

# Research on the Impact of Tax Reduction Policies on Small and Micro Enterprises in Jiangxi Province\*

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## Abstract

As an important part of China's economy, small and micro enterprises have laid a solid foundation for China's economic development, are an important platform for Chinese residents to achieve employment, and contribute a greater part to China's fiscal and tax revenue. Affected by the new crown epidemic and some deficiencies of small and micro enterprises, the development of small and micro enterprises has been restricted in recent years, and they are facing problems such as operational difficulties. This paper will take Jiangxi Province as an example, use theoretical knowledge and data analysis, research and analyze the tax reduction policies promulgated and implemented under the background of the epidemic, the utility and imperfections of small and micro enterprises, and propose corresponding countermeasures to help small and micro enterprises get out of trouble.

**Keywords:** Small And Micro Enterprises; Tax Reduction Policies; Deficiencies

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## Introduction

Since the reform and opening up, small and micro enterprises have become an important part of China's economy with their full flexibility, innovation, and inclusiveness, and they have made significant contributions to promoting economic development, stabilizing employment, and increasing fiscal revenue. At the beginning of 2020, since the outbreak of the epidemic, China's small and micro enterprises have been most directly impacted. Many problems, such as rising operating costs, backward technical level, weak financial strength, and excessive tax burden, restrict the development of small and micro enterprises, and many enterprises need to be in trouble. In this case, the Chinese government focuses on developing enterprises, introduces various preferential tax policies, and increases support for small and micro enterprises, aiming to help small and micro enterprises resume work and production.

### Research Status

Under the current economic situation, many scholars at home and abroad have rich theoretical research results on the difficulties faced by the development of small and micro enterprises and the effectiveness of preferential tax policies.

#### 1. Relevant research by domestic scholars

In recent years, the state has paid more and more attention to developing small and micro enterprises. It introduced a series of preferential tax policies, which has aroused domestic scholars' research on the tax reduction policy to support the development of small and micro enterprises. Duan Xiaoyi (2021) said that as the position of small and micro enterprises in China's overall economic development becomes increasingly important, the relevant government should gradually improve the preferential tax policies for small and micro enterprises. Cai Xiao (2021) believes that a series of tax and fee reduction policies are conducive to alleviating the difficulties faced by small and micro enterprises, promoting the healthy development of small and micro enterprises, and ensuring the stability of social and economic order. However, the current preferential tax policies are still areas for improvement. Chen Siqi (2021) pointed out that although the overall tax burden of small and micro enterprises has decreased after enjoying preferential treatment, the operation and production status of small and micro enterprises have not been improved, and the long-term development environment of small and micro enterprises has not been improved.

#### 2 Relevant research by foreign scholars

Foreign scholars generally believe that formulating reasonable fiscal and taxation policies can ensure the sustainable and healthy development of small and micro enterprises, thereby promoting the operation of the national economy. Leigh (2018) argues that reducing the tax burden can reduce the pressure on enterprises, strengthen the ability of enterprises to absorb employment, help enterprises expand their scale, and promote regional economic development. Manda Subhash (2020) shows India's tax reduction policy has a positive incentive effect. Tax reductions can improve the global competitiveness of small and micro enterprises and reduce their business costs.

### Research implications

In the current severe economic situation, the recovery and development of small and micro enterprises are of great significance to the overall economic development. This paper takes the tax reduction policy of Jiangxi Province as the research object, focuses on the impact of the tax reduction policy on small and micro enterprises in Jiangxi Province since the outbreak of the epidemic, and puts forward reasonable suggestions for the shortcomings in the implementation of the policy, which has a certain effect on the development of small and micro enterprises in Jiangxi Province and the adjustment of the tax structure, which is conducive to

accelerating the recovery process of small and micro enterprises in Jiangxi Province. At the same time, it has the effect of bypassing the overall economic operation of China. It provides a specific theoretical basis for improving the policy effectiveness of small and micro enterprises in other regions.

## **Related Concepts**

### **1. Tax Reduction Policy**

Taxation is the most important part of the government's revenue source. It is a means for the government to obtain fiscal revenue and fulfill its functions in a compulsory and gratuitous manner in accordance with the standards predetermined by law.

