

Research on the Influence of Preferential Tax Policies on Enterprise Accounting Decision-making

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Abstract: The purpose of this study is to deeply explore the influence of preferential tax policies on enterprise accounting decision-making, and to conduct an empirical study from three aspects: capital structure, investment decision-making and earnings distribution strategy by establishing a comprehensive model. Using the method of regression analysis, this study uses a wide range of financial data and tax policy indicators to conduct a comprehensive empirical test of the model. The results show that the level of tax incentives has a significant impact on the capital structure of enterprises. The level of tax incentives has a direct and positive impact on the investment decision of enterprises. A higher level of tax incentives encourages enterprises to invest more actively in order to maximize tax relief and deduction. In the environment of higher tax incentives, enterprises are more willing to keep the surplus for reinvestment rather than directly distribute it to shareholders. This study provides in-depth empirical analysis and reveals the multi-level influence of tax preferential policies in shaping enterprise accounting decisions. This provides substantial enlightenment to enterprise managers, policy makers and investors, and provides valuable reference for future research and practice.

1. Introduction

As one of the important tools of national macroeconomic management, tax system plays an important role in promoting enterprise development and economic growth. In order to encourage specific industries or stimulate economic activities, the government often adjusts the tax system by implementing preferential tax policies. Preferential tax policies not only directly affect the financial situation of enterprises, but also have a far-reaching impact on accounting decisions of enterprises.

With the constant changes of the global economy and the increasingly fierce international competition, enterprises have to comprehensively consider tax factors when making accounting decisions [1]. Preferential tax policies provide enterprises with opportunities to reduce tax burden and increase capital investment, however, it may also trigger a series of changes in accounting decisions [2]. How to reasonably plan financial activities while obtaining tax incentives has become an urgent problem for enterprise managers and accounting professionals.

The purpose of this paper is to deeply discuss the influence of preferential tax policies on enterprise accounting decision-making, and analyze its concrete embodiment in capital structure, investment decision-making, surplus distribution and so on. Through the empirical study of tax preferential policies, this paper will try to reveal how tax factors play a role in enterprise accounting decision-making, and the potential impact of this impact on enterprise financial performance and economic benefits. On a global scale, the research on the effect of tax preferential policies on enterprise accounting decision-making is still relatively limited, and the in-depth excavation in this field is helpful to improve tax policies and improve the scientific and rational financial decision-making of enterprises. Therefore, this study will provide useful theoretical and empirical reference for the government to formulate more effective tax policies and enterprises to formulate more flexible accounting strategies.

2. Contents of enterprise accounting decision-making

Enterprise accounting decision refers to a series of decisions made by enterprise managers when formulating and implementing financial plans, involving financial reports, capital structure, investment, surplus distribution and so on. These decisions directly affect the financial situation, operating performance and profit level of enterprises [3-4].

A core aspect in enterprise accounting decision-making is the choice of capital structure. Managers need to weigh the proportion of debt and equity in order to maximize shareholders' rights and reduce the financial risks of enterprises. When determining the capital structure, decision makers should consider tax factors, interest costs, equity costs and other factors to ensure that enterprises can obtain the optimal financing structure. Enterprises also need to make important choices in capital budget and investment decision. This includes selecting investment projects, determining investment scale, and evaluating the return rate of projects. Managers need to comprehensively consider the risks and benefits of the project to ensure that the investment decision of the enterprise is consistent with the long-term strategic objectives and create maximum value for shareholders [5].

In the aspect of earnings distribution, enterprise accounting decision-making involves determining the proportion of profit distribution, including the payment of dividends and the retention of earnings for reinvestment or debt repayment. Managers need to comprehensively consider the future development needs of enterprises, shareholders' expectations and market environment in order to formulate a reasonable surplus distribution policy.

Enterprise accounting decision-making also includes financial report decision-making, which is directly related to information transparency and corporate governance. Managers need to follow accounting standards and regulations to ensure that financial reports truly and accurately reflect the financial situation of enterprises, and also need to pay attention to how to transmit information to investors, analysts and other stakeholders through reports [6-7]. In the uncertain and risky business environment, enterprise accounting decision-making also involves risk management. This includes decisions on currency risk, market risk and credit risk. Managers need to adopt appropriate risk management strategies to reduce financial risks and ensure the sustainable development of enterprises.

Enterprise accounting decision plays an important role in enterprise management. These decisions are directly related to the financial stability, competitiveness and shareholder value of enterprises. When making these decisions, managers need to fully consider internal and external factors to ensure that enterprises can continue to succeed in the ever-changing business environment.

