

# *Research on the application of tax planning in financial management and accounting of construction enterprises*

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**Abstract:** This paper discusses the importance and application methods of tax planning in construction enterprises by studying the application of tax planning in financial management and accounting of construction enterprises. Firstly, it introduces the basic concepts of financial management and accounting of construction enterprises, and analyses the concept, significance and principles of tax planning. Secondly, combined with the actual situation of construction enterprises, it discusses the specific application of tax planning in enterprise operation, including the reduction of tax burden, reasonable avoidance of tax risk, optimisation of tax structure and other aspects. Finally, it summarises the important role of tax planning in the financial management and accounting of construction enterprises, and puts forward relevant suggestions, with a view to providing reference for construction enterprises to achieve tax optimisation and financial management.

## 1. Introduction

With the continuous development of China's economy and the deepening of construction, the construction industry, as one of the pillar industries of the national economy, plays a pivotal role in China's economic and social development. However, along with the increasingly complex tax policy and tax environment, construction enterprises are facing increasingly severe tax pressure. How to effectively carry out tax planning, reduce the tax burden, avoid tax risks, and become a construction enterprise financial management and accounting issues that need to be resolved.

First, the basic concept of financial management and accounting of construction enterprises

Construction enterprise financial management refers to the construction enterprise to achieve its business objectives, the enterprise's financial activities for comprehensive and systematic management and control process. In this process, construction enterprises need to ensure the sound operation of the enterprise's funds through effective financial planning, capital deployment, cost control, risk management and other means to improve the profitability and competitiveness of the enterprise. Accounting is an important part of financial management, which involves accounting, measuring, recording, reporting and analysing the economic activities of the enterprise. Through accounting, construction enterprises can timely and accurately understand the financial situation and operating results of enterprises, and provide a reliable basis for business decision-making. Therefore, the financial management of construction enterprises is closely related to accounting, which

constitutes an important part of the enterprise financial management system.[1]

Second, the concept, significance and principles of tax planning

Tax planning is a kind of management behaviour of enterprises in order to reduce the tax burden, avoid tax risks, and under the premise of legal compliance, use the relevant provisions of tax law and tax policy to reduce the tax burden and optimize the tax structure by adjusting the enterprise's business behavior, organizational structure and financial activities. Its core lies in the reasonable tax planning, the effective use of tax policy incentives and exemptions, in order to maximise the reduction of the tax paid by the enterprise, so as to enhance the profitability and competitiveness of the enterprise. The implementation of tax planning can not only reduce the tax burden of the enterprise, but also enhance the enterprise's anti-risk ability, avoid potential tax risks, and help to improve the economic efficiency and financial stability of the enterprise. When carrying out tax planning, enterprises need to follow some basic principles, including legal compliance, benefit maximisation, controllable risk, transparency and stability, etc., in order to ensure the legitimacy and effectiveness of tax planning, and to maintain the reputation and social image of enterprises.[2]

## **2. Reduce tax burden**

First of all, construction enterprises can make full use of the preferential measures in tax policy. For the specific industries and businesses involved in construction enterprises, the tax law usually establishes corresponding tax incentives, such as tax exemption, tax credits, tax breaks and so on. Enterprises can enjoy the corresponding tax incentives through compliant operations that meet the relevant conditions, thus reducing the amount of tax payable. Secondly, construction enterprises can rationally arrange the financial structure to reduce the tax burden. By optimising the financial structure of the enterprise, rationally allocating funds, reducing the cost of funds, reducing financial expenses and other ways to reduce the taxable amount of the enterprise. At the same time, construction enterprises can also realise the value-added of assets through reasonable capital operation, so as to reduce the taxable base of tax, and then reduce the tax burden. Then, the construction enterprises can also reduce the pre-tax profit by strengthening the cost management and reducing the cost expenditure, thus reducing the taxable amount. By optimising the production and operation process of the enterprise, improve the production efficiency, reduce the production cost, reduce the pre-tax profit, and thus reduce the taxable amount. At the same time, construction enterprises can also improve the efficiency of asset utilisation and reduce the waste of resources by strengthening management, so as to reduce the tax burden of enterprises. Finally, construction enterprises can also avoid tax risks, reduce unnecessary tax expenditures, and lower the tax burden by reasonably arranging tax planning programmes. By strengthening tax management, timely understanding of tax policy changes, and actively carrying out tax planning, tax risks can be avoided or reduced, and the tax burden of enterprises can be reduced. At the same time, construction enterprises can also reduce unnecessary tax expenditures and lower the tax burden by strengthening tax compliance management, complying with tax laws and regulations, and standardising tax behaviour.[3]

