

Reflections on Individual Income Tax Units in China

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Abstract: With the rapid economic development, the income of our residents shows a trend of diversification. The current individual tax adopts the model of taking individuals as tax units. There are many drawbacks in practical applications. The family situation of the taxpayer is not taken into consideration and the tax fairness is not satisfied. Then. This article takes the taxpayer of personal income tax as the research object, elaborates the concept and classification of taxpayer of personal income tax, and on the basis of discussing related theories, analyzes the existing tax system in China and points out the problems existing in taxpayer, For example, this system will lead to horizontal unfair taxation, and individual taxes cannot effectively play a role in regulating income allocation. On this basis, fully analyze the choice of foreign individual income tax payment units, and finally on the basis of the above analysis, put forward the idea of perfecting the tax system and implementing the family as the tax unit.

1. Introduction

In recent years, China's economy has been advancing rapidly, the scale of national income has been increasing, and the forms of income have become more diversified. Personal income tax is an important part of China's tax revenue, which provides huge support for China's fiscal revenue. Personal income tax has gradually become an obligation that our nationals consciously perform. This tax is currently subject to source withholding and self-declaration. With the increase of high-income people, relying on taxpayers' consciousness and system constraints, it is easy to appear unfair. The economic level of the country and society continues to develop, and the national personal income gradually shows a trend of diversification. This directly leads to the actual change of the self-reporting system of China's personal tax system. Taxes and income are closely related, and are generally concerned by everyone. Individual income tax payment units include: individual, family, individual and family, each of which has its own characteristics, and the taxpayer's affordability is restricted by many factors, such as other family members and family consumption. Nowadays, our country mainly adopts the individual as the unit to pay taxes, and does not consider the actual status of taxpayers, such as accommodation expenses, household expenses, maintenance expenses, etc., does not reflect the principle of fairness. Based on this, this article takes the taxpayer of personal income tax as the research object, comprehensively considers various factors, and lists the tax systems of other countries, and concludes that the family taxation system meets the real demands of the people, and finally proposes the concept of establishing a family taxation system.

2. Analysis of China's Individual Income Tax Payment Units

2.1 Problems in China's Individual Income Taxpayers

The current personal income tax is based on the individual as the tax unit, ignoring the income level of other members of the family, ignoring the actual state of expenditure of the taxpayer's family, which deviates from the principle of fair tax burden, is not conducive to regulating income distribution, and also creates for tax avoidance. Opportunity.

2.1.1 It is not Conducive to Exert the Adjustment Effect of Personal Income Tax on Income Distribution

The current personal income tax levies personal income tax on the basis of personal income, without taking into account the disposable income per capita and the actual burden of taxpayers. Ideally, households at the same income level pay the same personal income tax and the same living standard. However, the situation of families in China is complicated. Due to the large differences between families in supporting the elderly and children's education, the living standards of families with the same income level are different. Paying taxes in individual units reduces the ability to regulate income distribution.

2.1.2 Provide Tax Avoidance Opportunities for Taxpayers

It is simple to levy tax on individuals, but it does not take into account the taxpayer's family pressure and actual burden pressure. It is easy for taxpayers to reduce taxes by distributing income among family members. When one of the households has a high income and the other has a low income, the high-income member applies a higher progressive tax rate. The low-income party may not need to pay taxes or apply a lower tax rate. In this case, the family members can The distribution of income reduces the total household tax burden.

2.2 Current Status of Residents' Income in China

Nowadays, the income of residents in our country continues to increase, and material wealth is greatly satisfied. Table 1 is a statistical table of residents' income in China.

In order to more accurately explore the specific aspects of China's residents' income growth, this article selects the following data from the National Bureau of Statistics for analysis. The relevant data are shown in Table 1:

Table 1. Statistics of China's resident per capita disposable income

Index	2018	2017	2016	2015	2014
Per capita disposable income of residents	28228	25974	23821	21966	20167
Per capita disposable income of residents	15829	14620	13455	12459	11421
Per capita disposable operating income of residents	4852	4502	4218	3956	3732
Per capita disposable property income of residents	2379	2107	1889	1740	1588
Per capita disposable transfer of net income	5168	4744	4259	3812	3427

It can be seen from Table1 that China's per capita disposable wage income accounts for a large proportion of per capita disposable income, and wage income has been increasing, indicating that the living conditions of our residents have improved. Net disposable income and disposable operating income also showed a gradual growth trend. Net disposable income increased by 8.94% in 2018 compared with 2017, and increased by 11.39% year-on-year in 2017. The growth rate stabilized at about 10%. Table 3-2 further shows that the wage income of Chinese residents is gradually increasing, and the personal income tax is mainly derived from wages and salaries. It is speculated that the personal income tax of our country will also gradually increase, so further analysis of the status of personal income tax in China.

