



The Impact of Tax Reform on Logistics Enterprises - Shunfeng Express as an Example

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Abstract. In the process of modernising socialism, as the times change, policy updates and adjustments are inevitable in order to promote the long-term and stable development of many industries. Since the change of business tax to value-added tax was introduced, the “camp reform” has had different degrees of impact on the taxation of different types of enterprises. The original intention of its implementation is to lead the development of enterprises to follow the footsteps of the new era based on the trend of continuous social and economic development and to meet the relevant needs of national economic development, so as to provide a guarantee for the transformation and upgrading of the VAT policy This will enable China’s turnover tax system to be more sound and to move in the direction of international development, thus setting the tone for the realization of economic globalization. At present, the tax burden of logistics enterprises has changed considerably under the influence of the reform and increase of the taxation system. This paper selects Shunfeng Express, a leading enterprise in China’s logistics industry, and analyses the impact of the camp reform on the taxation of Shunfeng Express, so as to enrich the relevant research theories.

Keywords: camp reform · logistics enterprises · tax burden · Shunfeng Express

1 Introduction

The content of the camp conversion is to revise the taxable matters paid by business tax to those paid by VAT, to reduce the pressure caused by taxation on the development of enterprises by reducing the corporate tax afterwards, in order to build a good marketing environment and social order. Since its introduction on January 1, 2012, the camp reform has been implemented in many industries for many years and has made certain achievements. In order to gain an in-depth understanding of the value and significance of the camp reform for the development of logistics enterprises, the study will analyse the tax changes of SF Express after the camp reform from the level of tax impact, and put forward targeted solutions for the future development of logistics enterprises by combining the impact of SF Express in the tax situation after the camp reform. The paper will provide a comprehensive analysis of the taxation changes of SF Express after the tax reform. The study will provide a reference basis for the long-term development of China’s logistics enterprises in the context of the camp reform.

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2 The Impact of Camp Reform on the Taxation of SF Express

2.1 Basic Overview of SF Express

Ltd. is known as Shunfeng Express for short, but people are used to calling it Shunfeng Express, the company was established in March 1993, its business is the import and export of goods, technology and freight forwarding, etc. At present, in terms of cargo transportation, the express business it carries out has not only achieved the span of domestic provincial administrative regions, but also carried out international kaidi business, and has become a leading China's logistics industry development leading enterprise. Since its listing on the A-share market in 2017, SF Express has been ranked 87th on the list of China's top 100 brands in terms of brand value in 2018, with its leading logistics enterprises now becoming a pillar industry for China's economic development. Shunfeng Express has been upholding the service principle of meeting customer requirements as the leading service, actively applying a variety of advanced technologies to innovate express business, and while striving to expand new business, it is also constantly improving the shortcomings of existing business in an attempt to provide high-level, high-quality professional express services for the general public. On the current situation of the strategic development of Shunfeng Express, adhere to the number of brand image, the implementation of the brand concept, the brand effect and influence has become the core elements to lead the innovative development of Shunfeng Express and high-quality development, the company has made it clear that the future development of Shunfeng Express to actively and rapidly expand and progress business as a fundamental, continuous innovation and perfect service work as the norm, to maintain a steady development trend, and constantly Creating a swift and friendly experience to provide the firepower for the company's development, committing to deliver customers' trust quickly and safely in the future, continuing to promote the company as a leading company in the logistics industry, providing a satisfying and proud job for its employees, thus taking on more social responsibility, making the country's economic improvement and modernisation the core goal of the company's development, and becoming the most trusted and respected in China's logistics industry The company will become the most trusted and respected company in the logistics industry in China [1].

2.2 The Financial Position of SF Express

By collecting the financial data of SF Express and analysing the financial report of SF 2021, it was found that the total revenue of SF for the year was RMB207.187 billion, which exceeded the RMB200 billion mark for the first time since its establishment in 1993, representing a year-on-year growth of 34.55% compared to last year, making SF Express the first and fourth largest integrated express logistics service provider in China and the fourth largest in the world, and SF Express' leading position in the domestic logistics industry The Table 1 shows the key accounting data and financial indicators of SF Express in 2021.

