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# **Common Problems and Analysis of Export Tax Rebate of Foreign Trade Enterprises**

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**Abstract:** After the financial crisis in 2008, China's foreign trade continued to develop and gradually matured in a complicated international situation. In 2020, China's foreign trade was severely impacted by the uncontrollable factor of the Covid-19 epidemic, thus presenting a "different" picture. The export situation of many foreign trade enterprises is not optimistic. China attaches great importance to the export tax rebate demands of foreign trade enterprises, and has issued many targeted measures to ease the pressure on enterprises to a certain extent. However, there are still some problems which affect the economic development of foreign trade companies and the tax burden.

**Keywords:** Foreign Trade Enterprise; Export Tax Refund; Risk Prevention; Problem Suggestion

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## **1. Significance of export tax rebate for foreign trade enterprises**

At present, the scale of China's export trade is constantly increasing, and the economic benefits obtained are constantly improving. The export tax rebate, as an important part of it, cannot be ignored. Export tax rebate is a measure accepted by countries that return the value-added tax and consumption tax actually undertaken by the country in the domestic production and circulation links before the export of export goods in international trade after customs declaration. It is a way for the country to use tax leverage to reward exports, which is used to promote foreign trade enterprises to export goods more to the outside, and the effect is very ideal. Different from tax incentives, there is no subsidy. The core of the export tax rebate is to refund the input VAT paid in the domestic production and circulation process. The VAT is foreign tax, which is ultimately borne by consumers and not borne by enterprises. Through the measures of export tax rebates, export goods can participate in international competition fairly with the advantage price excluding tax, and enhance the competitiveness of enterprise products and similar products.

In recent years, our country has adjusted the export tax rebate rate several times according to the development of international trade, which has saved the tax cost for foreign trade enterprises, reduced the tax burden and relieved the pressure on capital. Some have achieved zero export tax rates, reduced international repetitive taxes, created a better export environment for enterprises, promoted free trade in commodities, supported their development, indirectly increased the economic benefits of enterprises, and helped to achieve the goal of stabilizing foreign trade.

In addition, China's tax service level and tax refund speed in respect of export tax refund are continuously improving. Enterprises can make tax refund through various channels, such as paperless online declaration, which brings convenience to taxpayers and enables export enterprises to obtain export tax refund in full and on time. This can help enterprises to save costs, speed up the capital turnover of export enterprises, and effectively enhance the vitality of enterprises.

## **2. Common Problems of Export Tax Rebate for Foreign Trade Enterprises**

Considering the actual situation, most foreign trade enterprises have the following problems.

(1) The tax refund system is not perfect.

In terms of legislation, firstly, the legislative power of export tax rebates is not legal enough; secondly, the legislative

level of export tax rebates is too low, which is not conducive to the policy to play a role. The highest level of legislation of the export tax rebate system now in force is the departmental regulations, which is extremely unreasonable. Not only does it lack the necessary persuasion, but it also makes the export tax rebate less stable and more arbitrary, which provides an excuse and a way out for the unfair treatment in the world, and makes foreign trade enterprises unable to better protect their own interests.

In terms of tax rates, one is the narrow scope of tax rebates for export goods. At present, China's export tax rebate is limited to value-added tax and consumption tax, and does not include all indirect taxes, which is different from WTO rules and international tax conventions. Second, the policy on export of goods has changed too much and too frequently, which is bound to adversely affect the normal operation of the economy. Third, there are different tax refund methods for different export enterprises, i.e. there are different tax refund results.

#### (2) Professional tax refund talents are insufficient

With the advent of economic globalization, foreign trade enterprises are developing rapidly, export commodities are facing fierce competition in the world, and there is a large shortage of professionals in taxation and law. However, some foreign trade enterprises only pay attention to economic interests and ignore export tax rebates. They will face major difficulties in production and operation, and the tax cost of enterprises will increase. The concrete executors of the tax refund are short, and most of the employees are part-time workers. Their knowledge of the export tax refund is only superficial and incomplete. Especially, some of them still maintain the old-fashioned ideas and are not sensitive enough to understand the international trade situation at all times. They cannot keep pace with the development speed of the times. This has seriously hindered the development of foreign trade enterprises in the international market. The decline of their subjective initiative will probably cause enterprises to fail to survive in the highly competitive market.

