

Research on the Application of Tax Planning in Enterprise Financial Management

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Abstract: Tax planning is an enterprise's behavior to reduce tax burden in a reasonable, scientific and effective way according to its own actual situation within the scope of law. Tax planning can help enterprises reduce operating costs, improve the profit margin of enterprises, thereby improving the comprehensive competitiveness of enterprises. In the actual tax planning process, it involves the whole process of enterprise management. Although tax planning may lead to a decline in national revenue, it can provide a sustained impetus for the country's economic prosperity, improve the resilience of enterprises in the market environment, enable enterprises to operate stably, and promote the continuous development of the national economy. The paper is based on the analysis of the connotation and characteristics of tax planning. Specific tax planning measures are proposed from the aspects of fundraising activities, business activities and profit distribution activities.

1. The Connotation of Tax Planning

The so-called tax planning refers to the enterprise's behavior of reducing tax payment within its own capacity to maximize the economic benefits of the enterprise under the permission of the law. Therefore, tax planning is a countermeasure to the impact of external tax environment on enterprise financial management. Taxpayers should optimize the tax planning plan from the production and operation of enterprises, investment and financing activities, profit distribution and even the establishment of enterprises before tax obligations occur. In order to make enterprises better adapt to the external tax environment and improve the profit target of enterprises. Tax planning involves law, financial accounting, operation, organization and management and other aspects. It is a comprehensive economic behavior. The main contents of tax planning include not only reasonable tax avoidance and tax saving, but also including reducing tax-related risks, avoiding tax late fees and fines, and using tax legal systems to protect the legitimate rights and interests of enterprises. The taxpayer is the main body of tax planning, and its main purpose is to reduce the overall tax burden of the enterprise and achieve the financial management objectives of the enterprise. In the actual business management, the plan with the most profit is not necessarily the one with the lightest tax burden. The tax planning is carried out under the established tax environment, and the tax law has to be adjusted in time to adjust the tax planning. It can be seen that tax planning is not fixed for a long time. Planners need to pay attention to changes in taxation strategies in a timely manner, and can accurately grasp the boundaries between legal and illegal. The tax planning is revised and improved according to the tax law. Through tax planning, predict the level of corporate profitability. According to the actual production, the comprehensive distribution plan is formulated to realize the most scientific and reasonable distribution according to the business conditions of the enterprise in the profit distribution of the enterprise. While reducing the tax burden of enterprises, the interests of all parties are balanced. The essence of tax planning is a kind of financial management activities, not blindly reducing tax expenditure, which runs through the whole process of enterprise financial activities, and is one of the normal business activities of enterprises. It is also a compulsory course for enterprises to maximize profits, which should be paid attention to. Taxpayers in enterprises should strengthen the construction of tax planning in their financial management activities, and take tax planning as an important supplement to the financial management of enterprises.

2. Characteristics of Tax Planning

Analyzing the connotation of tax planning, we can see that tax planning mainly reflects the following characteristics: first, legitimacy. Tax planning should first ensure that all tax evasion and tax evasion in violation of legal provisions are firmly resisted on the premise of legal permission, and should not go beyond the legal norms. Secondly, advance. The so-called planning is pre-arranged, planned and designed, reflecting a strong pre-emptiveness. Taxpayer's duty is to pay tax within the prescribed time limit after the tax payer has the duty to pay tax. This behavior itself has a certain lag, so taxpayers can make tax planning well in advance. If the tax burden has been formed and the corresponding taxation methods and channels are adopted, it cannot be called tax planning. Third, the purpose. Tax planning has a very clear goal of reducing tax expenditures and tax risks, and obtaining the time value of funds to maximize the profits of the company. Therefore, tax planning reflects a strong purpose. Fourth, comprehensive. Tax planning is not only for a certain tax or a taxation link, but for the entire business process of the company, which involves all aspects. Therefore, it reflects the comprehensive characteristics. Fifth, variability. Changes in the external policy environment and economic environment will have a direct impact on the tax planning of enterprises. Therefore, tax planning has the characteristics of variability to better adapt to changes in national tax laws and regulations. Sixth, professionalism. Tax planning involves many fields, including accounting, law, economy, enterprise management, etc. Only those with professional quality can make scientific tax planning through professional theory and technology. Therefore, tax planning reflects the characteristics of professionalism.

3. Application of Tax Planning in Enterprise Financial Management

In the different financial management activities of enterprises, the application of tax planning is also different. Specifically, reasonable tax planning can be carried out from financing activities, business activities and profit distribution activities:

3.1 Application of Tax Planning in Enterprise Financing Activities

Fund-raising activities are an important channel for enterprises to expand their scale and obtain development. In the fund-raising activities of enterprises, choosing different financing schemes will lead to large differences in tax burdens. Financial managers need to raise more funds through tax planning at the lowest capital cost. In general, tax planning in corporate fundraising activities includes debt financing, equity financing, and lease financing:

3.2 Debt financing

Debt financing mainly includes short-term loans, long-term loans, mutual lending between enterprises, and issuance of bonds. It is a way for enterprises to obtain funds according to the agreed cost and use. Debt financing requires enterprises to repay principal and interest on schedule. Therefore, the cost is mainly the interest paid. Compared with other financing methods, debt financing has the advantages of fast financing, flexibility and low cost. In the specific tax management process, the cost of interest paid by debt financing is listed in the front of the enterprise's stress tax income. Before calculating the enterprise income tax, some profits can be removed, which can play a role of tax deduction to a certain extent. The effect of lending funds between enterprises is better than financing loans from financial institutions, because the two sides of enterprises usually have special relations, and the two sides may have links in production, sales and other links. It is very beneficial for enterprises to integrate location codes and reduce operating costs.