2.3 Current Situation of Personal Income Tax in China

In order to clarify the tax situation of personal income tax in China in recent years, this article selects the personal income tax situation of China in the past nine years in the National Bureau of Statistics, as shown in Table 2:

Table 2. Taxation of personal income tax in China

index	2015	2016	2017	2018
Personal income tax (100 million yuan)	8617.27	10088.98	11966.37	13871.97
Various taxes (100 million yuan)	124922.2	130360.73	144369.87	156402.86
The proportion of individual taxes in various taxes	6.90%	7.74%	8.29%	8.87%

It can be seen from Table2 that the total personal income tax in 2018 was 1,387.197 billion yuan, an increase of 15.92% year-on-year, and the total personal income tax in 2017 was 1,119.637 billion yuan, an increase of 18.61% year-on-year, indicating that personal income tax has grown rapidly in recent years. Further analysis found that in 2018, all taxes in China totaled 15,640.286 billion yuan.

3. The Idea of Establishing a Personal Income Tax Payment Unit

3.1 Problems that May be Faced When Implementing the Family Taxation System

3.1.1 Problems with Family Definition

Our country has a long history and culture, and is constrained by traditional ideas. Most families in China are not between three people. The composition of the family is relatively complicated. Many families live together with multiple populations. With regard to the definition of family, we should consider whether we should determine family members based on marriage or family registration. Moreover, there are still some people who have no relationship between marriage and household registration actually living together.

3.1.2 The Tax Collection and Management System is not perfect

To pay taxes on a family basis, you need to collect family information, but it will consume a lot of manpower and resources. Family information covers population, marital status, member occupation, property status, income, etc. These require detailed summary records, and require multiple departments to jointly summarize. And the transparent disclosure of family information will cause some legal problems. Tax authorities need to establish a very efficient and rigorous mechanism to network with relevant institutions to maximize the collection of family information.

3.1.3 Citizens' Awareness of Tax Payment is Low

Nowadays, the tax consciousness of our residents is relatively weak, and some taxpayers are not actively paying taxes. Some even think of trying to drill the loopholes in the tax law. To implement the tax payment model with a family as a unit, it is necessary to change the taxpayer's thinking mode, file tax returns in accordance with regulations, and actively pay taxes.

3.1.4 Unable to Determine Tax Location

Each family member has a different occupation and is distributed in different regions. When members have income from different addresses, there will be a problem of where to pay taxes. The choice of location will make the tax payment among the members unclear and may lead to the loss of tax.

3.2 Concept of Establishing Family Taxation System

3.2.1 Improve the Tax System

China's current tax law system needs to be further improved. China should further accelerate the formulation of tax-related laws, further revise the "Individual Income Tax Law", further standardize the tax rate structure and deduction standards for this tax type, and improve tax declaration systems. The establishment of personal income tax in the unit of family should cooperate with the establishment of property tax and inheritance tax. Make the legal system better adapt to the actual needs of our country.

3.2.2 Implement Family as Tax Unit

Taking the family as a unit can effectively consider the actual affordability of the family and maximize the fairness of taxation. This model needs to consider the income and expenditure of family members. However, due to the complexity of the family structure in China, we can learn from the perspectives of developed countries and divide families into individuals, families of three, and families of multiple families. Therefore, the relevant departments should obtain perfect household registration materials when making statistics, and they should further strengthen information construction.

3.2.3 Improve the Cost Deduction Items

The implementation of the tax payment model based on the family requires a clear division of expenses deductions, including medical treatment, child education, maintenance expenses, housing, etc., and needs to be based on regional differences, and differences between urban and rural areas. The deduction standard should be clear, taking into account the possible differences between different families. Unify the deduction standards for domestic and overseas personnel, and adjust the deduction standard in real time according to the impact of price levels on people's lives, so that taxation can be truly fair.

4. Research Conclusion

This article takes the taxpayer of individual income tax in our country as the research object, fully considers the reality of our country, and proposes that China's personal income tax should be reformed from individual declaration to household declaration: The current taxpayer of personal income tax has several drawbacks. There are defects in China's reporting system.

The idea of establishing a family taxation system. The family-based tax system can comprehensively consider the actual affordability of each family to meet people's tax equity requirements, but there are also difficulties in defining families, the tax collection and management system is not perfect, citizens' awareness of tax payment is low, and the location of tax payment The problem. Therefore, to promote the family taxation system, we need to further improve the taxation system, divide the family into individuals, a family of three, a family of multiples, etc., improve the deduction of expenses and establish a tax credit reward and punishment mechanism, in order to successfully implement the family taxation system.

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