3. Definition and assumption of variables

When studying enterprise accounting decision-making and its influence, a clear definition of variables and assumptions is very important for the effectiveness and credibility of the research. In this paper, variables are defined as follows:

The level of tax incentives reflects the degree of incentives provided by the government through tax policies, usually in the form of tax relief and deduction. It is expressed by specific values such as enterprise income tax rate and tax deduction ratio.

The capital structure reflects the proportion of enterprises financing through debt and equity, which involves the organizational structure of long-term funds of enterprises. Calculate debt ratio and equity ratio based on long-term loans and equity in financial statements.

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preference is directly related to the financial decision-making of enterprises, especially the choice of capital structure. Capital structure, that is, the financing ratio of long-term funds of enterprises, has a far-reaching impact on the business activities and financial risks of enterprises. In this context, the relationship between tax preference level and capital structure has become a key focus of research [8].

First of all, the improvement of tax incentives will usually have an impact on the capital structure of enterprises. With the improvement of tax incentives, enterprises may be more inclined to use debt financing, that is, increase the proportion of debt. This is because the interest expenses of debt financing can be more obviously reduced when enjoying tax incentives. Compared with equity financing, the financial cost of enterprises is relatively low [9]. Secondly, in the face of more favorable tax policies, enterprises may be more active in debt financing to optimize their capital structure. This phenomenon may be manifested in the fact that enterprises increase debt while reducing the financing ratio of equity, so as to minimize the overall financing cost. This can not only effectively improve the financial leverage for enterprises, but also help to optimize the tax benefits of capital structure.

However, it is worth noting that enterprises need to carefully consider financial risks in addition to pursuing tax incentives when adjusting their capital structure. Over-reliance on debt may increase the debt repayment pressure of enterprises, especially in the high interest rate environment, which may bring greater financial risks. Therefore, when making capital structure strategy, enterprises need to comprehensively consider many factors such as tax preference level, debt cost and financial soundness, so as to ensure that the optimization of capital structure is not only conducive to tax reduction, but also to maintain the financial health of enterprises. Therefore, combined with the above analysis to make false:

Hypothesis 1: The increase of tax incentives will encourage enterprises to use debt financing more, because interest expenses can enjoy tax incentives [10]. Enterprises may prefer to choose debt financing with tax incentives to reduce the overall financing cost.

The level of tax preference has a far-reaching impact on the investment decision of enterprises, because tax policy is not only an important component of the financial cost of enterprises, but also directly related to the disposable cash flow and investment return of enterprises. In a favorable tax environment, enterprises usually face more investment opportunities, and changes in tax policies may also adjust the response of enterprises to these opportunities.

First of all, the improvement of tax incentives will often stimulate enterprises to increase investment. Due to the preferential tax policy, enterprises can enjoy lower capital cost when making capital budget and investment decisions, thus improving the internal rate of return of the project. This makes enterprises more willing to take certain investment risks in order to pursue higher return on investment. Secondly, tax incentives have a direct and positive impact on the capital budget and project selection of enterprises. Enterprises may be more inclined to choose those projects that can get greater tax benefits to minimize their tax obligations. This may include expanding production scale, introducing new technologies, and conducting research and development, so as to promote the innovation and development of enterprises. However, it should be noted that the improvement of tax incentives does not always lead to blind investment by enterprises. Enterprises still need to comprehensively consider the risk, market demand, competition and other factors when making investment decisions. Tax preference is only one factor, not the only decisive factor. Therefore, combined with the above analysis to make false:

Hypothesis 2: The improvement of tax incentives will encourage enterprises to increase their investment in order to obtain more tax relief and deduction. Enterprises may be more inclined to invest on a larger scale in a tax preferential environment to maximize their economic benefits.

The level of tax incentives has shaped the profit distribution strategy of enterprises to a great extent, because tax policies directly affect the tax burden and distributable profits of enterprises. When making profit distribution strategy, enterprises must comprehensively consider tax factors in order to maximize shareholders' rights and comply with laws and regulations at the same time.