## **3. Reasonable avoidance of tax risks**

Construction enterprises face diverse tax risks in the course of their operations, including the risks of tax law changes, tax reviews, and cross-border business tax management. Therefore, construction enterprises need to avoid potential tax risks through effective tax planning and management measures to ensure tax compliance and sound operation. Firstly, construction enterprises should pay close attention to changes in tax laws and regulations. Frequent changes in tax laws and policies put forward higher requirements for enterprise tax management, so enterprises

should establish a sensitive perception of tax laws and a timely tracking mechanism. Through the professional tax consultant team or tax experts, timely analysis and interpretation of changes in tax laws will help enterprises adjust their tax planning programmes in time to avoid potential tax risks. Secondly, construction enterprises need to strengthen internal tax management. Internal tax management is a key link to avoid tax risks, and construction enterprises should establish a sound tax management system and process to strengthen internal tax control. Enterprises should reasonably set up tax management positions, clear division of responsibilities, and establish tax management files and records to ensure the standardisation and compliance of tax processing. In addition, construction enterprises should also strengthen the tax training of internal employees to improve their awareness of tax law and tax compliance, so as to reduce the tax risks caused by human factors. Then, construction enterprises need to strengthen the tax risk assessment and early warning mechanism. Enterprises should establish a scientific tax risk assessment system to conduct a comprehensive and in-depth assessment and analysis of the enterprise's tax risk, and identify potential tax risk points. At the same time, enterprises should also establish an effective tax risk early warning mechanism to provide timely early warning and prevention of factors that may lead to tax risks, and take corresponding measures to prevent and resolve them. Finally, construction enterprises should also strengthen the communication and cooperation with the tax department. The tax department is an important supervisory organ of enterprise tax management, the construction enterprise should establish a good tax communication channel, report the tax situation to the tax department in a timely manner, take the initiative to cooperate with the supervision and inspection of the tax department, strengthen the cooperation and interaction with the tax department, and establish a tax-enterprise relationship of mutual trust and mutual benefit, so as to provide a strong guarantee for the enterprise to avoid tax risks.[4]

#### 4. Optimise tax structure

In the operation process of construction enterprises, they are faced with numerous tax risks, such as changes in tax policy, insufficient tax compliance, tax review and other issues, which may adversely affect the operation of the enterprise. Therefore, construction enterprises must take appropriate measures to avoid, in order to ensure the tax compliance and operational stability of the enterprise. Firstly, construction enterprises need to pay close attention to changes in tax policies. Tax policy is one of the important factors affecting the tax management of enterprises, and changes in policy may have an impact on the tax burden and tax risk of enterprises. Therefore, construction enterprises need to understand and study the trend of tax policy changes in a timely manner, and adjust the enterprise's tax planning programme to cope with the possible impact of policy changes. Secondly, construction enterprises should strengthen internal tax management. Internal tax management is one of the important means for enterprises to avoid tax risks, including the establishment of a sound internal tax management system, strengthening the training of tax knowledge and improving the tax risk prevention mechanism. By strengthening internal tax management, construction enterprises can standardise tax operations, reduce the occurrence of tax violations and reduce tax risks. Finally, construction enterprises should also actively cooperate with the tax authorities' tax review. Tax review is an important means for tax authorities to verify the tax situation of enterprises, construction enterprises should actively cooperate with the tax authorities to carry out tax review, and provide relevant data and information in a timely manner to ensure the smooth progress of the review. At the same time, construction enterprises should also strengthen the internal tax self-examination work, timely detection and correction of existing tax problems, in order to avoid the adverse impact of tax review.

Fourth, the important role of tax planning in the financial management and accounting of

construction enterprises

First of all, through the implementation of reasonable tax planning, construction enterprises can effectively reduce the tax burden. Through well-designed tax planning programmes, enterprises can make maximum use of tax incentives and exemptions to reduce the tax payable, thus releasing more funds for business development and investment expansion. This helps to improve the profitability and financial health of the enterprise, and enhance the operational strength and market competitiveness of the enterprise. Secondly, tax planning also helps to avoid tax risks. Construction enterprises are faced with complex and changing tax regulations and policies, and tax compliance has become an important part of enterprise operation that cannot be ignored. Through scientific and reasonable tax planning, construction enterprises can avoid or reduce potential tax risks, reduce the occurrence of tax disputes, and ensure the stability of business operations and sustainable development. Finally, tax planning also helps to optimise the financial structure and business environment of enterprises. By reasonably adjusting the enterprise's organisational structure, capital operation mode, etc., the construction enterprise can achieve the optimisation of the financial structure and the improvement of the operating efficiency, and improve the enterprise's resource utilisation efficiency and economic benefits. At the same time, tax planning can also promote the economic transformation and upgrading of enterprises, and promote enterprises to the direction of high-quality development.