2021 Shunfeng Express net profit of 4.269 billion yuan, compared with 7.326 billion yuan in 2020, year-on-year Xijiang about 41.73%, this year is the first time since the listing of Shunfeng Express, profits decreased. The reason for the decline in profits

Table 1. SF Express financial results 2020–2021 (in RMB billion)

Indicators	2020	2021	Annual growth
Gross profit amount	25,176,837	25,638,140	1.83%
Operating income	153,986,870	207,186,647	34.55%
Operating costs	128,810,033	181,548,507	40.94%
Net profit for shareholders of listed companies	7,326,079	4,269,098	-41.73%
Net profit after extraordinary gain or loss for shareholders of listed companies	6,132,237	1,834,199	-70.09%
Net cash flows generated from operating activities	11,323,919	15,357,605	35.62%

is that the total volume of Shunfeng's annual distribution of 10.55 billion tickets, an increase of 29.7% year-on-year, also for the first time exceeded the 10 billion ticket mark; gross profit of 25.6 billion yuan, an increase of only 1.8% year-on-year. In terms of business, economic express contributed revenue of RMB 32.27 billion, up 54.7% year-on-year, accounting for 15.6% of total revenue; express transport contributed RMB 23.25 billion, up 25.6% year-on-year, accounting for 11.2% of total revenue; cold transport and pharmaceutical business contributed RMB 7.8 billion, up 20.1% year-on-year, accounting for 3.8% of total revenue; same-city express contributed revenue of RMB 5 billion, up 59.1% year-on-year. The supply chain and international business contributed RMB 39.2 billion, up 199.8% year-on-year and accounting for 18.9% of total revenue; other non-logistics businesses contributed RMB 3.5 billion, up 55.8% year-on-year and accounting for 1.7% of total revenue. SF has 21,000 domestic self-operated outlets and other branches, 168,000 domestic partner outlets, 420,000 collectors and dispatchers, and 300,000 Feng Chao smart cabinets already covering 180,000 communities. Just as the first quarter of 2021 saw losses and poor growth, the first quarter of 2022 saw a bit of trouble for Shunfeng as they saw a new crown of staff infection in Hangzhou, where most of Shunfeng's outlets were temporarily shut down, leading to a rise in corporate gearing. Shunfeng founder Wang Wei said, "We paid a heavy price this time, and our construction of standardisation and refinement of management must be taken to a higher level, and grow by a matter." In 2021, Shunfeng quickly came out of the unfavourable situation of losing money in the first quarter through adjustments, and now it is still difficult to predict whether they will be able to go up against the wind in 2023 and even in the next few years when the epidemic pattern improves.

2.3 Changes in the Tax Burden of SF Express After the Camp Conversion

Under the impact of the conversion, the business tax paid in the taxation reform was transformed into VAT, and two lower tax rates of 6% and 11% were added for the modern service industry and transportation industry respectively. The formula for calculating VAT for general taxpayers is Taxable amount = (all taxable prices and extra-valuable

expenses obtained - taxable prices paid to other units or individuals) / (1 + levy rate) x trial tax rate - VAT input tax.

Based on the above calculations and formulae, the changes in the tax burden of general taxpayers before and after the camp conversion are calculated as a way to understand the impact of the camp conversion on the taxation of SF Express. The hypothesis that SF Express is a general VAT payer is proposed, and the annual revenue of the transportation and logistics auxiliary industries of SF Express is set at RMB10 billion respectively, combined with the development status of China's logistics industry, a gross profit margin of 20% % is set for SF Express, and 40% of the deductible costs in the operating costs, and the purchase of fixed assets is not taken into account in this study. Table 2 shows the change in tax burden of SF Express after the camp reform Calculation.

Combine the data in the table to make the following calculations.

Operating Costs = Operating Revenue - Operating Revenue × Gross Margin = 100 - 100 × 0.2 = \$8 billion.

Non-taxable operating costs = deductible costs / 1 + 17% + non-deductible costs = 80 × 0.4/(1 + 17%) + 80 × 0.6 = 75.32

Input tax = operating costs - excluding tax operating costs = 80 - 75.32 = 4.68

SF Express in the transportation industry after the tax reform and increase, the tax amount rose 222 million yuan; logistics support industry tax amount fell significantly, decreased by 181 million yuan, the change in tax amount is shown in Table 3.

VAT = sales tax - input tax = 34029.09 - 12761.36 - 4171.6 = 17097.13

VAT liability = VAT/main business income × 100% = 17097.13/385524.97 = 4.4%

Business tax liability = business tax / main business income × 100% = 13532.52 / 385524.97 = 3.5%

Table 2. Measured results of the change in tax burden of SF Express after the camp reform (unit: RMB billion)

Projects	VAT 11%	Sales tax 3%	VAT 6%	Sales tax 5%
Sales revenue excluding tax	90.2		56.6	
Sales tax	9.95		3.48	
Operating costs excluding tax	75.32		35.76	
Input tax	4.68		2.22	
Amount of tax payable	5.27	3	1.15	3

Table 3. Change in tax amount of SF Express after the camp reform (Unit: RMB billion)

Projects	Amount	Tax changes
Business tax	135.33	3573.58
VAT	17096.12	4434.76

Change in tax liability = VAT tax liability - business tax liability = 4.4% - 3.5% = 0.9%.