First of all, higher tax incentives usually encourage enterprises to reinvest more surplus instead

of distributing it directly to shareholders. Because tax incentives reduce the tax liability of enterprises, enterprises have more room to keep the surplus in the company for capital expenditure, research and development, technological upgrading and so on. This strategy is helpful to improve the competitiveness and innovation ability of enterprises, but it may also reduce the short-term cash income of investors. Secondly, enterprises may make the best use of tax incentives by adjusting the surplus distribution strategy. In the case of a high level of tax incentives, enterprises may be more inclined to choose a way to repay shareholders with lower taxes, such as stock repurchase or dividends. Such a strategy is helpful to improve the return rate of shareholders and reduce the tax liability of the company. However, it should be emphasized that the formulation of earnings distribution strategy needs to comprehensively consider the long-term strategy and future development needs of enterprises. A higher level of tax incentives may trigger investors' expectations for dividends, so enterprises need to carefully balance the consideration of short-term returns and long-term value-added. Therefore, combined with the above analysis to make false:

Hypothesis 3: Higher tax incentives may affect the earnings distribution strategy of enterprises, making them more inclined to retain earnings for reinvestment. Enterprises may be more willing to keep their profits for capital expenditure when enjoying tax incentives, so as to further improve their future profits.

4. Research model design

In the empirical study of the influence of preferential tax policies on enterprise accounting decision-making, we can establish the influence model of capital structure, investment decision-making and surplus distribution strategy. In order to comprehensively study the influence of preferential tax policies on enterprise accounting decisions, an integrated model can be considered, covering capital structure, investment decisions and earnings distribution strategies. The following expression is the integration model:

$$Decision = \alpha_0 + \alpha_1 \cdot TaxIncentive + \alpha_2 \cdot Size + \alpha_3 \cdot Leverage + \alpha_4 \cdot Profitability + \alpha_5 \cdot MarketConditions + \alpha_6 \cdot Earnings + \alpha_7 \cdot GrowthOpportunities + \eta \quad (1)$$

Among them, *Decision* stands for the comprehensive index of enterprise accounting decision, which can be measured by the index that comprehensively considers capital structure, investment decision and surplus distribution strategy. *Size* is the control variable of enterprise scale, which can be measured by total assets or total income of the enterprise. *Leverage* is the control variable of enterprise leverage ratio, indicating the proportion of enterprise debt in capital structure. *Profitability* is the control variable of enterprise profitability, which can be expressed by net profit rate. *MarketConditions* is the control variable of market conditions, which reflects the degree of industry prosperity and other factors. *Earnings* is the controlling variable of enterprise's surplus level, which may be expressed by net profit, etc. *GrowthOpportunities* is the control variable of enterprise growth opportunity, which reflects the potential opportunity of enterprise development in the future. $\alpha_1 \sim \alpha_7$ is the regression coefficient, which respectively represents the influence of intercept term and control variables on enterprise decision-making. η is the error term.

This integrated model can comprehensively understand the comprehensive influence of tax preferential policies in enterprise accounting decision-making by comprehensively considering the influence of capital structure, investment decision-making and surplus distribution strategy.

5. Empirical analysis

In this paper, 100 private real estate enterprises are selected in the analysis process. In order to measure the problems caused by reasonable samples, the registered books of private real estate enterprises are all above 200 million yuan, and they are always in a stable development trend in the time interval.

5.1. Descriptive statistical analysis

Descriptive analysis is carried out in this paper, and the results are shown in Table 1.

Table 1 Descriptive statistical analysis results

variable	mean	standard deviation	minimum value	maximum
Tax preference level	0.15	0.05	0.05	0.25
capital structure	0.60	0.10	0.40	0.80
Investment decision	0.25	0.08	0.10	0.40
Surplus distribution strategy	0.40	0.07	0.20	0.60

The average tax preference level is 0.15, which shows that the average tax preference rate enjoyed by enterprises in the sample is 15%. The standard deviation of tax preference level is 0.05, which shows that this variable varies to some extent among different enterprises. The minimum value and maximum value are 0.05 and 0.25, respectively, indicating that the tax preference level in the sample enterprises ranges from 5% to 25%.

The average capital structure is 0.60, which means that the average proportion of corporate debt to total capital is 60%. The standard deviation of this variable is 0.10, which indicates that there are significant differences in capital structure among different enterprises. The minimum value and maximum value of capital structure are 0.40 and 0.80, respectively. It is pointed out that the ratio of debt to total capital in sample enterprises ranges from 40% to 80%.

The average value of investment decision variables is 0.25, which means that the average proportion of total investment in total assets is 25%. Its standard deviation is 0.08, which shows that there are some differences among different enterprises in investment decision-making. The minimum value is 0.10 and the maximum value is 0.40, which reveals the range of the ratio of total investment to total assets. The average value of the surplus distribution strategy is 0.40, which means that the average enterprise reserves 40% of the surplus for reinvestment. The standard deviation of this variable is 0.07, which shows the degree of difference among enterprises in earnings distribution strategy. The minimum value is 0.20 and the maximum value is 0.60, indicating that the proportion of retained surplus is between 20% and 60%.

