

GAC Directive on Agricultural Tax Work for the Year 1953

(Adopted at the 181st Executive Meeting of the GAC on June 5, 1953)

The agricultural tax work over the past three years has been built on the foundation of land reform and the patriotic movement for increased production, thereby gaining widespread support from the farmers. Due to the support of the masses of farmers, the correct leadership and full support of the Communist Party at all levels, the attention of the people's governments at all levels, and the efforts of rural cadres and financial and grain workers, the basic task of collecting agricultural taxes has been basically completed. This has played an extremely significant role in balancing the national budget, adjusting the market, stabilizing grain prices, ensuring military and civilian food supplies, and providing relief in times of disasters. In the execution of the agricultural tax law, over the past three years, in accordance with the principles of reasonable burden and encouraging increased production, and considering the specific conditions of rural economic development, the tax law has been revised. Policies such as establishing a fixed annual production, levying taxes based on rates, legally reducing or exempting taxes, and not increasing taxes for increased production have been gradually implemented. This has led to a gradual rationalization of the burden on farmers and a stabilization and improvement of farmers' production enthusiasm. However, on the other hand, in the work of agricultural tax, there are still many shortcomings and errors. The most significant one is the insufficient propaganda and unclear explanation of the agricultural tax policy and the methods of completing the collection tasks. This has often led to the style of some cadres forcing orders. There is also a lack of understanding of the imbalance in China's rural economy, and there is insufficient knowledge of formulating agricultural taxes according to local conditions. Although there are various tax rates nationwide, there is still a general tendency that does not fully adapt to the specific conditions of rural economies across the country. The method of checking land and determining production also has errors. It has not been based on the per-acre production determined by the masses during land reform and the long-standing habits of farmers' burdens. Therefore, the determined acreage yield does not fully suit the specific conditions of the locality, leading to phenomena of overestimation or underestimation. Some provisions in the reduction and exemption methods are too complicated. Although the total amount of reductions and exemptions is large, it has not effectively and reasonably addressed the problem. The establishment of granaries is not appropriate. The work of transporting grain into storage lacks specific guidance and in-depth inspections. This has led to waste of manpower and resources, as well as casualties among humans and animals. The quality of stored grain and economic crops must be ensured, and arrears must be cleared in a timely manner. The following measures must be taken to rectify these deficiencies and errors. Therefore, the following instructions are issued for the agricultural tax work in 1953:

I. Guiding principles and policies for collecting agricultural taxes: It is necessary to follow the general principle of Chairman Mao's "develop the economy and ensure supply." The collection of public grain should be determined according to the needs of the country and the specific conditions of the development of farmers' production. It must resolutely implement the fair and reasonable policy of encouraging increased production, and the burden policy of "planting how much land, producing how much grain, levying taxes based on rates, legally reducing or exempting taxes, and not increasing taxes for increased production." In the next three years, the collection target of agricultural taxes should be stabilized at the level actually collected in 1952 and not increased. This is a policy to allow farmers to recuperate and stimulate their production enthusiasm and increase crop yields. All levels of people's governments and financial and grain workers must implement the policy pragmatically. They must not only implement the necessary reductions and exemptions but also implement policies that are conducive to increasing production without increasing the burden. Policies must be adhered

to, and tasks must be ensured to achieve a unified standard. Any view that opposes tasks to policies is incorrect and must be changed.

II. The tax rates for agricultural taxes in 1953 generally remain as per the rates in 1952. However, if the provincial and municipal governments believe that the tax rates set last year are not suitable for the specific conditions of the local areas, they can formulate new rates, submit them to the regional administrative committee for approval, and report them to the Central Ministry of Finance for record. The pastoral tax in minority areas should be studied based on the principles of rewarding livestock breeding, improving livestock breeds, and improving the lives of herdsmen. The collection methods should be simplified as much as possible to adapt to the life of pastoral areas. The tax system for agriculture should not be simply transferred to pastoral areas.

