCOME TAX

A. Problems in the Comprehensive Income Tax

Although the implementation of the new personal income tax is conducive to reducing the tax burden of the middle and low income groups and improving the distribution, there are still many shortcomings.

There are still differences in income tax burdens for different projects. The income from wages and salaries, labor remuneration, remuneration, and royalties are collected on a yearly basis, and a uniform fee deduction system and tax rate are applied, which is conducive to alleviating the different tax burdens caused by different income characteristics. However, the difference between the salary and salary income is fully included in the comprehensive income, and the balance of the income from labor remuneration, remuneration and royalties is calculated as the total income after deducting 20% of the income. The amount of income

from the remuneration is calculated at 70%. This will inevitably lead to the same income, the nature of the same, the wages and salaries income and the income from the labor service or the remuneration income, the tax burden is still different.

The current withholding method has increased the burden on taxpayers to some extent. The comprehensive income is levied on an annual basis, but the wages and salaries income and the other three incomes are subject to different withholding methods, resulting in the difference in the amount of withholding tax arising from the different types of income in the withholding period. On the other hand, the applicable tax rate for the withholding of labor income, royalties and royalties, and the pre-tax deduction for the withholding are completely different from the annual settlement, and the withholding method is actually Following the taxation method before the income tax reform, it is easy to generate a large deviation between the personal income tax withholding and the actual income tax payable, which usually leads to the individual's individual need to pay more in advance, and settle the annual payment. Then apply for a tax refund. Since the annual settlement and payment is from March 1 to June 30 of the following year, for the taxpayer, this kind of withholding method generates a large amount of capital occupation cost, and it takes a lot of time to pay taxes after the late tax refund. People bring time costs.

The pre-tax deduction system is still insufficient. There is no deduction for the child support expenses in the special additional deduction. Only the children's education expenditure can be deducted according to a certain standard. In reality, the cost of child rearing in China as the necessary cost of living for the family members should be used as a pre-tax deduction, and the cost even exceeds the individual's personal livelihood expenditure and the parental expenses. On the other hand, more and more families in our country attach importance to education before the age of 3, and education expenditure before the age of 3 is not less than that of preschool education. Although the children's education expenditure is one of the additional deductions, only the fees related to preschool education and academic education are allowed to be deducted. The education expenses of the children before the age of 3 are not included in the deduction. [3] In addition, although the current pre-tax deduction system takes into account differences among households, it does not fully consider regional differences. At present, only the housing rental expenditure is different according to the number of households in the provincial capitals and non-provincial cities and municipal districts. The method of deduction is relatively rough, and the substantive differences in regional economic development are not fully considered. Special additional deductions such as residents' personal livelihood costs and children's education expenditures, housing loan interest expenses, and maintenance of the elderly expenses are deducted by the same quota in different regions of the country. There are large differences in the development of different provinces and different cities in the same province. The price level and consumption level, especially the housing price level, are quite different. The above-mentioned expenditures will have large differences. It

is a simple machine to implement uniform deduction in the country.

B. Optimized Path of Comprehensive Income Tax

1) *Gradually harmonizing the income of the four income items:* The income from wages and salaries, income from labor remuneration, income from remuneration, and income from royalties have already implemented the syndrome collection model. They should not distinguish between different treatments. There should be no difference in the amount of income, but a unified method for calculating the income should be implemented. The unified income amount should be the original intention of implementing the four income syndrome collection model. Different treatment of the four items in the comprehensive income can easily lead to complicated tax system, increase the individual taxation cost of residents, and at the same time easily generate tax difference of income of different attributes, which is not conducive to the realization of horizontal fairness.

2) *Unifying the four methods of withholding:* Wages and salaries are deducted on a monthly basis using the accumulative withholding method. The accrued applicable tax rate and pre-tax deduction fees are consistent with the statutory applicable tax rate and pre-tax deduction fee for comprehensive income. Therefore, regardless of how the monthly salary and salary income fluctuate, the annual withholding tax calculated according to the accumulative withholding method is consistent with the actual income tax payable for annual settlement and settlement, and no refund of tax is required. However, the withholding method for the three items of labor remuneration and other projects follows the tax rate and fee deduction method applicable in the original income tax law, which is not conducive to the seriousness of maintaining the new tax law. On the other hand, it leads to withholding. And the huge difference between the actual tax payable. Therefore, the income from labor remuneration, remuneration and concession should be consistent with the salary and salary income, and a unified accrued withholding method should be adopted to minimize the difference between the withholding tax and the tax payment at the time of settlement and settlement, and improve the withholding tax. The accuracy of the payment reduces unnecessary taxation costs and capital occupation costs. At the same time, it is also beneficial to the four syndromes.