5.2. Correlation analysis

After descriptive analysis, this paper uses python software to analyze the phase, and the results are shown in Figure 1.

According to the drawn heat map, we can analyze the correlation between the variables in the study of the influence of tax preferential policies on enterprise accounting decisions. In this heat map, the depth of color indicates different degrees of correlation, dark color indicates strong correlation, and light color indicates weak correlation or no correlation.

The correlation coefficient between tax preference level and capital structure is -0.3, which shows that they have a slight negative correlation. This may mean that enterprises may rely less on debt financing with the improvement of tax incentives. The correlation coefficient between tax preference level and investment decision is 0.6, showing a moderate positive correlation. This shows that the improvement of tax incentives may encourage enterprises to increase investment. The correlation coefficient between tax preference level and surplus distribution strategy is 0.5, which is also a moderate positive correlation. This implies that the increase of tax incentives may make enterprises more inclined to keep the surplus for reinvestment.

The correlation coefficient between capital structure and investment decision is -0.2, indicating that there is a slight negative correlation between them. The correlation coefficient between capital structure and surplus distribution strategy is -0.4, showing a moderate negative correlation. The correlation coefficient between investment decision and surplus distribution strategy is 0.7, which indicates that there is a strong positive correlation between these two variables. This shows that enterprises tend to use more surplus to increase investment.

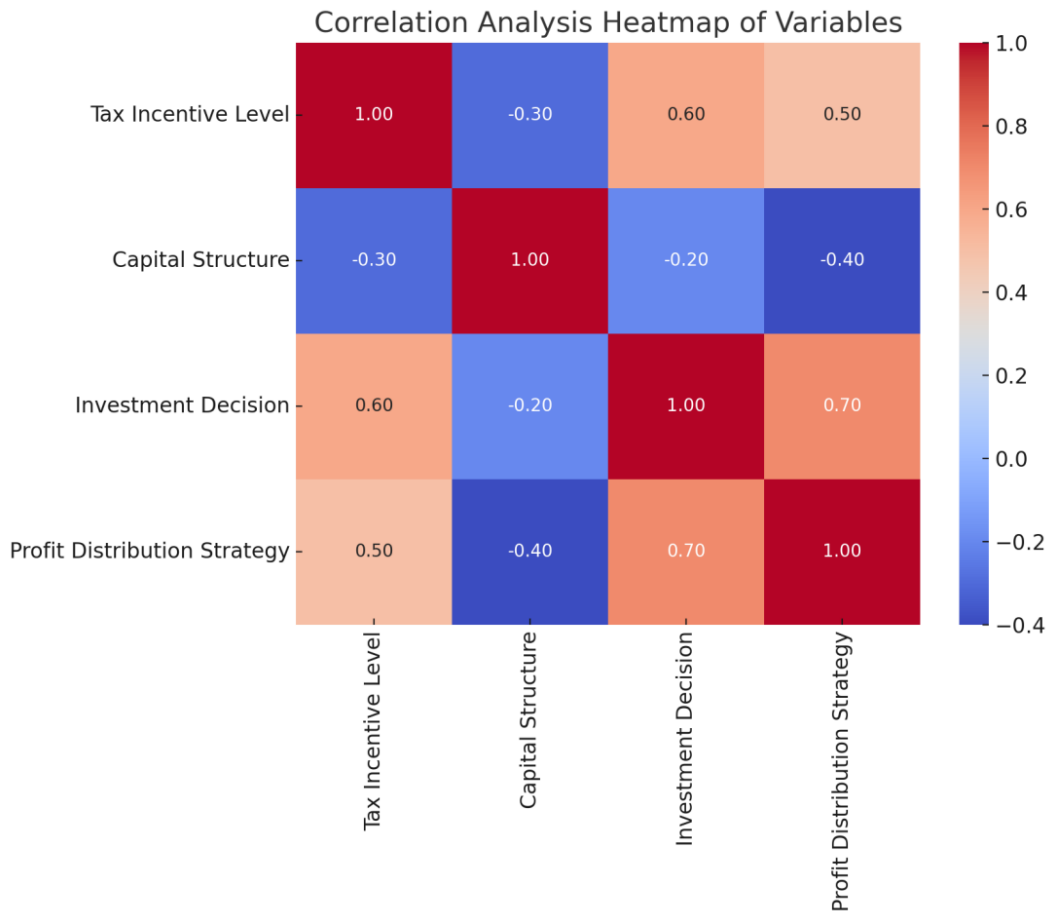


Figure 1 Correlation analysis heat map

5.3. Regression analysis

Through the above data analysis, we can find that there is a strong correlation between the independent variables and the dependent variables selected in this paper. In order to deeply explore the relationship between the dependent variables and the independent variables, this paper makes a regression analysis of the data, and the results are shown in Figure 2.