3.3 Equity Financing

Equity financing is the basis and guarantee for enterprises to carry out various business activities, and the main source of funds for enterprises to operate. Equity financing and debt financing are the basic components of enterprise capital structure. Compared with debt financing, equity financing has less financial risk. Capital flexibility is also higher, but equity financing is mainly achieved

through the issuance of stocks in the financial market. Therefore, the cost of capital is high and the control right is easy to be decentralized.

3.4 Rental Financing

Leasing financing means that the owner of the asset transfers the asset to the holder to collect the rent. In the leasing relationship, the lessee shall use the assets in accordance with the contract and pay the rent regularly. Compared with the first two financing methods, the method of leasing financing is quite special. It combines financing and melting materials to provide taxpayers with more tax planning space. Leasehold financing is mainly divided into financing leases and operating leases. The tax planning for lease financing is mainly to reduce the tax burden by paying rent. The operating lease can deduct the rent payment before the income tax according to the regulations, so as to avoid the burden and risk of the hindered person due to long-term possession of assets. Enterprises pay off rents to offset the pre-tax profits of enterprises to achieve the purpose of reducing tax burden. In addition, the fixed assets that are leased can also be included in the cost by depreciation, and the taxable amount can also be reduced.

4. Application of tax planning in business operations

In the business activities of the enterprise, the current income can be reduced by adjusting the time of confirmation of the cost and income, so as to reduce the taxable amount. On the one hand, the planning of value-added tax can be carried out. In the process of enterprise commodity circulation and value-added, it is necessary to pay VAT. As the turnover tax VAT, the scope of application is very wide, so it has more room for tax planning. The difference between the current taxpayer's output tax and the current input tax amount is the amount of VAT payable, and the VAT payable will be affected by factors such as the input tax amount and the time of credit. Therefore, enterprises should try their best to get the invoice of input tax in advance so that the current input tax can be calculated in full and on time. On the other hand, cost planning should be done well. Taxable income is the balance of the taxpayer's total income per tax year minus the allowable deduction items. The scope and standard of deduction items are clearly stipulated in the tax law. Enterprises should try their best to make full and complete tax declarations. For example, publicity and advertising expenses should be included in time and in full. In order to ensure that the enterprise's pre-tax costs are fully charged, and to minimize the pre-tax taxable income.

5. Application of Tax Planning in Enterprise Profit Distribution Activities

In order to improve the economic benefits of enterprises, we should choose flexible ways to deal with accounting in the activities of profit distribution and make reasonable tax planning for enterprise taxpayers. The application of tax planning in enterprise profit distribution activities mainly includes the following two kinds:

5.1 Tax Planning for the Year of Income Achievement

On the one hand, we can postpone the start of profit-making year and extend the period of business declaration. According to relevant laws and regulations, for those who have operated for more than 10 years, the income tax of the first and second year will be exempted from the year in which they began to make profits, and the income tax will be reduced by half from the third to the fifth year. If the actual operation of an enterprise is less than 10 years, the enterprise income tax exempted or reduced shall be paid back. In view of this situation, if the company meets the company's operating period, try to declare the operating period of more than ten years to obtain preferential tax policies; postpone the profit-making year of the enterprise, the initial loss of the enterprise can reduce the income tax expenditure, and delay the preferential policy as much as possible. The start time is to achieve the purpose of reducing tax burden through reasonable tax planning.

5.2 Make use of pre-tax profit to make up for the loss of the previous year

Relevant laws clearly stipulate that the pre-tax profit of the enterprise in the second year can make up for the losses incurred by the enterprise in the previous year. If the profit for the following year is not enough to make up, it can be replenished year by year, but the maximum compensation period cannot be more than 5 years. Since the company is not in a state of loss, there is no need to pay corporate income tax, so the company can handle the accounting account for special treatment. In order to better enjoy the state's tax policy, enterprises should change from profitability to loss. In addition, different asset valuation methods can be selected to fully list pre-tax deduction items, maximize the amount of deduction, and increase the actual economic benefits of enterprises.

6. Conclusion

In short, in addition to the company's operational capabilities, the company's financial management level will have an important impact on the company's development speed and scale of development. Only by improving the efficiency of financial management work and the utilization of funds can help enterprises achieve their profit-maximizing business objectives. In the financial management of enterprises, tax planning and reasonable tax avoidance are also important components. Adopting scientific and reasonable tax planning can effectively reduce the tax burden of enterprises. Therefore, enterprises should make rational use of tax policies and terms in accordance with the relevant laws and regulations, and formulate effective tax planning programs. In order to better adjust the business structure of enterprises, so that enterprises can enjoy preferential policies according to law, and improve the economic efficiency of enterprises. In the process of financial management, enterprises should be helped to establish a reasonable capital structure and properly handle the ratio of debt to assets. The role of financial leverage will be brought into full play to increase the operating income of enterprises. Comparing different tax rates according to different kinds of taxes, in order to enjoy preferential tax policies as far as possible and reduce the tax burden of enterprises. In addition, tax avoidance can be reasonably achieved by delaying the profit-making year and enjoying preferential policies for foreign-funded enterprises.

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