



# New Combined Tax Support Policy in the Post-epidemic Era Research to Help the Development of Small Micro Enterprises

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**Abstract.** Small micro enterprises have made great contributions to China's economic development. However, due to their own characteristics of small scale, single business and lack of own cash flow, the chance of bankruptcy is greatly increased when small micro enterprises face difficulties. The sudden outbreak of the new crown epidemic has brought a huge impact on small micro enterprises, which not only have difficulties in generating business revenue but also have to bear heavy production costs. The state has also introduced corresponding tax incentives in time to protect small micro enterprises. By investigating the satisfaction of small micro enterprises with the new combined tax support policy, we find out the problems and challenges faced by the policy and its implementation, and put forward constructive suggestions to improve and promote the development of the new combined tax preferential policy.

**Keywords:** Coronavirus · Tax support policy · Small micro enterprises

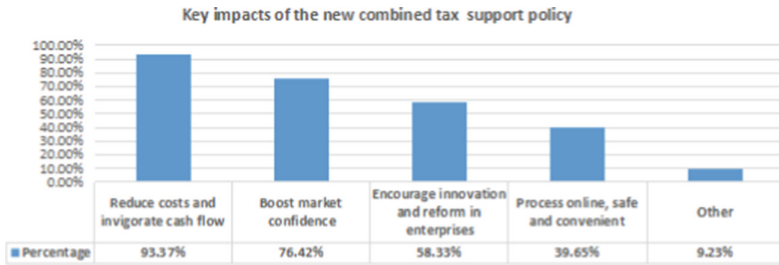
## 1 Introduction

Small micro enterprises are the main force in absorbing employment, and they are the “half of the Chinese economy”, which plays a significant and important role in stabilizing employment and protecting people's livelihood [1]. On December 5, 2022, the state announced a new policy of downgrading the New Guinea virus to a category B infectious disease, and China officially entered the post-epidemic era, but wave after wave of infections continue to have a dramatic impact [2].

By analyzing the taxation, economy, employment and livelihood of small and micro enterprises in X and Y districts of Kunming, the problems of relevant management policies are drawn out, and then constructive suggestions and recommendations are made.

## 2 Impact of the New Combined Tax Support Policy on Small Micro Enterprises

In the “New Combined Tax Support Policy Guidelines for 2022” issued by the State Administration of Taxation, 33 tax support policies help enterprises relieve their difficulties by constructing three three-dimensional measures of tax reduction, tax deferment and tax refund, showing a comprehensive effort and multi-point breakthrough



**Fig. 1.** Key impacts of the new combined tax support policy

[3]. According to the results of the questionnaire, the respondents consider the main influencing factors as shown in Fig. 1.

### 2.1 Reduce Production Costs and Revitalize Corporate Cash Flow

The new epidemic prevention and control policy changes back and forth like a huge wave to vulnerable small micro enterprises, rising raw material prices, lack of orders, labor difficulties and expensive labor, slow payback of accounts receivable, high logistics costs and power outages and restrictions in some areas, making the cost pressure on small micro enterprises increase and business difficulties intensify. In this new combination, the Kunming Municipal Government has helped small micro enterprises through the new 2022 VAT period-end tax credit refund policy [4], the “six taxes and two fees” reduction policy for small micro enterprises, and the income tax reduction policy for small micro enterprises, which are scientific, precise and effective, and have significantly reduced the tax burden of enterprises.

### 2.2 Boosting the Confidence of Market Participants

The government to unprecedented great strength for small micro enterprises to support the “energy shield”, so that market players from the warmth to peace of mind and then full of confidence, fully engaged in the construction of the epidemic recovery economy. Y district of a barbecue restaurant business owner said in an interview: “the new combination of tax support policy is very powerful, so that the operation of the big burden is a lot lighter, ready to beat the drums want to disc out of the store, now enjoy the policy concessions, and reinvigorated confidence to roll up their sleeves to do.”

### 2.3 Seeking Opportunities to Motivate Companies to Innovate and Upgrade

On January 29, 2020, the national epidemic prevention and control entered normalization, and as the subsequent prevention and control policies were adjusted and the country implemented full opening, small micro enterprises opened on the streets, but people were still in the shadow of the high infection rate of the epidemic. A new question arises: How can the people operate and consume safely and securely? With the new combined tax support policy strongly supporting and stimulating, the response and business methods of small micro enterprises are blossoming, and business managers are reforming and innovating according to the characteristics and advantages of their own nature.

### 2.4 Provide Offline Online Platform “One-Stop” Convenient Processing

In recent years, Yunnan taxation system has launched a series of convenient measures to “reduce approval and information”, which has significantly reduced the number of round trips of taxpayers and continuously optimized the taxation process, realizing “one-window processing”. In order to effectively isolate the spread of epidemic, Yunnan taxation system vigorously promotes the “online reporting” and “online handling” of tax and fee business, the proportion of non-contact tax payment reaches 97%, and the list of “the most run once “The list of matters has been expanded to 163 items, accounting for 81% of all tax and fee business matters.

