

# **Analysis of Fiscal and Taxation Policies to Support Agriculture from the Perspective of the Communist Party of China's Leadership and Rural Revitalization Strategy**

## **-- Taking Xuancheng City, Anhui Province as an Example**

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### **Abstract**

**With the introduction of the rural revitalization strategy, the important position of agriculture is self-evident, and the state's financial support for "agriculture, rural areas and farmers" and the rural revitalization strategy has gradually increased. However, there are still some problems that need to be further optimized so that it can better help rural revitalization and promote agricultural development. This paper takes the data related to the fiscal, taxation, and agricultural policies of Xuancheng City in recent years as the overall research object, adopts the literature method to study the fiscal and taxation and agricultural policies of Xuancheng City, points out the existing problems and puts forward corresponding suggestions, in order to help the fiscal, taxation, and agricultural policies of relevant regions. The practice of rural revitalization strategy provides some theoretical reference.**

### **Keywords**

**Finance and Taxation Supporting Agriculture; Agricultural Modernization; Xuancheng City; Anhui Province.**

## **1. Research Background**

### **1.1. Topic Background**

Agriculture occupies a fundamental position in the development of my country's national economy, is the foundation of my country's national economy, and has a role that cannot be replaced by other industries. But at present, my country's agricultural infrastructure is weak and the level of agricultural mechanization is low; agricultural production is also faced with the specific national conditions of less land and more people, and the per capita occupation of agricultural resources is lower than the world average. These factors make my country's agricultural development level lower than other developed countries, and there is still a long way to go on the road of agricultural modernization. With the complete abolition of agricultural tax in 2006 and the assistance of the rural revitalization strategy, my country's fiscal and taxation system for supporting agriculture has been gradually improved, which has greatly increased farmers' income and promoted the vigorous development of agriculture-related industries. In this environment, it is particularly important to further improve the fiscal and taxation policies to support agriculture. Therefore, it is of practical significance to study the fiscal and taxation policies in agricultural development.

### **1.2. Significance**

From a macro perspective, with the strong support of the rural revitalization strategy and the poverty alleviation policy, my country's agricultural industrialization has achieved certain development, and various localities have gradually explored and summarized some relevant

experience in promoting agricultural development, but there are still many needs. place for further improvement. Today's various fiscal, taxation and agricultural support policies are short-term and fragmented, making it difficult to form a sound system; at the same time, policies are lagging behind, and it often takes a long time from the discovery of problems to the introduction of policies, and during this time the corresponding The problem is likely to change, and the effect of the policy will be greatly reduced. Through a comprehensive analysis of fiscal and taxation policies to support agriculture and the actual situation of agricultural development in Xuancheng, this paper provides suggestions for agricultural development in Xuancheng, so that it can optimize the industrial structure, improve the level of agricultural development, and realize agricultural modernization better and faster.

The overall development trend of my country's agriculture-related fiscal and tax policies is to reduce the tax burden of farmers, provide them with more agricultural preferential policies, invest more subsidies, and focus on supporting the agricultural industry. Local governments can, based on the characteristics of agricultural development in the region, introduce some fiscal and taxation support policies tailored to local conditions, support local characteristic agricultural industries, and use differentiated competition to improve the core competitiveness of local agricultural industries.

## **2. Announce the Development Status of Finance, Taxation and Agriculture in the City**

### **2.1. Overview of Agriculture Develop**

Xuancheng is located in the southeast of Anhui, adjacent to Jiangsu and Zhejiang, close to Shanghai and Hangzhou, and is located in the area where the mountainous area of southern Anhui and the plains along the river are combined; it is rich in various agricultural products such as grain, oil, cotton, tea, chestnut, pecan, etc., and the stock of moso bamboo is the largest Provincial leader. Xuancheng has a pleasant climate and superior ecology. The good ecological environment has nurtured a wealth of famous and special agricultural products. It is one of the important production and supply bases of grain, oil, tea, poultry and forest products in Anhui, Jiangsu, Zhejiang and Shanghai. The structure of the leading agricultural industry has become increasingly clear, and six characteristic sectors of poultry, bamboo, linte, tea, vegetables and aquatic products have been formed, and a number of famous and special agricultural products with local characteristics have been cultivated. At the same time, Xuancheng's agricultural product processing industry is booming. The number of agricultural industrialization leading enterprises and the output value of agricultural product processing are at the forefront of the province. Anhui Five-Star Group, Anhui Huawei Group, Anhui Lida Group, Anhui Enlong Group, Zhan's Food Company and Rongrong Da Poultry Co., Ltd. has entered the ranks of national key leading enterprises in agricultural industrialization.