Taxation policy is a kind of government macro policy that specifically refers to the current political and economic environment of our country as the background, based on economic theory and taxation theory, to achieve the goals set at the current stage, formulated by the government, to guide the basic principles and basic guidelines for tax work.

The tax reduction policy is the exemption of specific tax obligations formulated by the state in a certain period of time in order to support and encourage the development of some industries and enterprises, which generally includes the reduction and exemption of tax payable, the refund of tax paid according to the corresponding standards, etc., so as to reduce the tax burden of enterprises, increase the retained funds of enterprises, encourage investment, transformation, and upgrading, and play a role in restoring economic development.

### **2. Small and micro enterprises**

According to the Measures for the Classification of Large, Medium, Small and Micro Enterprises (2017), small and micro enterprises refer to enterprises established in accordance with the law in the territory of the People's Republic of China, with relatively small personnel and business scale.

From the perspective of enterprise income tax, the evaluation criteria for small and micro enterprises are that they are engaged in industries that are not restricted or prohibited by the state and meet the annual taxable income of no more than 3 million yuan, the number of employees does not exceed 300 people, and the total assets do not exceed 50 million yuan.

## **The status quo of the implementation of tax reduction policies for small and micro enterprises in Jiangxi Province**

### **1. The development status of small and micro enterprises in Jiangxi Province**

According to the statistics of the registration department of the Jiangxi Provincial Administration for Market Regulation, the number of small, medium, and micro enterprises in Jiangxi Province in 2014 was about 410,000, as of 2017, the number of small and medium-sized enterprises in the province was about 770,000, and from 2014 to 2017, the total number of enterprises increased in three years was about 360,000, with an average annual growth rate of about 120,000 and an average annual growth rate of 29.27%. The average annual increase in enterprises is basically the same as the total increase in the three years from 2010 to 2013. In 2019, the number of small, medium and micro enterprises in the province exceeded the 1 million mark for the first time, and in 2020, it exceeded 1,306,900. As of 2020, there were 13,504 small, medium, and micro industrial enterprises above the designated size in Jiangxi Province, with an operating income of 25.4 trillion yuan, accounting for 66.99% of the province's industrial enterprises above the designated size and an operating profit of 181.9 billion yuan, accounting for 74.61% of the province's industrial enterprises above designated size.

## 2. The specific implementation of the tax reduction policy for small and micro enterprises in Jiangxi Province

Since the beginning of 2020, in order to effectively respond to the impact of the epidemic, China has introduced a series of preferential policies to fight the epidemic and promote development, reducing the burden on enterprises by 196 billion yuan by 2020, which has effectively helped the recovery and development of the real economy. The in-depth implementation of a series of tax reduction policies is an effective way to cope with the impact of the epidemic and stimulate market vitality. It is also the most timely, direct, and fair measure to benefit enterprises.

In order to consolidate and expand the achievements of epidemic prevention and control and economic and social development, strengthen the confidence of market players, and show the government's actions under the new pattern, Jiangxi Province has successively introduced a series of relief measures to help enterprises and issued the "15 Tax Policy Measures on Helping Epidemic Prevention and Control and Promoting Economic Growth", making every effort to increase the relief and assistance of enterprises affected by the epidemic, consolidate and expand the effectiveness of tax reduction and fee reduction policies, reduce the tax burden of enterprises affected by the epidemic, extend the deadline for tax declaration and tax payment, and extend the deadline for tax payment. The "32 Policies and Measures on Tax Reduction, Fee Reduction, Rent Reduction, Interest Reduction, and Expenditure Reduction" was issued to increase the VAT threshold for small-scale taxpayers such as small and micro enterprises and individual industrial and commercial households from the current monthly sales of 100,000 yuan to 150,000 yuan, as shown in Table 1.

**Table 1** VAT thresholds and tax rates for small and micro enterprises in Jiangxi Province

|                       |  |   |
|-----------------------|--|---|
| 2021.04.01-2022.12.31 | Small-scale taxpayers with monthly sales of less than 150,000 yuan are exempt from VAT | VAT will be levied at a reduced rate of 1% and paid at a pre-levy rate of 1%. |
| 2023.01.01-2023.12.31 | Small-scale taxpayers with monthly sales of less than 100,000 yuan are exempt from VAT |   |

Note: The data comes from the "Policy Measures for Tax Reduction and Fee Reduction, Rent Reduction, Interest Reduction and Expenditure Reduction" issued by the General Office of the Jiangxi Provincial People's Government.

