Problems in the development of new agricultural management entities and Suggestions on fiscal and tax policies

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Abstract. Promoting the development of new agricultural management entities is an important measure to realize agricultural industrialization and an important way to realize agricultural and rural modernization. This paper analyzes the existing problems of the new agricultural business entities, aiming at the problems that the effect of its financial support policy is not obvious, the degree of land transfer can not meet the large-scale operation, the financing difficulties of the new agricultural business entities and the imperfect insurance system, and the relevant tax policies are still not perfect. It is proposed to increase the intensity of financial support, improve the form of financial subsidies, strengthen financial subsidies and social security, promote land transfer with double incentives, strengthen the support mode of financial credit, improve the system of agricultural insurance, and optimize the current agricultural tax policy recommendations. It is hoped that it can play a certain role in promoting the development of new agricultural management entities.

1 introduction

The new agricultural management subject is an important subject to promote the comprehensive promotion of rural revitalization and accelerate the modernization of agriculture and rural areas. The report of the 20th National Congress of the Communist Party of China clearly stated: "Consolidate and improve the basic rural management system, develop a new type of rural collective economy, develop new agricultural management entities and socialized services, and develop moderate-scale agricultural operations." As a large agricultural country, under the guidance of the national strong agricultural policy, new business entities such as agricultural leading enterprises, agricultural professional cooperatives, family farms, and professional large households have developed rapidly. However, at present, some areas in China still have high yield but low efficiency, and the development of agricultural scale and intensification is lagging behind. As an important macro-control tool of the government, fiscal and taxation policies play a vital role in promoting the development of new agricultural business entities. Therefore, it is very important to formulate corresponding fiscal and taxation policies.

2. Definition and classification of the concept of new agricultural business entities

2.1 Definition of the concept of new agricultural business entities

The new agricultural management entity is the product of the reform and development of China's rural management system. Before 2012, new agricultural business entities were used in some articles on theoretical research and policy research on agriculture, rural areas and farmers. In 2012, the concept of new agricultural business entities was first mentioned in official documents. Researchers in the theoretical circle and the government also put forward different definitions of new agricultural business entities according to their respective understandings, but at present, the state has not yet defined them in a unified and standardized way. This paper defines it as: the new agricultural management entity refers to the professional farmers who are educated, skilled and able to operate on the basis of improving the household contract responsibility system, and the agricultural management organization with large-scale operation, high degree of intensification and market competitiveness. It mainly includes large professional households, family farms, farmers' professional cooperatives, agricultural leading enterprises and other operational agricultural socialized service organizations.[1]

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2.2 Classification of new agricultural business entities

This paper divides the new agricultural business entities into three categories, namely family farms, farmers' professional cooperatives and agricultural leading enterprises. The term "family farm" originated from European and American countries. It refers to the large-scale farmers in developed countries such as Europe and the United States. They use family members as the main labor force, do not employ workers or only employ a small number of workers in busy farming seasons, engage in large-scale, intensive and commercial production and operation of agriculture, and use agricultural income as the source of family income. Farmers' professional cooperatives are mutual economic organizations which are based on the rural household contract management, the production operators of similar agricultural products or the providers and users of similar agricultural production and management services, voluntary joint and democratic management. Agricultural leading enterprises are agriculture-related enterprises with modern enterprise system in the industrialization of agriculture. They form a mechanism of interest linkage with farmers through contracts or shares, and rely on agricultural and sideline products production bases to establish large-scale, stronger production technology, strong radiation and leading role, and strong economic strength. It can provide direct or brief services to the production of agricultural products and enterprises producing agricultural products.

3 Problems in the development of new agricultural management entities

3.1 The effect of financial support policy is not obvious

3.1.1 Financial support is not enough and the standard is too high

Although the government has invested a lot of financial support for agricultural development, most of the funds it has invested are used for the construction of agricultural infrastructure, the protection of cultivated land fertility, the purchase of agricultural machinery and retail agricultural subsidies. Therefore, the funds used to support new agricultural business entities are very few, resulting in insufficient support for them. Many of the government's financial support policies for new agricultural business entities have set fixed deadlines and must meet the prescribed conditions, and the policy support standards for small and medium-sized new agricultural business entities with greater capital demand are higher. They are difficult to meet the requirements for obtaining financial support, resulting in a smaller coverage of policy support.

3.2 The degree of land transfer cannot meet the scale operation.

3.2.1 Farmers' uncertainty of land transfer income

Agricultural scale operation is the basis of new agricultural management entities. Whether it is family farms, farmers' professional cooperatives or agricultural leading enterprises, large-scale and large-scale land is needed. Although China's land transfer has achieved certain results, there is still a big gap with the complete formation of modern agricultural management. The ratio of youth labor outflow is quite different from the ratio of land transfer, indicating that there are still many migrant workers' land not transferred out. This is because the current social security system for farmers is not perfect and popular enough, some financial subsidy policies are not strong enough, and the pertinence is not strong. Land is the only guarantee for farmers' life. They are unwilling to face the uncertainty of future income and expect to obtain stable income. Therefore, the land transfer rate is low and the development of new agricultural management entities is restricted.