The climatic conditions are excellent. Xuancheng has a north subtropical humid monsoon climate with obvious monsoon climate characteristics, hot and rainy in summer and cold and dry in winter. The annual average temperature is 17.3 °C, and the total annual precipitation is 1875.3 mm. The geographical advantage is obvious. Xuancheng is located in the southeast of Anhui, known as the southeast gate of Anhui, adjacent to Jiangsu, Zhejiang and Shanghai, and close to the Yangtze River Delta urban agglomeration. It is the closest provincial city in Anhui Province to the Yangtze River Delta region. Thanks to its advantageous geographical location, more than 85% of the city's agricultural products are sold to the market in the Yangtze River Delta region. There are 59 agricultural Internet of Things construction and application entities. There are 4 provincial-level agricultural Internet of Things pilot demonstration counties (Xuanzhou, Guangde, Ningguo, Jixi), and Jingxian and Xuanzhou have implemented pilots of information entering villages and households. Local farmers have rich experience in planting

various crops. After decades of accumulation of experience, farmers have mastered certain skills in the cultivation of local famous and special agricultural products, and combined with the local climate and soil and other geographical environments, the output and quality of agricultural products have been improved. A favorable market development environment and changes in people's needs. Nowadays, with the rapid development of the economy, people's living standards have greatly improved, and the demand for agricultural products has long been not only enough to eat, but also requires green, high-quality, and characteristic agricultural products. Xuancheng is rich in special agricultural products, including Xuanzhou candied dates and Xuan papaya; Guangde chestnuts, bamboo and wood products; Ningguo pecans, Chinese medicinal materials; Jingxian tea; Jixi Anhui cuisine; Jingde Ganoderma lucidum. The city has obtained more than 400 pollution-free agricultural products, green food, organic food and geographical indication certification of agricultural products. This perfectly fits the needs of today's people for agricultural products.

**Table 1.** Output of major agricultural products in Xuancheng from 2017 to 2020

	2017	2018	2019	2020
grain	123.13	129.14	129.1	126.7
oil	10.1	6.3	6.5	6.3
tea leaf	3.39	2.9	3.3	3.4
vegetable	79	50.8	53	54.8
fruit	26.3	6.1	7.2	7.4