It is stipulated that from January 1, 2021, to December 31, 2022, the part of the annual taxable income of small and low-profit enterprises not exceeding 1 million yuan shall be included in the taxable income at a reduced rate of 12.5%. The enterprise income tax shall be paid at a rate of 20%, equivalent to an actual tax burden of 2.5. From January 1, 2022, to December 31, 2024, the part of the annual taxable income exceeding 1 million yuan but not exceeding 3 million yuan will be included in the taxable income at a reduced rate of 25%. The enterprise income tax shall be paid at a rate of 20%, equivalent to the actual tax burden of 5%, as shown in Table 2.

**Table 2** Jiangxi Province has preferential management of the taxable income of small and micro enterprises

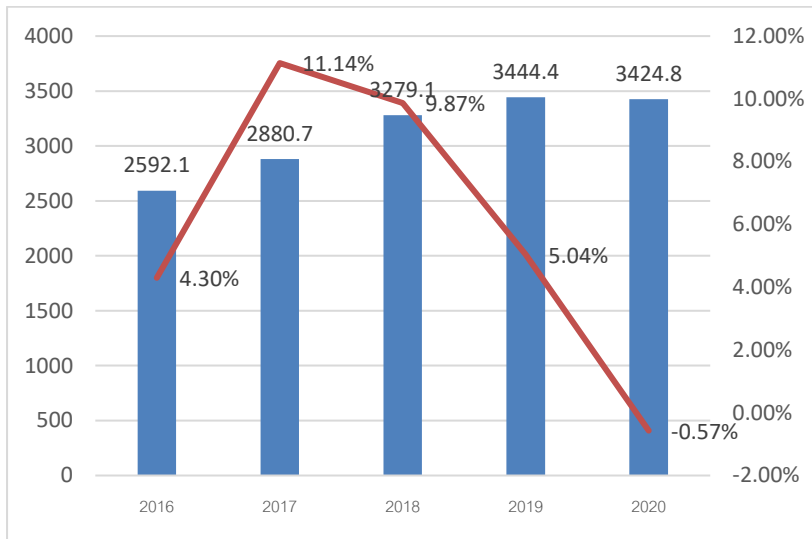
| Duration              | Article   | The rate of income tax payable | The rate of corporate income | Actual tax burden |
|-----------------------|---|--------------------------------|------------------------------|-------------------|
| 2021.01.01-2022.12.31 | The part of the annual taxable income not exceeding 1 million yuan                              | 12.5%                          | 20%                          | 2.5%              |
| 2022.01.01-2024.12.31 | The part of the annual taxable income exceeding 1 million yuan but not exceeding 3 million yuan | 25%                            | 20%                          | 5%                |

### 3 The effectiveness of the implementation of the tax reduction policy for small and micro enterprises in Jiangxi Province

In recent years, Jiangxi Province has promulgated and implemented a series of tax reduction policies, which have brought remarkable results to small and micro enterprises and the development of the market economy and have made great contributions to the recovery of economic development.

#### 3.1 Reduce operating costs and reduce tax burden

Tax breaks can reduce small and micro enterprises' operating burden and operating expenses. Given the frequent occurrence of epidemics in Jiangxi Province, all localities are actively taking corresponding countermeasures to mitigate the epidemic's impact. As seen from Fig.1, the total tax revenue of Jiangxi Province has increased yearly in recent years. However, the growth rate has gradually slowed, with the total tax revenue growth rate showing an upward trend from 2016 to 2017, a downward trend from 2018 onwards, and even negative growth in 2020. This shows that Jiangxi Province's tax reduction policy has been continuously improved in recent years. The epidemic's impact in early 2020 has increased the government's tax reduction efforts, and the total tax revenue has shown negative growth. However, in recent years, the growth of total tax revenue in Jiangxi Province has been slow, and the tax burden on enterprises has been reduced.