III. To implement the fair and reasonable burden policy, public grain collection must be handled differently according to local conditions. In areas where land reform has not been completed or land surveys have not been conducted, land surveys should generally be stopped. The standards for collecting public grain can be adjusted and determined based on the per-acre production determined by the masses during land reform and the preliminary investigation of grain collection work in previous years. It should be adjusted through democratic evaluations by the masses, taking into account the annual production conditions in the local area. In areas where land surveys have been implemented, if there were cases of too light or too heavy land surveys causing dissatisfaction among the masses, adjustments should be made. If the yield is too low, it can be increased, and if it is too high, it must be lowered. However, adjustments must be made step by step, and hasty actions must be avoided. In areas with significant imbalances between provinces, counties, townships, and townships, appropriate adjustments should also be made. After adjustment, the determined acreage yield for agricultural taxes should be announced. In areas where minority nationalities are concentrated or cohabiting, land surveys should not be conducted. The

method of burden in such areas can only be gradually improved based on the customary burden method, combined with local conditions and the actual requirements of the masses. Generally, the burden should be gradually fixed. By fixing the acreage yield and tax rate for agricultural taxes, farmers can calculate the amount of tax they need to pay based on the quantity and quality of the land they cultivate. With this calculation, farmers can calculate the proportion of their family's income and expenditure for the whole year, allowing them to engage in production freely, increase their production enthusiasm, and ensure increased grain production. There will be no problem of unfairness when the government collects taxes. (On Economic Issues and Financial Issues) The fixation of the acreage yield for agricultural taxes in each province should be submitted to the provincial and municipal people's governments for approval and then transferred to the Central Ministry of Finance for record.

IV. Carry out the work of legally reducing and exempting taxes. This is one of the key issues in the collection of grain. The scope of agricultural tax reduction and exemption is divided into two categories: one is "disaster relief reduction and exemption," which reduces the burden of disaster-stricken farmers based on the crop loss due to natural disasters. The principle is "reduce less for light disasters, more for heavy disasters, and fully exempt for particularly severe disasters." The other is "social reduction and exemption," and the scope of reduction and exemption includes: (1) households with no labor or facing difficulties due to a lack of labor; (2) households that have difficulties paying taxes due to unexpected disasters or other reasons; (3) revolutionary old base areas that have suffered war damage or serious enemy destruction and have not yet recovered production; (4) areas where minority nationalities live and face difficulties; (5) mountainous areas

with inconvenient transportation and special poverty; (6) other areas deemed necessary for attention by provincial and municipal people's governments.

To implement the reduction and exemption policy, taking into account the farmers' hardships and improving the relationship between the government and farmers, past experiences and lessons must be absorbed. The tendency of not reducing taxes or exemptions that should be reduced and exempted, or reducing taxes or exemptions that should not be reduced and exempted, must be corrected. To ensure the implementation of the reduction and exemption policy, the reduction and exemption methods must be announced widely and widely publicized to make them well-known. When determining households eligible for reductions and exemptions, the method of "in-depth investigation, mass evaluation, government approval" should be widely adopted.

The reduction and exemption methods should strive to be simplified. The central government only formulates general principles, and each province and municipality can formulate and implement methods according to local conditions. Approval must be obtained from the regional administrative committee and reported to the Central Ministry of Finance for record.

V. Grain transportation into storage is the last and most tense part of grain collection. To reduce and eliminate responsibility accidents causing casualties among people and animals, successful experiences in grain transportation into storage must be promoted. The following four problems must be addressed properly: (1) Properly set up granaries to facilitate national grain transportation and accommodate the difficulties of farmers delivering grain. The distance that farmers are obliged to transport, except in special areas such as the Northwest, Inner Mongolia, and other special cases, should generally be such that they can come and go in one day. Specific distances can be determined by provincial and municipal people's governments based on local conditions. The transportation and allocation of grain vary from place to place, and the setting and management of warehouses, except for warehouses directly controlled by the central government, are generally determined by provincial and municipal people's governments according to local transportation conditions and grain allocation situations. The central government does not make unified regulations. However, in general areas, in addition to setting up large warehouses along transportation lines, it is advisable to set up one to several medium-sized warehouses in each district. A few remote and distant villages may consider setting up small warehouses. Grain collection has already begun this year. In areas where there is not enough time to build new warehouses, temporary grain collection stations can be added to facilitate farmers' grain delivery. (2) Strengthen leadership and organize transportation tightly. Serious efforts should be made to organize the transportation capabilities of townships (villages). The work of surveying and repairing roads and bridges, ensuring safe travel, and collecting grain in warehouses should be done well. (3) Arrange the time for transporting grain appropriately, avoiding squeezing the transportation times of various places together. (4) Strengthen the storage work of grain warehouses and reduce losses.