According to the measured results, the tax amount of SF Logistics rose by RMB 35,735,800,000 after the camp conversion, with an increase of 0.9% in tax burden.

2.4 Long-Term Impact of Camp Reform on SF Express

The introduction and implementation of the camp reform policy is not a phase, but will have a long-term impact on the taxation of China's logistics enterprises, and the long-term impact of the camp reform on SF Express can be seen in the following aspects: (1) the impact of changes in invoice types. However, since the implementation of the camp reform policy, in the payment of VAT, invoices are mainly based on two types, namely ordinary and special, and the relevant departments are more strict in the management of VAT invoices, clearly defining the scope of use of different invoice types, and based on the current situation of the continuous improvement of the VAT system, whether the use of invoices is reasonable and standardized has a greater impact on whether enterprises form legal risks [2]. Comparing the types of invoices for business tax and VAT, the invoice limit for VAT is obviously lower than that for business tax, and invoices with higher amounts possess a longer usage time, which has a certain impact on the operation of enterprises; (2) the impact of changes in accounting policies, before the business reform and increase, contracts and service invoices for business tax belonged to the scope of main business income, but after the business reform and increase, the new VAT was proposed so that the main business income of enterprises (3) The impact of changes in enterprise taxation. The business tax is more complicated than VAT in terms of taxation process, with more processes and the problem of double taxation, which will easily cause greater tax pressure on enterprises and hinder their development. The VAT process has been further simplified, effectively solving the problem of multiple taxation, and the price of tax is much lower than that of business tax, effectively reducing the tax burden and pressure on enterprises and providing multiple safeguards for their survival and development.

2.5 Analysis of the Reasons for the Change in the Tax Burden of SF Express

After the camp reform, the tax burden of SF Express has changed significantly and is more affected by the adjustment of the policy system, but this is closely related to the characteristics of China's logistics industry itself, and also related to SF Express' own operational management style and development form, which can be broadly summarized as the following two reasons.

(1) The VAT rate is higher. Based on the development trend of China's economic diversification, different types of industries are affected differently by the taxation of business reform. In the logistics industry, the new VAT system and related laws and regulations have the characteristics of logistics enterprises, pointing out that logistics enterprises need to cover transportation and logistics auxiliary items in the VAT payment, and the tax rates of the two items are 11% and 6% respectively, as well as logistics The proposed system is a boon to warehouse-based logistics enterprises, as the tax rate for transport is 11% and the tax rate for logistics support is 6%. Even if they have to deal

with higher tax rates, the amount paid is much lower than business tax when it comes to actual taxation, considering that the characteristics of VAT are different from business tax in that it is classified as a type of differential tax and input tax credits are available. This is the original intention of the camp reform and increase in the formulation, but in terms of actual operation, the camp reform and increase in the implementation, the effectiveness of the performance only in small and medium-sized enterprises, for the development of the larger scale of the Shunfeng Express, which does not belong to the warehouse-type logistics enterprises, the main business is dependent on transportation, which led to the Shunfeng Express in the camp reform and increase, the amount of tax paid did not fall but because of the business scale and increase, so that the Shunfeng Express faced The tax burden on SF Express is greater. The tax rate for the transportation industry was raised from the original business tax rate of 3% to VAT at 11%. For the transportation industry, even though credits can be taken, the credits can only be taken on fixed assets, which are characterised by low replacement frequency and slow conversion, and the actual amount of tax deducted is not as good as the reduced tax rate [3].

(2) Deductible input costs account for a relatively low proportion, in recent years, the majority of the tax share of each year of SF Express is the cost of the enterprise, the input credit cost proposed by the camp reform and increase in the tax burden of SF Express does not occupy a large proportion, so that the effectiveness and role of the camp reform and increase in SF Express can not be given full play, which is also the current problem faced by most domestic logistics enterprises after the camp reform and increase, because the deductible input costs This is precisely the problem that most domestic logistics enterprises are facing after the reform of the camp, as the deductible input costs are not high, and the tax reduction effect of the VAT system cannot be reflected, instead, logistics enterprises need to face a higher tax burden than before the reform of the camp [4]. In terms of the operational business and cost structure of SF Express, it is mainly in the transportation industry, and the costs that can be deducted in the VAT system are only operating costs, which cannot be compared with the multiple cost deductions in other industries, and in terms of the postage and maintenance costs arising from vehicle transportation, some industries are unable to issue VAT invoices, and ordinary invoices cannot be deducted due to the strict management of invoices after the camp reform, and they can only rely on VAT Invoices, and both gas stations and maintenance organizations, only a small number of them have the right to issue VAT invoices, resulting in certain limitations in the deduction of input costs of SF Express, which also further reduces the percentage of input cost deduction [5].