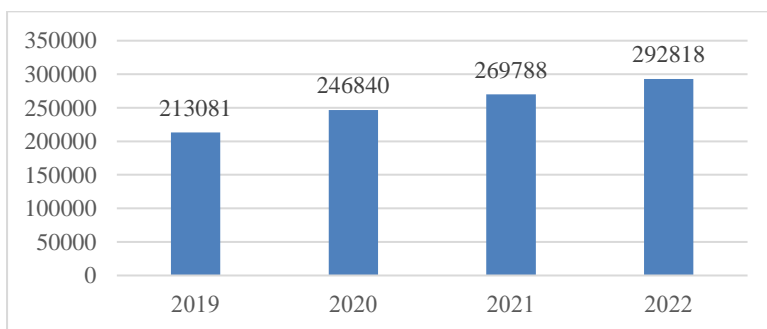
**Fig.1** 2016-2020 total tax revenue in Jiangxi Province

From: Statistical data collation of Jiangxi Provincial Bureau of Statistics

The tax burden on small and micro enterprises will be reduced, and there will be more retained funds, alleviating the shortage of funds. The increase in retained funds can also enable enterprise managers to increase investment in technological innovation, transformation, upgrading, scale expansion, improve product quality and added value, and increase operating income so as to form a virtuous circle.

### 3.2 Cultivate good expectations and increase investment intentions

Small and micro enterprises are an important subject of the market economy and an important force for stabilizing economic development. The tax reduction policy has good expectations for developing small and micro enterprises and enhances market confidence. As shown in Fig.2, by the end of 2022, the number of registered enterprises in Jiangxi Province was about 300,000, an increase of about 40,000 from 260,000 in 2021. This shows that the continuation of the tax reduction policy has made market players full of confidence in future development, and more economic entities have joined the ranks of operations and contributed to economic development. The increase in market confidence can not only enable the original business owners to resume business and get rid of difficulties but also enable potential operators to join the ranks of small and micro enterprises, increase the number of market entities, increase the willingness to operate and invest and promote the rapid recovery and stable development of the economy.



**Fig.2** Number of registered enterprises in Jiangxi Province from 2019 to 2022

From: Statistics on the number of enterprises in Qianzhan Industry Research Institute

### 3.3 Restore the economy in the short term and increase fiscal revenue in the long term

In recent years, the steady economic growth of Jiangxi Province has been mainly due to the tax reduction policies promulgated and implemented by the governments of various regions in Jiangxi. As can be seen from Table 3, the GDP growth rate of Jiangxi Province slowed down in 2020, and the GDP growth rate of Jiangxi Province increased in 2021 after the tax reduction was greatly strengthened, indicating that the implementation of the tax reduction policy has had an effect. In the short term, tax breaks can help the economy recover quickly and reduce the impact of the pandemic. Although the government has been implementing the policy of reducing taxes and fees, tax reductions and exemptions, in the long run, the operating income of market entities has increased due to policy support, entered a higher tax level, and paid more taxes and fees, thus playing a role in increasing fiscal revenue.

**Table 3** Jiangxi Province's GDP in recent years

|            | 2019.01-12     |                 | 2020.01-12     |                 | 2021.01-12     |                 | 2022.01-12     |                 |
|------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|
|            | absolute value | growth rate (%) | absolute value | growth rate (%) | absolute value | growth rate (%) | absolute value | growth rate (%) |
| <b>GDP</b> | 24667.3        | 7.9             | 25691.5        | 3.8             | 29827.8        | 8.9             | 32074.7        | 4.7             |

Note: The data comes from the Statistical Communiqué on National Economic and Social Development of Jiangxi Province in 2021.

## Problems

Although the above results have been achieved in the policy implementation process, there are still some deficiencies, which are mainly divided into three parts: first, the long-term sustainability of the policy effect is insufficient; second, the tax system structure is single; and third, the work efficiency of the tax authorities is low.