VI. Several other specific issues are stipulated as follows:

A. For stale grain that still accumulates in remote mountainous areas, it should be dealt with promptly. First of all, all possible measures should be actively taken to transport as much as possible. If it cannot be transported but can be sold locally, it should be sold locally as much as possible. If it cannot be transported or sold locally and can be exchanged for local products, used for granting agricultural loans, organizing small local public welfare projects, or allocated for relief, etc., the relevant provincial people's government should propose practical handling methods for approval by the regional administrative committee. The methods can then be implemented.

B. The proportion of grain, industrial raw materials, and cash in the total amount of agricultural taxes must be determined according to the principle of "national needs"

1. In accordance with the principle of "national needs and people's ownership," the proportions must be determined based on specific circumstances.

2. No or reduced collection of grain should be implemented in industrial raw material areas and areas experiencing grain shortages.

3. Full or increased collection of grain should be implemented in grain-producing areas.

4. It is necessary to set target proportion figures for the collection of grain, industrial raw materials, and cash from top to bottom by region and province based on past experiences.

5. Regional authorities should be given a certain degree of flexibility in execution.

6. Substantial changes, if needed, can be proposed by provincial and municipal governments, subject to approval by the GAC's Committee on Finance and Economic Affairs.

7. The conversion rates for various grains and the pricing of cash equivalents should generally be based on the main grains produced locally, calculated according to the average local market prices. This should ensure fairness and reasonableness, avoiding any reduction in national income and taking into account the interests of farmers. The specifications for the collection of public grain should generally follow the standards for medium grains produced locally during the current year, ensuring thorough drying and cleanliness. Specific specifications should be determined by provincial and municipal people's governments.

C. Collection Methods for Agricultural Production Cooperatives:

1. Collection methods for agricultural production cooperatives should be stipulated by provincial and municipal people's governments, referring to last year's methods, with flexibility.

D. Addition of Adequate Personnel to the Financial Departments of County People's Governments:

1. The financial departments of county people's governments should add an appropriate number of personnel to be included in the staffing plan, specializing in agricultural tax work.

Finally, it must be emphasized once again the importance of agricultural taxes for the country. In the past revolutionary war period, it was our main source of income. In the past three years, completing the collection of public grain has smoothly ensured the balance of the country's income and expenditure, meeting the needs of resisting the U.S. and aiding Korea, as well as stabilizing market prices. In the future, with the development of industry, the proportion of agricultural taxes in the country's total income may gradually decrease relative to other sources. However, it remains a significant source of national income and a major guarantee for stabilizing market prices and supplying military and civilian food needs. Currently, the annual demand for staple grains in our country is increasing. Ensuring the supply of food for cities, industrial and mining areas, economic crop areas, and disaster-stricken areas will be a continual and major political task. Governments at all levels must continue to attach importance to the collection of agricultural taxes, as in the past, and be vigilant against any tendencies to neglect this work. In the collection of agricultural taxes, one must fully consider that the vast majority of farmers have increased their enthusiasm for production and patriotism through movements such as land reform, production mutual aid, and cooperation. As long as we can rely on the broad masses of farmers and mobilize the initiative of party and

government organs at all levels and rural cadres, the task of collecting public grain can undoubtedly be successfully completed.

Prime Minister Zhou Enlai, August 28, 1953.