## 2.2. Current Situation of Fiscal and Taxation Policies to Support Agriculture

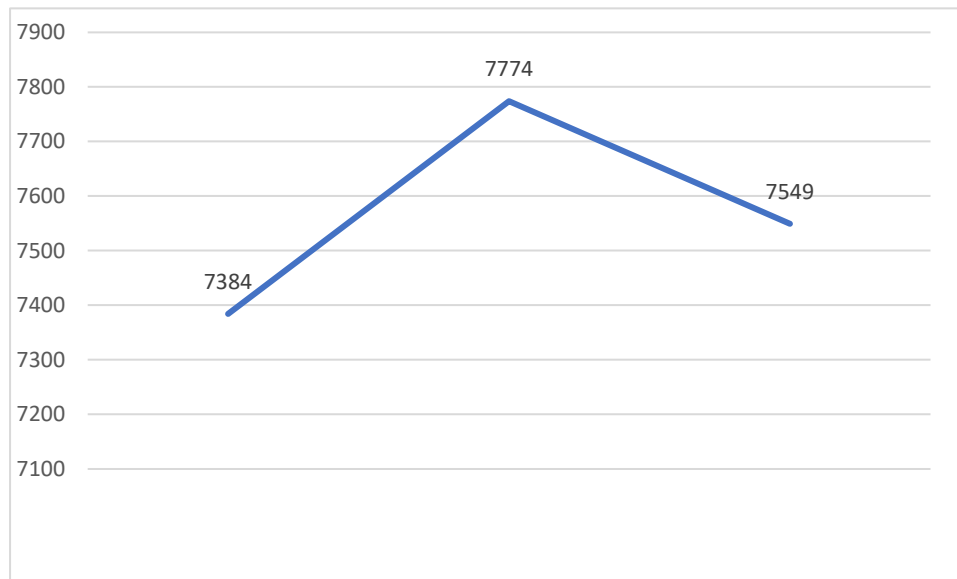
In recent years, in order to better support the development of agricultural industrialization in Xuancheng City featuring famous, high-quality and special agricultural products, the government has attached great importance to the cultivation of new agricultural business entities. At present, there are 9 national-level leading enterprises and 87 provincial-level leading enterprises in the city. In response to the development of local agricultural modernization, the Xuancheng Municipal Party Committee and Government have formulated a number of preferential policies for fiscal and taxation support based on local special circumstances, combining direct subsidies, incentives, incentives, loans and other methods to guide large local planters and agricultural cooperatives to expand the scale of planting. The market demand optimizes the planting structure, expands the market, vigorously develops the agricultural product processing industry, and forms a complete industrial chain of planting, processing, logistics and sales. Xuancheng implements a unified subsidy standard based on the total amount of funds issued by the province and the area of cultivated land that meets the subsidy conditions, and provides certain subsidies for small agricultural machinery purchased by farmers for agricultural production. For those engaged in agricultural production or agriculture-related industries, certain tax incentives are given in terms of value-added tax, personal income tax, deed tax, stamp duty, etc. Both financial subsidies and tax incentives have promoted the development of agriculture in Xuancheng and the revitalization of rural areas.

## 3. The Existing Problems of Publicizing the City's Fiscal and Taxation Policies to Support Agriculture

### 3.1. Small Scale of Agricultural Expenditure

Judging from the final accounts of agricultural fiscal expenditures in Xuancheng from 2018 to 2020, fiscal expenditures did not increase much, with an increase of only 1.65 million yuan, a growth rate of only 2.23%, and only 0.81% of the city's fiscal expenditures. These three indicators are all lower than the national average. These data reflect that the overall scale and

intensity of taxation and support for agriculture in Xuancheng City is relatively small, and it does not pay too much attention to the development of agriculture. The promulgation of the "Agricultural Law" in 1993 indicated the important position of agriculture in my country's economic and social development, and the realization of agricultural modernization is of great significance to my country's rejuvenation journey. Sufficient financial support is a necessary guarantee for agricultural development. Lack of funds will prevent large-scale production of local characteristic agriculture, the formation of characteristic industries, and the difficulty in driving local employment and the development of related industries.



**Figure 1.** Xuancheng City's 2018-2020 Agricultural Financial Expenditure Final Account

### 3.2. Contradictions in the Structure of Agricultural Fiscal Expenditure

According to the breakdown of agricultural expenditures in Xuancheng's general public budget expenditure final account in 2020, the administrative operation and business operation cost 19.14 million yuan, accounting for 25.37% of the total agricultural expenditure. Insufficient funds and inefficient use of funds. In 2020, the expenditure on agricultural technology transformation and service promotion in Xuancheng City will only account for 2.62% of the total agricultural expenditure, which is too small, and agricultural modernization is inseparable from the help of agricultural technology research and development and application.

### 3.3. Agricultural Subsidies Lack Focus

The financial subsidy for agriculture-related industries in Xuancheng City lacks focus, and the financial input method of sprinkling pepper noodles is adopted, and the city's leading enterprises and characteristic industries are not supported enough. Under the circumstance that the scale of agricultural financial expenditure is relatively small, the "broadcasting net" support model will make the funds obtained by the industries and enterprises that should be supported more scarce, thus making it impossible for them to develop rapidly.

## 4. Suggestions on the Development of Urban Fiscal and Taxation Policies to Support Agriculture

### 4.1. Increase Financial Investment in Agriculture-Related Industries

The development of my country's agricultural modernization needs the support of a large amount of financial funds, and expanding the scale of agricultural production is of great significance to the realization of agricultural industrialization and agricultural modernization.