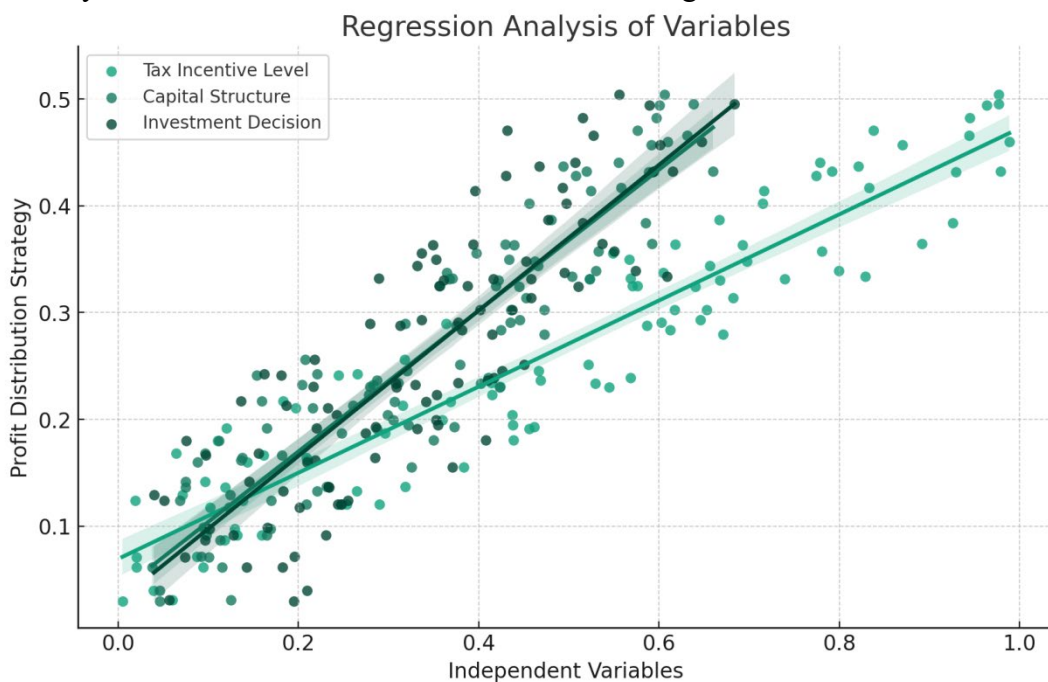


Figure 2 Regression analysis results

The regression analysis chart above describes the relationship between different variables, focusing on how tax incentive level, capital structure and investment decision affect profit distribution strategy. Three regression lines are observed from the diagram, each of which represents the relationship between an independent variable and the profit distribution strategy.

The line of tax incentive level shows a positive slope, indicating a positive relationship. With the improvement of tax incentives, profit distribution strategies tend to increase, which indicates that higher tax incentives may encourage companies to retain more income for reinvestment. The slope of the capital structure line is slightly negative, although the regression summary shows that this relationship is not statistically significant ($p > 0.05$). This shows that the capital structure may not have a strong impact on the profit distribution strategy.

Investment decision is similar to capital structure, and this line also shows a slight negative slope, but the relationship is not statistically significant ($p > 0.05$). This shows that investment decision may not be the main determinant of profit distribution strategy. The R-squared value of the regression model is 0.883, indicating that about 88.3% of the variability in profit distribution strategy is explained by these three independent variables.

6. Conclusions

It is found that the level of tax incentives significantly affects the capital structure of enterprises. The improvement of tax incentives encourages enterprises to make more use of debt financing to reduce the overall financing cost. Secondly, we observe that the level of tax incentives has a significant impact on the investment decisions of enterprises. A higher level of tax incentives urges enterprises to invest more actively in order to obtain more tax relief and deduction. In the environment of high tax incentives, enterprises are more inclined to retain the surplus for reinvestment rather than directly distribute it to shareholders. This emphasizes the important influence of tax policy on corporate financial strategy and shareholder return, and enterprises need to find a balance between short-term return and long-term value-added. Future research can further explore the micro and macro impact mechanism of tax policy, so as to understand the long-term economic effects of tax preferential policies on enterprises more comprehensively.

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