3 Countermeasures and Suggestions for the Future Development of SF Express Under the Background of Camp Reform

3.1 Repositioning the Market and Adjusting Pricing

Domestic logistics industry competition is becoming more intense, customer demand is also more diverse, logistics enterprises in the future development will face more challenges, especially in the market demand is increasing today, in order to provide more quality logistics services, to stabilize the position of the first domestic logistics of SF

Express. Under the background of camp reform, SF Express needs to pay attention to the positioning of its own market, the pricing of a number of businesses to make appropriate adjustments, with the increase in the number of logistics enterprises, the future of the domestic logistics industry market will gradually saturate, for the current construction industry and real estate industry on the basic stability of the demand for logistics services, even if the e-commerce, postal and other industries still have greater demand, but along with the development of the times, the demand is bound to decrease [6]. Therefore, SF Express should adhere to the concept of its own development, continue to provide high-quality services as a benchmark, combined with the development situation of the market economy to constantly adjust their own development strategy, only in line with the changes in the market economy and policy system, in order to highly maintain their strong market competitiveness [7].

3.2 Good Internal Control of Enterprises and Sound Taxation System

Based on the innovation of the national taxation system, SF Express and the logistics industry as a whole need to pay attention to the internal control of enterprises, strengthen the reform of their own taxation system, and actively respond to the national policy call to vigorously promote the application of various new accounting methods [8]. Only keep pace with the development of the times, uphold the idea of “leaning on a big tree, good cool”, strengthen the communication with government departments, grasp the policy system reform opportunities of the times. In view of the current situation of the large amount of fixed assets invested by SF Express, it should be combined with the advantageous features of the camp reform, part of the fixed assets through the reform of the new policy for installment credit or full credit, in order to reduce the enterprise tax burden and create more room for survival for its own development [9].

3.3 Implementing a Financial Invoice Management System

Under the background of business reform, the state attaches great importance to the management of financial invoices, and the relevant system clearly defines the management methods and management guidelines for different invoice types. In this context, SF Express should conscientiously implement the financial invoice management system, solve the problems of unreasonable, non-standard and unscientific invoice management within the enterprise, restrain the illegal acts of internal staff in invoice management and strengthen the supervision of staff. Human resource management can be adopted to build a targeted performance assessment mechanism for the invoice management system proposed by the camp reform, so as to achieve effective management of the financial management department and related personnel, enhance the consciousness of relevant staff to manage invoices in a reasonable and standardized manner, and make the enterprise more professional and efficient in invoice management [10].

4 Conclusion

To sum up, under the diversified system of China’s economy, the logistics industry, as a new service industry, is not only a key industry supported by the state in the new era, but also an important tertiary industry, which is of great significance to the future

development of the country and the construction of a modern society. From the point of view of enterprise taxation, the purpose of the national policy system is to reduce the tax burden of enterprises by means of reducing taxes, so that the pressure of enterprise development is reduced and more space is created for the survival and development of enterprises. However, the effectiveness of a policy system often needs to be verified in practice, and there are certain differences between the results of any system at the time of its establishment and after its actual implementation. On a macro level, the introduction of the camp reform has indeed played a role in effectively lowering the tax burden on enterprises and has made an outstanding contribution to the long-term stable development of a number of industries in China. However, based on the micro level, the logistics enterprises led by Shunfeng Express did not really enjoy the benefits brought by the camp reform and increase, but rather under the influence of the camp reform and increase, there is a greater change in the tax burden situation, especially to carry out the main transport industry logistics enterprises, under the influence of the camp reform and increase, need to face a higher tax amount than before, the introduction increased the corporate tax, hindering the healthy development of enterprises. In this regard, in order to effectively implement the camp reform to different industries, in view of the current situation of the development of logistics enterprises in China, after understanding the impact of the tax burden of SF Express by the camp reform, this study proposes countermeasures and suggestions such as repositioning the market, adjusting pricing; doing a good job of internal control of enterprises, improving the taxation system and implementing the financial invoice management system, with the aim of guiding logistics enterprises to be able to fully grasp the development of the times and The aim is to guide logistics enterprises to fully grasp the opportunities of the development of the times and the reform of the taxation system, and to make reasonable use of the camp reform policy system to achieve structural tax reduction in accordance with the characteristics of the enterprises' own development, so as to provide a guarantee for the long-term and stable development of logistics enterprises.

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