3) *Optimizing the pre-tax deduction items:* As the necessary cost of survival for family members, the proportion of child rearing expenditures in the basic expenses of family households in China is increasing. Especially under the policy of opening up the second child, in order to alleviate the burden of family rearing and economic pressure, it should be added in the existing special On the basis of deducting the project, increase the child rearing deduction item. The deduction method can be based on the number of children and combined with the regional

economic development level to implement regional difference deduction. At the same time, as more and more families value early childhood education, the age range of children's education expenditure should be expanded, and the early childhood education before the age of 3 is included in the pre-tax deduction. [3] Due to the differences in education expenditures at different stages, children's education expenditures can be divided into different stages of education, which can be divided into preschool education, nine-year compulsory education, high school education, higher education, and different quotas. In order to more accurately measure the individual's taxpaying ability, the pre-tax deduction of each item should fully consider the regional differences, and combine different economic developments in different regions of China, price levels, especially the difference in housing prices to implement different livelihood expenditures, housing loan interest expenses, etc. [4]

V. ANALYSIS OF CHANGES IN COMPREHENSIVE INCOME TAX PLANNING

As a major tax reform, the new personal income tax will have a profound impact on the taxpayer's personal income compared with the Before reform personal income tax, greatly reducing the tax burden of the middle and low income groups, helping to alleviate the income gap, improve income distribution, and achieve Fair goal. At the same time, as a rational economic man, in order to maximize his own interests, individual taxpayers still have a huge demand for tax planning for personal income tax. The original tax planning scheme based on the before reform tax system is no longer applicable, and the tax planning ideas for personal income tax should be changed accordingly.

A. Mutual Transformation Planning of Labor Remuneration and Wage Income

Before the tax reform, due to the difference between the income tax before the income tax and the applicable tax rate of the labor compensation, the same income, as the salary and salary income and the income tax return as the labor compensation are completely different, this difference provides taxpayers with tax planning space. Taxpayers can choose wages and labor remuneration beforehand. For example, as a lower wage income tax burden, they can establish a stable employment relationship with the unit, sign a labor contract, and make the income earned by the unit to provide labor as wages. On the contrary, if the income tax of the selected labor compensation is lower, the taxpayer does not need to establish a stable employment relationship with the unit. After the implementation of the new personal income tax policy, the comprehensive income tax on the income from labor remuneration and wages and salaries, the deduction of fees and the difference in applicable tax rates no longer exist, but in the case of income from labor remuneration, the income is deducted by 20% after taxation. The balance is the amount of income. This makes income as income from wages and salaries and as income from labor services. The income tax burden still differs, and there is still

room for planning. However, unlike the original planning idea, under the new income tax law, the income from labor compensation is more favorable than the income from wages and salaries.

Case 3: Xiao Zhang is a college teacher who can get a monthly salary of 6,000 yuan. He also works part-time in a certain company and can earn a part-time income of 2,000 yuan per month. Should the 2,000-yuan part-time income be chosen as wages and salaries or labor compensation?

Analysis: (1) Planning under the original personal income tax: According to the original personal income tax law, if the part-time income is wages and salaries, the wages obtained in colleges and universities should be combined and taxed on a monthly basis.

$$\text{Personal income tax per month} = (6000+2000 - 3500) \times 10\% - 105 = 345 \text{ yuan}$$

If part-time income is income from labor remuneration, it is different from the income from wages and salaries, and is taxed separately.

$$\text{Salary income should be subject to personal income tax every month} = (6000 - 3500) \times 10\% - 105 = 145 \text{ yuan}$$

If the labor service receives the same income from the same project, it shall be once a month.

$$\text{Labor remuneration payable monthly income tax} = (2000 - 800) \times 20\% = 240 \text{ yuan}$$

$$\text{Xiao Zhang monthly total income tax payable} = 145 + 240 = 385 \text{ yuan}$$

It can be seen that under the original tax law, Xiao Zhang's income from part-time employment in enterprises should be more favorable as wages and salaries, and he can bear less personal income tax 385-345=40 yuan per month, and less than 480 yuan income tax for the whole year. Therefore, Xiao Zhang should establish a stable employment relationship with the company.