### 1 The long-term sustainability of the policy effect is insufficient

#### 1.1 Chronic inadequate incentives

In times of economic depression, large-scale tax reductions and exemptions are beneficial to reducing the tax burden and operating costs of enterprises, but in the long run, the effect of large-scale tax reduction policies is limited. First, the tax cut policy is short-term, and the long-term effect could be more precise. In the process of China's economic development, enterprises, especially small and micro enterprises, are often faced with the problem of increasing the cost of capital, workforce, and other resources due to their small scale, insufficient capital reserves, and poor ability to resist risks. Implementing large-scale tax reduction and exemption policies requires a large workforce and material and financial resources. It is difficult for small and micro enterprises to concentrate on operation and management, so it is often difficult to produce greater results in the short term. Second, the heavy tax burden on small and micro enterprises is a long-term problem. Although China has made certain achievements in reducing the tax burden of small and micro enterprises in recent years, there are still many small and micro enterprises with high tax burdens. For example, after small and low-profit enterprises enjoy preferential tax reduction policies and pay relevant taxes and fees by national regulations, their actual tax burden is still higher than the current tax rate. Third, the tax reduction policy for small and micro enterprises is only a short-term stimulus measure, and the long-term incentive is limited. As small and micro enterprises face



many problems, such as market competition, transformation, and upgrading, the government has introduced a series of tax reduction policies in recent years to promote their development.

#### 1.2 Efforts to help enterprises are limited

Most small and micro enterprises are in the middle of the economic chain, facing the dual pressure of increasing upstream production costs and insufficient downstream demand. The tax reduction policies promulgated and implemented by the government are mainly aimed at the region, and the reduction of tax payable cannot bring greater results to enterprises. Moreover, government policies have a time lag, manifested in the fact that it takes a lot of time to go from understanding the problem to proposing a plan, solving the problem, and then achieving the desired effect of the policy. It has been a long time since the problem occurred when the policy began to take effect. In addition, small and micro enterprises face high competitive pressure, which cannot be solved better through tax reduction policies. The lack of success is also due to the need for more awareness of small and micro enterprises. The understanding of small and micro enterprises needs to be improved; that is, they are not regarded as a complete economic subject, and they need to recognize the important position and role of small and micro enterprises in the economy and society. Some scholars believe that small and micro enterprises have their own survival rules; the scale is small, and the number is small, but their contribution is huge. Some scholars believe that although small and micro enterprises are not large, they significantly contribute to national tax revenue. Although China has introduced many tax reduction policies, they still need to benefit small and micro enterprises because they are not treated as complete economic entities. For various reasons, the tax reduction policy has not been very effective in helping enterprises to resume production.

### **2. The government has a single tax structure**

There are two main forms of preferential tax policies in China. One is direct preferential treatment. For example, there are no clear regulations on whether the requirements for the scale of investment in fixed assets, the number of employees, and the number of accountants for small and micro enterprises meet the requirements. Such a straightforward approach, although simple, makes it difficult to grasp the needs of small and micro enterprises accurately. The second is indirect preferential treatment. In order to promote the development of small and micro enterprises, the state has given certain tax support to small and micro enterprises. For example, the policy of halving the income tax for small and low-profit enterprises, reducing the resource tax for small-scale VAT taxpayers, and raising the individual income tax threshold for small and low-profit enterprises. However, implementing these policies has yet to play a role in stimulating economic development. In China's current economic development stage, small and micro enterprises are essential to China's economy and society. Therefore, in order to make small and micro enterprises play a better role in China's economy, it is necessary to establish a systematic and perfect tax reduction policy system, effectively integrate and optimize preferential tax policies, and change the traditional single form to a combined form.

Tax reduction and exemption can also be divided into tax rate reduction, tax base reduction, and exemption and tax reduction. However, throughout the province's and even the country's preferential tax policies, most of them are to achieve tax reduction and exemption in one of the ways; for example in Table 1, increasing the VAT exemption point for small-scale taxpayers is mainly to adjust the tax amount. This single way of reduction and exemption makes the government's tax reduction policy complex and changeable, inconveniences small and micro enterprises in inquiring about preferential treatment, and causes inefficiency in policy implementation.