#### (3) There are problems in communication and coordination

The export tax refund business involves a wide range and is very complicated, among which the customs, finance office, commerce and other departments need to approve successively, which leads to some uncoordinated troubles in the process. The process of handling the export tax refund can only proceed smoothly if the authorities communicate directly. At the same time, because there are many departments involved, and there is no perfect coordination mechanism between the relevant departments, this will lead to information asymmetry, unable to carry out effective supervision throughout the process, some work cannot be fully implemented, and the tax refund work is inefficient.

### **3. Suggestions for solving problems**

#### **3.1 Improve the foreign trade export tax rebate policy norms**

In terms of legislation, higher-level laws and regulations should be formulated first to upgrade the existing administrative measures for export tax rebates to regulations and formulate corresponding implementation rules, thus enhancing the status and authority of export tax rebates and ensuring their fairness and stability. The system needs to cover all links and departments, with a clear division of labor on a joint basis and responsibilities of the customs, the competent taxation authority and the competent tax refund authority. According to these systems, export tax rebates will be further refined to ensure the orderly progress of all links. In addition, it is necessary to ensure the openness and transparency of export tax rebate laws and regulations in order to better promote exports.

In terms of tax rates, we should conduct in-depth investigation and study, absorb the opinions put forward by all parties, formulate scientific and reasonable tax rates after careful consideration, simplify the calculation method, and unwaveringly promote, so as to create a stable legal environment for export enterprises and tax refund authorities and bring convenience to the staff.

## 3.2 Training Tax Rebate Professionals

In order to promote the export tax rebate and safeguard the economic interests of the enterprises themselves, it is necessary to intensify the training of talents. The work of export tax refund is highly professional and requires high competence of personnel. The internal enterprises of import and export foreign trade enterprises should increase the training tasks and training times to gradually improve the professional level of export tax refund management personnel, enrich tax talents, strengthen the staffing of each financial position, and further strengthen the study of tax theory, accounting basis and professional skills of management personnel. At the same time, students should communicate with each other and supervise each other. In addition, enterprises can carry out targeted talent performance evaluation mechanism to strictly control the professional quality of talents. The personnel on duty of tax refund continuously accumulate experience and do a good job in the export tax refund, bringing huge profits to the enterprise. By strengthening the practical training of financial personnel, we can accumulate practical experience for the export tax rebate work, lay the foundation for future enterprise talents, and meet the demand for trade talents under the background of economic globalization.

## 3.3 Strengthen the linkage between departments

Foreign trade enterprises are required to maintain close contact with relevant departments when they carry out export tax rebates. When relevant laws and regulations are changed, it is very important for tax, customs, foreign exchange management and foreign trade authorities to exchange and communicate the latest information. Export enterprises and tax authorities should adjust their work in time to reduce disputes and frictions in their work. The responsibilities of each management department should be clearly and reasonably allocated to strengthen the linkage between departments. Reasonably allocate and clarify the division of labor and responsibilities of each department, establish an effective information transmission mechanism, communicate closely, form a joint force, and achieve close coordination between departments. In addition, departments are encouraged and monitored through appropriate accountability mechanisms.

## 4. Conclusion

Nowadays, the export tax rebate is closely related to the national economy, and it also faces significant opportunities and challenges. If this work is done well, foreign trade enterprises will have a certain price advantage in exporting goods, which provides good conditions for seizing the international market. Therefore, we must improve the reform of the export tax rebate system as soon as possible, cultivate professional talents and strengthen the linkage of various departments to further improve the export tax rebate work and increase the competitiveness of export commodities.

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