

of economy, and others.

29. Po I-pc 薄一波, Kuan-yü t'iao-cheng shui-shou wen-t'i ti pao-kao 關於
調整稅收問題的報告 (Report on the problem
of adjustment of taxes), June 15, 1950.^{41/}

During the past eight months the financial and tax organs of the People's Government have been engaged in ensuring the collection of revenues for the national budget. Up to the end of May 1950, we achieved 33.45 per cent of our customs duty target; 25 per cent of the salt tax target; 35.45 per cent of the targets for the business tax, commodity taxes, and local taxes. Ninety-seven per cent of the target for last autumn's public grain (agricultural tax) was accomplished. These achievements, together with the sale of nearly 90 million units of the first issue of Victory Bonds, brought about a great change in the financial situation of the country.

Revenue from urban taxes has been developed and now equals the revenue from agricultural taxes. Instead of issuing huge quantities of paper money, as we were forced to do previously, we are now collecting taxes in a planned way and the finances of our country thus have a comparatively stable foundation. Since March of this year we have almost achieved a balanced budget and stability of prices. These results should be attributed to the support of the people and the hard work of our staff in general.

There have been numerous defects and mistakes in our tax work... because we have not sufficient experience and our cadres still lack proper training.... For instance, the tax system has not been adequately simplified and in some cases burdens have not been equitable. The methods of some of our cadres have been too rigid....

To readjust relations between public and private interests on matters of taxation, a conference of directors of the bureaus in the various administrative areas and big cities was held. The conference was also attended by the representatives of private industrialists and merchants. It was held in accordance with the directive of Chairman Mao Tse-tung.... This conference decided on the following adjustments in taxes:

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The 14 taxes that were listed in January 1950 in the tax regulations of the GAC are being cut down to 11. Income tax on emoluments and salaries and inheritance tax will not be collected for the time being, and separate taxes on houses and real estate will be combined into one....Moreover, tax rates are being lowered. Taxes on cigarettes and wine have been cut 25 and 58 per cent respectively. The salt tax has been cut by 50 per cent.

The exemption level in the collection of the tax on profits deriving from business enterprises is being raised considerably, and the exemption level for entertainment tax is also raised. The reduction in tax rates also applies to land and house taxes, licenses and other taxes....

Methods of tax collection are also being improved. Accurate bookkeeping and accounting are encouraged so that all enterprises will pay taxes according to their accounts. At present the method of democratic assessment is used for enterprises that keep no accurate accounts. But the tax offices and the industrial and commercial associations should insure that taxes are collected in accordance with tax rates and are levied equitably.

In all large and medium-sized cities, committees will be set up to settle assessment disputes and to deal with the question of fines. These committees will include representatives from the tax offices, the industrial and commercial bureaus, the industrial and commercial associations, and the trade unions.

The grain tax collected last year averaged 17 per cent of the gross output of agricultural production. If local surtax is included, the percentage will not exceed 22 per cent. Ninety-seven percent of the public grain for last fall has been successfully collected....

[There were also at that time a number of surtaxes levied by the county and municipal governments to pay the salaries of local cadres and primary school teachers. Some of these surtaxes were reported in a Decision on Village Expenditures, Administrative and Educational Expenses in the Cities passed by the Military and Political Committee, East China (abolished in 1954) on June 12, 1950. The principal provisions of the Decision were:

Aside from the agricultural surtax (about 20 per cent in 1952 and 22 per cent in 1957), the following urban surtaxes in East China were listed in the Decision: (1) surtax on the industrial and commercial taxes (10 per cent of business tax, income tax [on business profit], and license tax); (2) surtax on house and real estate (10 to 15 per cent); (3) surtax on public utilities (5 to 10 per cent on telephone, electricity, and water). The income from these surtaxes was to be used for administrative expenses by the ch'u (district) people's government or its superior organs. If necessary, subsidies might be granted to the hsien or municipal government by the provincial people's government. These surtaxes were to be deposited at the national depository. Surtax preferably should not be levied on electricity used for industrial purposes. Income from tuition fees in primary schools and from school properties should go to the local depository. No surtaxes should be levied without the approval of the regional government of East China.]

30. MF, Ch'uan-kuo ko-chi shui-wu chi-kuan chan-hsing tsu-chih kwei-ch'eng 全國各級稅務機關暫行組織規程 (Provisional regulations on the organization of tax bureaus at various levels in the nation), Jan. 27, 1950.^{42/}

1. The following regulations are enacted for the unification of tax organization. Tax bureaus of all levels throughout the nation shall be organized in accordance with these provisions.

2. The following tax organs at various levels shall be set up in the nation:

a. The Central Tax Bureau under the Ministry of Finance of the Central Government, with jurisdiction over the five provinces of Hopei, Shansi, P'ingyuan, Chahar and Suiyuan [the last three have since been abolished], and the tax administration of Peking and Tientsin Municipalities.

b. Regional tax control bureaus (in the regions of East China, Central-South China, Northeast China, Northwest China, Southwest China, and Inner Mongolia).

c. Tax bureaus in provinces, autonomous areas, or municipalities directly under the control of the central government or the Regional Administrative