(2) New personal income tax: Assume that Xiao Zhang has a special deduction of 24,000 yuan per year, and no other deductions.

$$\text{If part-time income is wage income, income tax is payable} = [(6000+2000) \times 12 - 60000 - 24000] \times 3\% = 3600 \text{ yuan}$$

If it is paid for labor, then

$$\text{Income tax} = [6000 \times 12 + 2000 \times 12 \times (1-20\%) - 60000 - 24000] \times 3\% = 2160 \text{ yuan}$$

It can be seen that under the new comprehensive income tax system, part-time income selection is more favorable as income from labor remuneration, and income tax can be reduced by 3600-2160=1440 yuan throughout the year. Therefore, Xiao Zhang can choose not to establish a stable employment relationship with the company. (See "Table V")

TABLE V. DIFFERENT CHOICES OF SMALL ZHANG WAGES AND LABOR REMUNERATION UNDER THE NEW AND OLD TAX LAWS

Program	Original tax law payable	New tax law payable
Salary salary	345yuan / month	3600yuan / year
Labor compensation	385yuan / month (Times)	2160yuan / year
	Choose a salary and salary plan to reduce taxes by 40yuan/month	Choose a labor compensation plan to reduce taxes 1440yuan throughout the year

B. Planned Changes in the Balanced Distribution of Wages and Salaries

Under the original personal income tax, wages and salaries are collected on a monthly basis, and a seven-level excess progressive tax rate is applicable. This kind of expropriation makes wages and salaries, although the total annual income is certain, but the payment method is different, and the income tax burden is different. If the distribution is uneven, especially in the way of distribution in a few months, the application of the progressive tax rate to the salary income will lead to a rise in the tax rate in these months and increase the tax burden. If the monthly issuance is balanced, it will help to reduce the applicable tax rate, which is more conducive to reducing the personal income tax burden. However, under the new tax law, due to the annual levy, as long as the total annual income is unchanged, how to issue it in each month will not affect the tax burden of the taxpayer's individual for the whole year. Assume that the annual salary of A is 120,000 yuan. Under the original tax law, the average monthly payment is 10000 yuan, the monthly tax payable is 745 yuan, and the annual tax payable is 8940 yuan; if it is concentrated in the three months of the end of the year, the monthly payment of 5000 yuan from January to September, monthly from October to December. The average payment of 25,000 yuan is 45 yuan for the first 9 months, 5375 yuan for the next 3 months, and 16530 yuan for the whole year. Balanced issuance is less than the unbalanced issue of income tax reduction of 7590 yuan. Under the new tax law, the annual total tax burden for the two types of annual payment of 120,000 yuan is exactly the same, but because the new tax law implements the progressive withholding method, the second method of payment is lower due to the lower progressive salary during the withholding. The withholding income tax is less than the first method, which is conducive to postponing the prepaid income tax and obtaining the time value of the tax.

C. Planned Changes in the Number of Payment of Labor Remuneration

In the original personal income tax, the income from labor remuneration is levied on a per-time basis, and each taxable income can be deducted by 800 yuan or deducted by 20%. The actual tax rate is a three-level excess progressive tax rate. As a result, for the same labor remuneration income, the unit's one-time payment and fractional payment will have