### **3. The work efficiency of the tax authorities needs to be improved**

Many tax reduction policies have been promulgated in the province. However, the policy effect is difficult to meet expectations, and one of the essential reasons is the low efficiency of the tax authorities. According to the analysis, there are three reasons for the low efficiency of government policy implementation: first, the wrong connection between vertical departments; second, the need for more coordination among horizontal departments; and third, the lack of office staff. A tax reduction policy is promulgated by the provincial government department and issued to the local government departments for implementation. There will inevitably be communication errors in the whole policy implementation process. In addition, there will be problems in the coordination between departments at the same level; for example, there is a problem of mutual blame between various departments of the tax authorities, which leads to low efficiency and difficulty in solving the problem of tax personnel. Secondly, the service level of some tax personnel needs to be improved due to the lack of ability to interpret the policy, in response to the consultation of tax personnel, some tax personnel have problems such as wrong answers; some tax personnel work attitude also needs to be improved, taxpayers reflected, in the process of communicating with tax personnel, some tax personnel appear impatient and casual attitude. Due to the problems of communication and contact between departments and the attitude and ability of personnel, implementing government tax reduction policies could be more efficient, resulting in many problems for small and micro enterprises in the process of tax payment and tax refund.

## **Suggestions**

### **1. At the government level**

#### **1.1 Take the initiative to take measures to act against the economic winds**

According to the principle of "camera choice", the government should assess the situation and take the initiative to take some policy measures. According to the principle of "acting against the economic winds", in times of recession, the government adopts expansionary fiscal policies, such as tax cuts and lower tax rates, to stimulate aggregate demand to achieve full employment. In times of economic prosperity, governments can suppress aggregate demand through contractionary fiscal policies, such as tax increases. Since the outbreak of the epidemic, the economic environment has been affected, and the government's fiscal revenue has been relatively reduced. However, the government should still take the initiative to adopt tax reduction policies to help small and micro enterprises get out of their predicament and help restore the economy. Moreover, the intensity of government tax incentives should be increased, and the conditions for enjoying preferential treatment should be reduced so that more enterprises can enjoy tax incentives, help the development of the market economy, and achieve long-term economic goals.

#### **1.2 Increase the intensity of tax incentives and implement combined preferential tax policies**

Given the problem of the single structure of tax incentives in China, the government should implement a combination of preferential policies and use the preferential tax base based on the preferential tax rates, such as levying different proportions of enterprise income tax on different types of enterprises or directly reducing or halving the levy. The government can also implement direct and indirect preferential treatment, such as for small and micro enterprises investing for the first time; they can use the preferential treatment of pre-tax deduction to improve the current situation of small and micro enterprises. This multi-form preferential combination can bring greater preferential treatment to enterprises, stimulate their enthusiasm for production, and encourage enterprises to increase their willingness to invest.

### 1.3 Optimize the tax structure and simplify the tax payment procedures

The adjustment of the taxation system should be compatible with China's market economy, so the government should continue to further promote the reform of the taxation system in light of the current economic and social conditions. China's preferential tax policies are directly promulgated and implemented for the economic form, with an emergency nature. The time limit is generally within one to three years, which leads to the need for small and micro enterprises to flexibly adjust the production mode and make changes at any time, which consumes a lot of workforces, material, and financial resources and exacerbates the operating burden of small and micro enterprises. It is suggested that the time limit of the tax policy should be extended, the sustainability of the tax policy should be increased, and in the process of implementing the tax policy, the tax system structure should be continuously adjusted and optimized so that it will continue to approach the effect set at the beginning. Not only that, the government should also simplify the tax payment procedures, change government functions, optimize the "Golden Tax Phase III" or even "Golden Tax Phase IV" system, and streamline the process, which will bring great convenience to small and micro enterprises without special tax departments.

### 1.4 Strengthen the construction of grassroots personnel and improve the level of service

The working attitude and competence of the executive staff are important factors affecting the effectiveness of the policy. In the context of the epidemic, the government continues to promulgate tax reduction policies, and the grassroots tax authorities, as the main implementation agencies of the policies, and the basic tax cadres, as the primary implementers, are facing great challenges and pressures. Given the problems in the team, the tax authorities should take the initiative to take measures to improve the work enthusiasm of tax personnel, strengthen the professional training of tax personnel, rationally allocate the personnel structure, and help small and micro enterprises tide over the difficulties in a fair, just and orderly manner. In addition to the adjustment of internal personnel, the government should also strengthen policy publicity, go down to the grassroots level, do a good job of full research, listen to the opinions of taxpayers, and give full consideration to the needs of taxpayers. Improving the service level can strengthen the quality of online tax processing and self-service tax processing, improve and optimize some functions of the electronic tax bureau, collect and summarize various problems, put forward corresponding solutions, improve the satisfaction of taxpayers, and help small and micro enterprises actively participate in the tax reduction policy.