Five, construction enterprise financial management and accounting in tax planning recommendations

#### **4.1 Strengthen tax policy research, timely understanding of the impact of tax policy changes on enterprises**

Tax policy is an important management tool of the state in the field of taxation, and its changes will directly affect the tax burden and business environment of enterprises. Therefore, construction enterprises need to strengthen the study of tax policy, timely understanding of the impact of policy changes on enterprises to make corresponding countermeasures. Firstly, construction enterprises should establish a sound tax policy research mechanism. Construction enterprises can set up a special tax policy research team or entrust professional institutions to conduct research, regularly collect, collate and analyse relevant information on national and local tax policies, and keep abreast of policy changes and trends. At the same time, construction enterprises should also establish communication channels with tax authorities and tax experts to obtain policy interpretation and guidance in a timely manner, in order to ensure an accurate understanding and grasp of tax policies. Secondly, construction enterprises need to conduct in-depth research on the specific impact of tax policy changes on enterprises. Changes in tax policies may involve adjustments in tax rates, adjustments in tax incentives, reforms in tax collection and management methods, etc., which have a direct impact on the tax burden, costs and profits of enterprises. Therefore, construction enterprises need to carry out in-depth research and assessment of different policy changes, analyse their specific impact on business operations, and formulate corresponding coping strategies in a timely manner. At the same time, construction enterprises should also strengthen the monitoring and tracking of tax policy. Changes in tax policy may have a certain degree of uncertainty and delay, construction enterprises need to establish a sensitive monitoring mechanism, pay attention to the dynamics of policy changes in a timely manner, in order to adjust the enterprise's tax planning programme and business decisions.

#### **4.2 Establish a sound tax management system to regulate the tax behaviour of enterprises**

Tax management system is an important part of the internal management of the enterprise, which

involves the organisation, implementation, supervision and evaluation of enterprise tax activities, and is an important guarantee to ensure the tax compliance and sound operation of the enterprise. First of all, construction enterprises should establish a perfect tax management organisational structure. By setting up a tax management department or assigning specialists to be responsible for tax management, they can clarify the division of responsibilities and unify the management and coordination of tax affairs. Construction enterprises should also establish a communication and coordination mechanism with other departments to ensure that the tax management work and other management activities of the enterprise are effectively connected. Secondly, construction enterprises need to establish a perfect tax management system and norms. The tax management system is the basis for regulating the tax behaviour of enterprises, including the tax accounting system, tax declaration system, tax audit system, tax risk prevention system and other aspects. Through the establishment of a detailed and operable tax management system, standardise the tax operation process, strengthen the supervision and control of tax activities, and ensure the standard operation and legal compliance of tax work. Finally, construction enterprises should also strengthen the study and training of tax laws and regulations. Tax laws and regulations are the basis of enterprise tax management, construction enterprises should regularly organise employees to participate in tax law and regulation training and learning, improve employees' understanding of tax laws and regulations and adaptability, and reduce the occurrence of tax risks. Construction enterprises can also obtain timely interpretation and guidance of tax laws and regulations by asking tax experts or lawyers for legal advice. Finally, construction enterprises need to strengthen the supervision and evaluation of tax management. Through the establishment of an effective supervision and inspection mechanism, regular assessment and review of tax management, timely detection and resolution of existing problems and deficiencies, and constantly improve the tax management system and norms to improve the level and effectiveness of tax management.

#### **4.3 Actively carry out tax planning, reasonable use of tax policy and tax incentives, reduce the tax burden of enterprises**

First of all, construction enterprises should have a comprehensive understanding of tax policy and tax incentives. Tax policy and tax incentives are formulated by the state to promote economic development and support the development of enterprises. Enterprises should study and understand the relevant policies, grasp their connotation and implementation details, so as to reasonably use the tax incentives. Secondly, construction enterprises should formulate effective tax planning programmes according to their own situation. Enterprises can start from the business tax, income tax, value-added tax and other perspectives, through adjusting the enterprise's operating structure, rational arrangement of income and expenditure, optimising financial management, etc., to reduce the enterprise's taxable amount. Then, construction enterprises can also obtain relevant tax incentives through technological innovation, product upgrading and industrial upgrading. For example, through technological innovation, enterprises can obtain the policies of pre-tax deduction for research and development expenses and tax incentives for high-tech enterprises, so as to reduce the tax burden of enterprises. Again, construction enterprises can also obtain relevant tax incentives through reasonable capital operation. For example, through the reasonable capital structure adjustment, the enterprise can obtain the tax incentives for equity investment, interest, dividends, etc., so as to reduce the tax burden of the enterprise. Finally, when carrying out tax planning, construction enterprises should pay attention to abiding by relevant laws and regulations to ensure the legality and compliance of planning behaviour. Enterprises should develop a sound internal tax management system, strengthen internal control, and prevent potential tax risks.

## 5. Conclusion

To sum up, the application of tax planning in financial management and accounting of construction enterprises is of great significance to enhance the competitiveness of enterprises, reduce the tax burden of enterprises and avoid tax risks. Construction enterprises should strengthen the research and application of tax planning, make reasonable use of tax policies and tax incentives, optimize the enterprise tax structure, and achieve a win-win situation of tax optimisation and financial management.

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