

11 – How is China’s Environmental Tax Policy More Effective in the Post-COVID-19 era?

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COVID-19 swept globally, and posed a great threat to people's health and social economic development. With the implementation of a large-scale national shutdown policy, global carbon dioxide emissions have dropped significantly. The epidemic has led to weak supply and demand on high-pollution industries, as well as substantial carbon emission reductions. Under this particular condition, it makes sense to review or evaluate environmental tax policies. This article takes China as an example to explore the possible changes of environmental taxation policies in the post- COVID-19 era. The article is divided into three parts, which explores the impact of COVID-19 on the supply and demand side of Chinese high-pollution and high-energy industries, and combined with Chinese relevant tax policies during this period, proposes that the direction of environmental tax policy reform should be focused on improving tax efforts and tax neutrality.

First of all, according to the data analysis, this article found that in the short term, China's high-pollution industries were severely hit by the epidemic. For example, the economic benefits of industries such as coal and steel declined sharply in the first quarter, especially for small-scale enterprises. In addition, Chinese environmental protection tax revenue and energy conservation and environmental protection expenditures also fell sharply in the first quarter. In the long term, due to the elimination of companies with weak competitiveness, China’s supply-side reform and industrial structure transformation probably will be promoted in the post-COVID-19 era.

Secondly, this article sorts out Chinese preferential tax policies during the epidemic, compares them with foreign tax policies, and discusses the effects of different tax policies. For example, it is found that most countries focus on reducing the tax burden of small-scale enterprises during the epidemic. However, there are differences in specific preferential policies. Some countries adopt the method of direct tax exemption, while others adopt the method of delaying tax payment.

Finally, this article suggests that more emphasize should be put on the principle of tax neutrality in formulating environmental tax policies. Due to the overall economic downturn, the room for upward adjustment of tax burdens of environment-related tax may be limited. Therefore, it is necessary to make a balance between economic protection and environmental protection. Additionally, we should put more emphasis on the implementation of environmental tax preferential policies, and use modern collection and management methods to improve efficiency of levying instead of increasing tax burden.

Biographical note

Lin Fei, who graduated from Xiamen University in 2019, is taking a successive postgraduate and doctoral program in Central University of Finance and Economics at present. Her research direction is environmental taxation. She is currently an intern in the Environmental Planning Institute of the Ministry of Ecology and Environment of China, participating in the preparation of China's environmental tax policy development report.