## **2. At the level of small and micro enterprises**

### 2.1 Improve the level of enterprise management and strengthen the ability of risk prevention

Since the outbreak of the epidemic, small and micro enterprises have fallen into a downturn, and problems such as broken capital chains, insufficient supply, employee resignations, increased costs, and negative profits have hit the development of small and micro enterprises. Managers of small and micro enterprises should learn lessons, be prepared for danger in times of peace, enhance their ability to prevent risks, improve their ability to identify crises, identify them in advance before they arrive, and give corresponding prevention or response measures. It is also necessary to have the awareness of preventing repeated and sudden public crises of the epidemic, as well as the multifaceted and continuous negative impact brought about by them, to formulate particular coping strategies and business plans in exceptional periods, and use the flexibility of small and micro enterprises to make up for the weakness of poor anti-risk ability.

## 2.2 Expand the number of main businesses and accelerate the transformation and upgrading of enterprises

A wide distribution of industries characterizes small and micro enterprises. However, the main business is single and small, so small and micro enterprises should expand the number of main businesses to meet the growing and changing consumer demand. For small and micro enterprises with service types, under the premise of not violating the provisions of the law, under the condition of enterprise transformation and upgrading, they should not be limited to the original business, moderately expand multiple businesses, and carry out online and offline business models, which will help small and micro enterprises expand income channels, reduce the operational risks limited to a single business, and stimulate the vitality and ability of enterprises. After the epidemic and life gradually return to regular, small and micro enterprises will face a large amount of consumer demand and increase their operations, allowing them to transform and upgrade.

## 2.3 Set up a professional tax team and strengthen the training of financial personnel

Small and micro enterprises are mostly family-based, partnership-based, and workshop-based, with multiple flexibilities, but at the same time, there are many problems of insufficient professional ability. Small and micro enterprises that need the conditions to hire professional accountants can outsource their financial work to qualified accounting firms. For the problem of insufficient professional staff, small and micro enterprises should increase investment in employee training, and enterprise managers should strengthen the learning and Xi of financial and tax content, cultivate financial management awareness, ensure that enterprises fully enjoy the policy dividends of tax reduction and fee reduction, and do a good job in financial planning and tax planning, to reasonably formulate the future development plan of the enterprise. Financial personnel should strengthen their accounting capabilities, standardize their business execution models, and improve their business capabilities. Qualified small and micro enterprises should set up special tax departments, hire professional financial and taxation teams, and legally and reasonably use the tax policies promulgated and implemented by the government in standardizing tax payments to reduce costs for enterprises.

## 2.4 Pay attention to government dynamics promptly and actively understand policy information

In order to ensure that they can "enjoy the full enjoyment" of tax incentives promptly, small and micro enterprises must pay close attention to the latest preferential policies, constantly adjust their conditions, effectively ensure the stability and sustainable development of enterprises at the same time, understand the preferential conditions of the policy, and promote small and micro enterprises to meet the conditions and fully enjoy the corresponding preferential tax policies, which can not only reduce the tax burden of enterprises but also promote the healthy growth of enterprises.

## Conclusion

To sum up, in the context of the implementation of the tax reduction policy in Jiangxi Province, small and micro enterprises can enjoy more preferential treatment, reduce the tax burden, increase revenue, get rid of difficulties, rejuvenate and provide new opportunities for the development of small and micro enterprises. At the same time, how to effectively give full play to the advantages of policies and improve policy efficiency has become a new problem. In the case of favorable policies, it is of great significance for small and micro enterprises to grasp the development opportunities, rationally use the tax reduction policy to reduce the tax burden, enhance their competitiveness, accelerate the pace of transformation and upgrading, and achieve the goal of maximizing benefits. Only the two-way cooperation between the

optimization of government policies and the progress of enterprises themselves can create great results, boost the development of small and micro enterprises, improve economic operations, and achieve sustained, stable, and healthy economic development.

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