3.2.2 The aging of farmers in the county has affected the transfer of land

With the transfer of a large number of young labor force to cities, the proportion of the elderly population is increasing year by year, especially in rural areas. There are many elderly people in China's rural areas who cannot farm their own land. Because most rural elderly people do not have a stable income from pension insurance, they are not willing to transfer their land. The difficulty of land circulation leads to the obstruction of intensive and large-scale operation of new agricultural management entities, and also makes it impossible for many large
households or enterprises willing to form new agricultural management entities to continue.

### 3.3 The financing of new agricultural business entities is difficult and the insurance system is imperfection

#### 3.3.1 Credit financing difficulties

The development of new agricultural business entities requires a lot of financial support. Agriculture is an industry with large investment scale, high risk, long term and low profit.[3] At present, commercial banks have high financing costs for agricultural credit products, complex evaluation indicators and short-term loans. For most of the start-up small and medium-sized new agricultural business entities, their economic strength is weak, and there is no corresponding collateral, so it is difficult to obtain bank credit financing. In addition, the richness of credit products for new agricultural entities is not enough. Most of them are still approved according to the original traditional agricultural loan model, resulting in the loan amount and interest rate cannot be adapted to the development of new agricultural business entities. [6]

#### 3.3.2 The relevant agricultural insurance system is imperfection

Agricultural management faces many risks. In the process of operation, new agricultural management entities cannot avoid natural risks. Especially in such a large-scale operation, when faced with natural risk disasters, the losses caused are huge. At this time, relevant insurance support is needed as the last line of defense for new agricultural business entities. Compared with Western agricultural developed countries, China’s agricultural insurance has many problems. Especially for the insurance system of new agricultural business entities. Insurance companies are less willing to develop agricultural insurance, lack the motivation of agricultural insurance with high operating risk and low income, and the types of related insurance are limited, and the insurance amount of most types of insurance is high. Therefore, the imperfection of the insurance system also indirectly affects the development of new agricultural business entities.

#### 3.4 Relevant tax policies are still not perfect.

#### 3.4.1 The content of tax policy is not comprehensive

The existing tax policies only stipulate some preferential tax policies for agricultural leading enterprises and farmers' professional cooperatives. However, family farms account for a large proportion in the development of agricultural industrialization, and the lack of corresponding tax incentive policies will inhibit the development of new agricultural management entities. In addition, the tax policy for agricultural leading enterprises and farmers’ professional cooperatives only stays on direct tax incentives. Direct tax incentives only promote the development of new agricultural business entities in the initial period through the reduction and exemption of tax amount, and have no incentive effect on their subsequent development and progress, so they cannot continuously promote the development of new agricultural business entities.

#### 3.4.2 The content of tax policy lacks pertinence

At present, the current tax policies on new agricultural business entities have certain inclusiveness, and are still in the stage of imitation and exploration. Without investigation and understanding of the current situation of new agricultural management entities in the region, the preferential tax policies introduced are not targeted and efficient, and the incentive effect on the development of new agricultural management entities is not good.[3]

### 4 Suggestions on fiscal and taxation policies to promote the development of new agricultural business entities

#### 4.1 Increase the intensity of financial support, improve the form of financial subsidies

##### 4.1.1 Strengthen financial support and enrich agricultural investment models

At present, most of the agriculture-related funds are inclusive, and the promotion effect on agricultural development is not obvious. Therefore, the government should reasonably formulate the allocation plan of financial support for agriculture according to different development projects, and at the same time increase the proportion of capital allocation for new agricultural management entities, strictly distinguish it from other agriculture-related funds, and make special funds available for special use, so as to fundamentally solve the problem of insufficient financial support for agriculture. In addition, the income of county finance is mostly derived from the transfer payment of the higher government, so it is inevitable to make the best use of it and set certain regulations on the object of obtaining financial support. For the small and medium-sized new agricultural management entities that have just started, they are difficult to actually obtain financial support. Therefore, the government needs to appropriately reduce the adjustment policy standards and appropriately extend the funding period for small and medium-sized new agricultural operators to strengthen their development foundation. At the same time, considering the limited government revenue, we can also guide and encourage agricultural leading enterprises, social capital and other enterprises or individuals with certain economic strength to set up special support funds, which can not only reduce the financial burden but also support the development of new agricultural business entities.
4.1.2 Improve the form of financial subsidies

Direct subsidies have a certain effect on the early incentive of new agricultural business entities, but it is often necessary to establish a long-term mechanism for the development of new agricultural business entities. Therefore, the government should innovate a variety of forms of subsidies, such as indirect subsidies, tax incentives, awards instead of subsidies, and give different subsidy policies at different stages of its development. For example, in the early stage, it focuses on giving direct subsidies, and in the middle and late stages, it encourages its development with indirect subsidies and awards instead of subsidies. In addition, the government should deeply understand the current development of new agricultural business entities, know their actual needs, clarify the focus of current subsidies, carry out precise policies, implement corresponding subsidy policies for entities at different stages and different development situations, give full play to the efficiency of subsidy policies, and fundamentally promote the development of new agricultural business entities.