However, my country's current economic benefits from agricultural production are relatively low, and farmers are not very motivated to expand production scale. At this time, it is necessary for the Xuancheng Municipal Committee and the government to formulate long-term goals, increase the scale of financial support for agriculture, mobilize the enthusiasm of farmers to expand the scale of production, attract more agriculture-related enterprises to settle in Xuancheng, help rural revitalization, and realize agricultural modernization. Although the capital investment is large in a short period of time and the local financial pressure is relatively large, in the long run, it will help increase the income of farmers and promote the development of the local economy.

#### **4.2. Optimize the Structure of Financial Capital Investment**

The Xuancheng Municipal Committee and government should adjust the structure of agricultural capital investment, increase investment in agricultural science and technology, improve the level of agricultural science and technology in this city, transform agricultural science and technology into agricultural productivity, increase crop yield per unit area, and realize agricultural mechanized production. In addition, fiscal and taxation funds for supporting agriculture should be invested as much as possible in the actual construction and production of agriculture, reducing unnecessary personnel and administrative expenditures, and improving the utilization rate of funds.

#### **4.3. Focus on Supporting Xuancheng's Famous and Special Agricultural Products**

The funds of finance and taxation to support agriculture are limited. Fiscal funds must be used on the blade of agricultural modernization and cannot be distributed equally among various agricultural industries. The government's financial capital investment should be based on the local agricultural development and advantageous agricultural industries. The forest coverage rate of Xuancheng City is relatively high, and the large mountain forests make the output of chestnut, pecan, bamboo and other agricultural products abundant. The investment of financial funds can be adjusted according to local conditions, focusing on such Linte agricultural products, improving the popularity of characteristic agricultural products, and letting local high-quality specialty products go out to achieve Competitive differentiation.

#### **4.4. Strengthen the Supervision of Funds for Agricultural Subsidies**

The relevant departments of Xuancheng City should track the follow-up whereabouts of the agricultural subsidy funds, and keep track of the specific whereabouts of the funds through inquiries or visits, to ensure that the funds are really used for agricultural production and construction, and to avoid private misappropriation of the subsidies after they are received.

#### **4.5. Learn from the Advanced Experience of Modern Agricultural Development**

Throughout the country, many regions have selected agricultural products suitable for local cultivation and cultivation through experience summarization and farmland experiments in combination with local climatic conditions, geological conditions, water and soil conditions, etc.; through national and local policy support and financial subsidies, expand such The planting scale of characteristic agricultural products, establish planting bases, and form large-scale production; and then vigorously develop related industries to form a complete industrial chain. In this way, the popularity of products can be improved, and local famous and special agricultural products can be created. Such successful cases can be referred to in the promotion of urban agricultural development and the improvement of fiscal and taxation policies to support agriculture. Xinjiang tomato cultivation and tomato paste processing industry are typical examples of such successful cases. Since the 21st century, with financial subsidies and policy support, Xinjiang tomato production has grown rapidly, forming a large-scale planting,

and at the same time, a tomato paste production line has been established. With the addition of high-quality raw materials, Xinjiang tomato paste processing enterprises have developed rapidly. At the same time, advanced technology has been actively introduced, and the level of agricultural science and technology has been continuously improved. Not only the improvement of biotechnology such as the quality of tomato varieties, but also the professionalization of tomato paste processing technology. These measures and practices have made Xinjiang tomato sauce occupy an important position in the world, helping rural revitalization and promoting the industrialization of local agriculture.

## 5. Conclusion

By analyzing the actual agricultural situation of Xuancheng City, the advantages of agricultural development and the current situation of fiscal and taxation policies to support agriculture, this paper concludes that the existing problems of its fiscal and taxation policies are: small scale of agricultural fiscal expenditures, inappropriate capital investment structure, and lack of focus on agricultural subsidies. In this regard, the local government should increase its support for agriculture-related industries, optimize the capital investment structure, and increase the proportion of agricultural science and technology investment; at the same time, referring to the successful construction of domestic agricultural production bases, combined with the specific agricultural situation of Xuancheng City, focus on supporting local famous, excellent and special Agricultural products, thereby promoting the agricultural modernization of Xuancheng and helping the revitalization of Xuancheng and rural areas.

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