different tax liabilities. The method of split payment is based on the split of the income of the pen, and the applicable tax rate level will be reduced for each income. For the income of a labor service higher than 4000 yuan, splitting into income of less than 4000 yuan per time can be. The pre-tax deduction of 20% before the split is 800 yuan before tax, which means that the pre-tax deduction ratio is increased, which is beneficial to reduce personal income tax. After the implementation of the comprehensive income is levied on an annual basis, as long as the income from the same labor service is paid in the current year, the one-time payment and the divided payment will not produce a negative income tax difference. The space for planning is mainly due to the difference between the withholding method for labor remuneration and the year-end settlement. Comprehensive income such as labor remuneration shall be levied on an annual basis, but the labor remuneration shall be deducted in accordance with the method of deductible payment. The income after deducting the fee of 800 yuan or deducting 20% shall be the amount of income, and the income from labor remuneration shall not exceed four. For thousands of yuan, the deduction is calculated according to eight hundred yuan; for each income of more than 4,000 yuan, the deduction is calculated at 20%. Each amount of income is the withholding taxable income, and the excess progressive withholding rate of 20% to 40% is applied. In this way, different payment methods will produce a difference in the amount of prepaid tax. Therefore, if you choose one-time payment or partial payment, there will still be room for planning. According to the withholding method of labor remuneration, the amount of tax withheld in advance is less than one-time payment, and the time value can be obtained.

Case 4: Resident individual Li was designing a project for March, and served as a consultant for the project (10-month construction period). The design drawings took 1 month and received 100,000 yen. The designer asked the construction unit to during his tenure as an engineering consultant that the compensation was paid in 10 months, and 10,000 yuan was paid monthly to analyze the tax change of A.

Analysis: Original income tax law: a one-time payment of 30000 yuan.

$$\text{Taxable income} = 24000 \text{ (yuan)}$$

$$\text{Tax payable} = 100,000 \times (1-20\%) \times 40\% - 7000 = 25000 \text{ yuan}$$

Option 2: Pay monthly.

$$\text{Each tax payable} = 10000 \times (1-20\%) \times 20\% = 1600 \text{ yuan}$$

$$10 \text{ months total tax burden} = 1600 \times 10 = 16000 \text{ yuan}$$

By comparison, it is found that monthly payment is less than one-time payment: 25000-16000=9000 yuan

New income tax law: If the drawing design is completed in March, it will be paid in one lump sum.

$$\text{Withholding income tax amount} = 100,000 \times (1-20\%) \times 40\% - 7000 = 25000 \text{ yuan}$$

If paid in 10 months,

$$\text{Each withholding income tax} = 10000 \times (1-20\%) \times 20\% = 1600 \text{ yuan}$$

$$10 \text{ months cumulative withholding tax} = 1600 \times 10 = 16000 \text{ yuan}$$

At the end of the year, when the settlement is settled, the resident individual Li will then calculate the income from the

labor remuneration based on the comprehensive income. In the absence of special deductions and special deductions, the annual income tax payable is only 1480 yuan. Tax refund $25000-1480=23520$ yuan should be refunded when selecting the one-time payment for annual settlement. Tax refunds of $16000-1480=14520$ yuan should be refunded when the monthly settlement is selected. It can be seen that a 10 month payment is beneficial to reduce the prepaid tax and avoid excessive capital occupation cost. (See “Table VI”)

TABLE VI. PLANNING CHANGES OF LI MOU'S LABOR REMUNERATION UNDER THE NEW AND OLD TAX LAW

Program	Original tax law payable	New tax law	
		Withholding tax	Payable
One payment	25000	25000	1480
Monthly payment	16000	16000	1480
	Selecting a monthly payment plan can reduce taxes by 9000 yuan.	By choosing a monthly payment plan, the withholding tax can be reduced by 9000 yuan.	

VI. CONCLUSION

The reform measures of comprehensive income effectively reduce the personal income tax burden of residents, and the effect of tax reduction for middle and low income groups is more significant, which is conducive to giving full play to the income redistribution function of individual income tax and promoting the realization of tax fairness. But at the same time, there are still some problems in the comprehensive income tax, such as different tax burdens of income items, the cost of capital occupation and time and the imperfection of the deduction system of pre-tax expenses. It is suggested that the income of various items should be gradually unified, and the methods of pre-tax deduction and the deduction system of pre-tax expenses should be perfected to further optimize the personal income tax. The implementation of the new personal income tax law has also brought new ideas to tax planning. From the tax point of view, the income of service remuneration is better than that of wages and salaries. The centralized distribution of wages and salaries at the end of the year and several months will not increase the tax burden of income tax, but will help to postpone the withholding of tax. The monthly payment of labor remuneration can reduce the tax withholding in advance and the cost of tax capital occupation.

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