4.2 Strengthen financial subsidies and social security, and promote land transfer with double incentives

4.2.1 Increase the intensity of land transfer financial subsidies

It is an inevitable trend for rural young and middle-aged labor force to flow to cities. To improve their willingness to transfer land, it is necessary to increase the intensity of land transfer subsidies so that they can truly enjoy the preferential treatment of policies. Through the policy of "collective transfer, subsidy increase", we can promote multi-agent collaborative participation in the implementation of the policy, and allow villagers with the ability to call for spontaneous organization of joint transfer, which not only increases the efficiency of land transfer, but also adds some additional benefits. The problems faced by the elderly may be more complicated, and the dependence of the elderly on land may be higher than that of the young and middle-aged groups, because most of the rural elderly have not paid pension insurance and can only rely on land to maintain their lives. Therefore, it is necessary to increase their land transfer subsidies. The government can divide the amount of subsidies according to the age group. The higher the age, the more the subsidies. The annual increase in the amount of subsidies can promote them to actively transfer their land.

4.2.2 Improve the social security system of farmers

Although there are a large number of young and middle-aged labor force transfer to the city every year, but its social security is still not perfect phenomenon, which indirectly led to its unwilling to transfer their land, land as income security. To this end, the government can give it a certain off-site resettlement subsidies, special preferential pension, medical, unemployment insurance and other policies, so that it can take root in the city and strengthen its income security, so as to improve its land transfer rate. For the elderly in rural areas, the government can increase its efforts to promote the rural special pension insurance policy, relax the age limit for farmers to pay insurance, subsidize or appropriately reduce the farmers who pay pension insurance, and encourage them to be insured, thereby increasing the land transfer rate.

4.3 Strengthen the support model of financial credit and improve the system of agricultural insurance

4.3.1 Strengthen financial credit financing support

The government can cooperate with financial institutions to solve the agricultural difficulties of new agricultural management entities. The central bank should flexibly use monetary policy tools such as re-loaning, rediscounting, and targeting to increase credit supply and reduce financing costs.[9] Agricultural Bank of China, Rural Commercial Bank, Postal Savings Bank of China and other commercial banks to serve agriculture, rural areas and farmers should also cooperate with the central bank to increase the ratio of agricultural credit, enrich the form of credit products, standardize the mode of loan approval, and simplify business processes. At the same time, the government should cooperate with commercial banks and financing guarantee institutions to innovate loan mortgage methods and increase the types of mortgaged goods such as large-scale agricultural machinery and equipment, land management rights, etc.[9] to escort the credit delivery of commercial banks, and also facilitate the financing of small and medium-sized new agricultural business entities.

4.3.2 Improve the relevant agricultural insurance system

At present, the main reason why insurance companies are not enthusiastic about developing agricultural insurance is that agricultural risks are high and force majeure factors are in the majority. Therefore, the government should increase the insurance company's development of agricultural insurance from the aspect of policy incentives. It can give financial subsidies and preferential tax policies to insurance companies related to agricultural insurance.[9] encourage them to broaden the scope of agricultural insurance, increase investment in agricultural insurance, enrich and improve relevant insurance types, promote the new agricultural business entities should be fully insured, strengthen their ability to resist risks.

4.4 Optimize the current agricultural tax policy

4.4.1 Broaden the scope of tax incentives policy

The government should improve and formulate preferential tax policies to promote the development of
new agricultural business entities, increase tax relief for agricultural leading enterprises and farmers' professional cooperatives, supplement and formulate tax policies for relevant family farms, and vigorously promote indirect tax incentives, such as the enterprise income tax reserve system and tax credits, etc., so that tax incentives run through the production and operation of new agricultural business entities, and effectively play the role of preferential tax policies in promoting new agricultural business entities.

4.4.2 Flexible configuration of preferential tax policies

The government should fully investigate the current development and actual needs of new agricultural business entities, and flexibly formulate and implement corresponding tax preferential policies according to different regions. Tax reduction and exemption policies, tax rebate policies, tax threshold, tax rate, deferred tax and other tax expenditure forms can be freely combined and implemented according to the current situation to meet the development needs of new agricultural business entities. At the same time, to do a good job in the supervision and management of personalized tax policies, the government should establish a special tax preferential supervision mechanism and supervision department for new agricultural business entities, standardize and supervise the use of tax preferential funds, so that personalized tax preferential funds can be truly implemented.

5. Conclusion

The development of new agricultural management entities has become an important basis for promoting agricultural modernization. Therefore, the government should deeply understand the development status of the current new agricultural business entities, clarify the shortcomings of their development, and formulate and implement the corresponding fiscal and taxation policies in combination with the local actual development situation, so as to promote the high-quality development of the new agricultural business entities.

Reference