## 3 The Implementation of the New Combined Tax Support Policy and the Difficulties Encountered

### 3.1 Information Delivery and Policy Interpretation Challenges

The new combined tax support policy is a difficult and huge project to really take root. The “heavy burden” on the government’s shoulders is to make the general public not only “read” the policy, but also “understand” it and find the relevant information they need precisely. According to the results of interviews and questionnaires, the situation of policy delivery and interpretation is shown in Fig. 2.

- 1) Limited information channels, few guidelines for policy interpretation and complicated online operation processes.

There are 9 platforms where you can find out the policy information and pay taxes in Kunming, including 6 web sites and 3 cell phone APP applications. Survey data show that about 32% of MSME taxpayers think that there are limited channels to understand the policy information, especially the relevant policy interpretation is less, and they do not know from what channels or ways to know the policy and how to enjoy the policy.

- 2) Restricted educational and cultural level of taxpayers.

The survey results show that about 7% of the small micro enterprises taxpayers are unable to read or understand the tax support policies because they are not well educated and do not know how to use the Internet, and most of them are elderly operators [5]. This part of the population should become the target of the Kunming government’s key attention in the implementation of the policy.

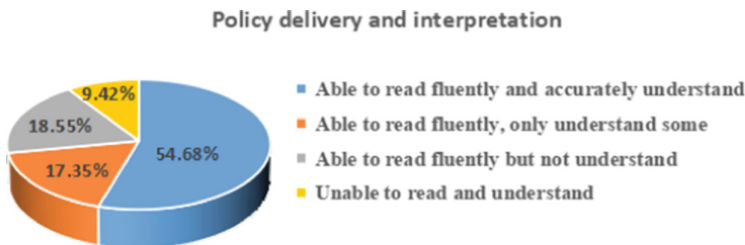


Fig. 2. Policy delivery interpretations

### **3.2 Differences in the Definition of Small Micro Enterprises and the Issue of Conditionality in Different Policies**

An accurate understanding of the definition of “small micro enterprises” in the policy and how it is judged is essential to the precise implementation and execution of the core spirit of the policy [6]. The definition of small micro enterprises varies across the range of policies included in the new 2022 Tax Support Package and careful attention needs to be paid to the differences between the policies. In the course of the survey, 38.57% of the population said they could not calculate and judge whether they were eligible or not. Most of the tax and fee support policies only cover mature small micro enterprises, while those in their early stages of establishment or loss-making seem to be wearing an “invisible cloak”. Due to the complexity of the calculation methods and processes, there are many restrictions, and the differences in the definition and requirements of the different policies in the documents have become a “roadblock” for the people to enjoy the policies.

### **3.3 Talent Resources and Deployment Issues**

Interviews revealed that most university graduates look forward to and aspire for employment in large and medium-sized enterprises, resulting in a serious loss of highly qualified personnel from small micro enterprises. Particularly during the new crown epidemic, a wide range of policy provisions were issued, involving a variety of taxes and requiring strong knowledge of finance and taxation, while some “low-profile” small micro enterprises have their bosses and finance positions filled by individuals, often with legal persons holding multiple jobs. According to the data, only 16% of small micro enterprises have hired professional finance staff at a good salary.

## **4 Suggestions for Future Development**

### **1) Innovative publicity methods and strengthen authoritative interpretation.**

In the Internet era, more and more small micro enterprises rely on the Internet to learn about tax policies. Some middle-aged and older operators prefer to learn offline. The tax bureau can join hands with relevant departments to promote the policy through an integrated online and offline approach. It can use LED screen to display special topics and live broadcast courses on the Internet; organize expert seminars and remote counseling through hotlines; put paper pamphlets at the entrance of government and taxation authorities and use intelligent robots to provide voice dialogue services. Diversification correctly guides the people to know and appreciate the relevant policies, and builds a firm foundation for the implementation and development of the new combined tax support policy.

### **2) Creating a streamlined service platform.**

The most direct solution to solve the problem of taxpayers’ “dry eyes” and kick out the “stumbling block” of complicated module process is to create a small and micro column on the home page of the website, presenting the recent tax-related policies directly in the column, building the most streamlined service platform, summarizing and simplifying the online operation process, and providing a convenient service experience.

### 3) Increase indirect tax benefits to attract high quality talent.

In order to optimise the management structure and improve its financial system, it needs to be improved and upgraded in terms of human resources and allocation. The government should provide appropriate reductions in personal income tax for employees, especially fresh undergraduates and postgraduates. Only by giving real money to highly qualified professionals can we recruit a wide range of talented people and add another fire to the high-quality development of small micro enterprises.

## 5 Conclusion

This paper investigates and analyses the development of small micro enterprises in Kunming City's X and Y districts and the new combined tax and fee support policies and their specific implementation and enforcement, and comes up with some feasible countermeasures and recommendations to address the difficulties and challenges currently encountered. By carrying out case studies in the post-epidemic era, the policies are urged to really take effect in Kunming, with the aim of helping to soothe the plight of small micro enterprises, encourage innovation and entrepreneurship, expand social employment and optimise industrial structure, as well as providing some reference for other less developed regions.

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