

Reflections on the Relevance of Corporate Tax Planning and Financial Management

Qi Yina

Distance Education Association of Jiangsu Province, Nanjing, China

ABSTRACT. *Tax planning and financial management are very important contents in the various internal management tasks of enterprises. Faced with the fierce market competition environment, enterprises should pay more attention to these two aspects and clearly recognize that the relevance of tax planning and financial management is mainly reflected in the progressiveness of goals, the unity of functions, the relatedness of contents and the interactivity of integration. In the actual production and operation of enterprises, it is necessary to pay attention to the role of tax planning in investment activities, financing activities, working capital management, and profit distribution management. Therefore, enterprises should attach importance to strengthening financial management and tax management, establish and perfect the corresponding mechanism, make tax planning in financial management, and strive to improve the comprehensive ability and quality of tax management personnel. This paper mainly focuses on the relevance between corporate tax planning and financial management, explores the practical application and strengthening measures for reference and exchanges.*

KEYWORDS: *Enterprise, Tax planning, Financial management, Relevance, Application*

1. Introduction

With the rapid development of the economy in the new era, the financial management of enterprises is also undergoing rapid changes. Tax planning is a key consideration for enterprise development. Tax planning and financial management are relevant in many aspects, and the scientific and reasonable development of tax planning has also provided great convenience for the development of financial management work, and will have a great impact on the overall business development strategy of the enterprise. It is precisely because of the relevance between corporate tax planning and financial management that in various production and operation activities of enterprises, attention should be paid to the design and research of tax planning, and effective measures should be explored to strengthen tax management and implemented to minimize the tax cost of the enterprise and improve the level and quality of financial management, so that the economic benefits of enterprises can be significantly improved.

2. Analysis of the Relevance of Corporate Tax Planning and Financial Management

2.1 Progressiveness of Goals

In the current social environment of constant changes and development, tax planning is becoming increasingly more important. Enterprises must continuously strengthen the development of this work to ensure the quality of financial management in order to provide a better guarantee for the stable and sustainable development of the enterprises. Tax planning runs through the entire process of financial work and provides services for the development of financial management. Therefore, the two are progressive in their goals. According to the goals of financial management, tax planning can be carried out more smoothly and efficiently. Tax planning can be regarded as a branch of financial management. Tax planning and decisions can be made under the legal framework, which will help to achieve the optimum goal of financial management. By reducing the financial risk of the enterprise, it will ultimately achieve the greatest economic benefit of the enterprise^[1].

2.2 Unity of Functions

Tax planning work will have an impact on the decision-making of corporate financial management. Financial personnel need to conduct statistical analysis on the company's taxation status in a period of time, and then formulate and implement more scientific and reasonable development decisions with professional financial knowledge and capabilities. Additionally, according to the profit target in the financial decision-making of the enterprise, the tax planning plan should be changed and optimized accordingly to reduce the negative tax cost of the enterprise. After formulating tax planning scheme scientifically, it is necessary to pay attention to the effective control of tax payment cost and supervise the financial expenditure to ensure that the project obtains good economic benefits. In addition, once problems are found, corresponding adjustments can be made timely to ensure the implementation effect of financial management work.

2.3 Relatedness of Contents

For corporate financial management, it mainly involves investment activities, fund-raising activities, business activities and profit distribution. Tax planning is also related in content, which will have an impact on these aspects, and even play a decisive role in management. Among the corporate financing activities, for example, some financing means cannot be carried out large area on a large scale, otherwise the enterprise will bear a larger tax burden. Therefore, it is necessary to make a comprehensive tax planning and scientifically formulate a reasonable investment plan in accordance with the actual situation of the enterprise and relevant laws and regulations, so as to achieve the financing goal and minimize tax support and

achieve higher economic benefits for enterprises. All assets in an enterprise are the objects of financial management, so it is necessary to ensure the smooth turnover of enterprise capital flow. For example, tax planning is needed to manage the enterprise's payable taxes, promote the improvement of enterprise capital utilization rate, and finally ensure the stability of enterprise capital.

2.4 Interactivity of Integration

Corporate tax planning and financial management also have an relationship of integration interactivity. Tax planning is highly technical, policy and systematic, and is closely integrated with financial management activities. Through the integration and interaction between these two tasks, changes in the tax amount can be controlled, and the decision-making of corporate management is more scientific and effective, thus comprehensively improving the quality of financial management and tax management, and creating greater economic benefits for the enterprise [2]. Tax planning has a great impact on specific financial management activities. Through the planning and management of taxation, the scientificity and perfection of the financial management system have been improved. At the same time, relevant practitioners are required to continuously improve their professional competence and to be able to conduct scientific analysis of taxation situations in different environments and types so as to promote the better integration and development of financial management and tax planning.

3. The Practical Application of Corporate Tax Planning and Financial Management

3.1 Tax Planning in Investment Activities

For the investment activities of enterprises, it is mainly divided into two methods: direct investment and indirect investment. Direct investment means that the investor makes the investment by means of direct payment in cash, while indirect investment is realized by purchasing the stocks or bonds issued by the enterprise. Within a specific period, the state will formulate some preferential policies for some investment channels to provide more welfare and stimulate the implementation of investment activities according to the actual national conditions. For example, there is no need to pay income tax when investing in treasury bonds or bank savings, thereby attracting companies to better carry out investment activities. In the process of selecting investment projects, enterprises need to scientifically carry out tax planning, and strive to enjoy relevant tax preferential policies, so as to reduce the tax burden in investment activities. In addition, when planning investment activities, enterprises need to choose suitable investment areas and purchase fixed assets reasonably. At this time, they should use tax planning in a scientific way to achieve reasonable tax avoidance. Especially when investing in fixed assets, enterprises should consider enjoying preferential tax policies in terms of depreciation of fixed assets, which can help them reduce tax burden. Therefore, enterprises need to focus

on this content in their investment activities, so as to improve the level and quality of their financial management.

3.2 Tax Planning in Fundraising Activities

In the process of operation and development, enterprises need sufficient funds as support. Funds provide an important driving force for enterprise development, which is also an important basic guarantee for realizing the expected economic benefits of the enterprise. The current economic environment is constantly changing, and the financing environment of enterprises is also becoming more complicated. Enterprises need to constantly expand financing channels and adopt diversified financing methods, so as to meet the capital needed to maintain the operation and development. In fundraising activities, enterprises should pay attention to the scientific implementation of tax planning, which can effectively optimize the capital structure, reduce the capital raised, and promote the enterprise to achieve better profits. For the implementation of many corporate financing activities, enterprises generally adopt to issue corporate bonds or issue stocks to pay dividends. No matter which of the two methods is adopted, tax burdens will inevitably be generated. Therefore, when raising funds for planning and design, enterprises should carry out within the framework of national laws and achieve the goal of increasing funds and reducing tax burden through tax planning. At present, many companies pay too much attention to how to reduce corporate tax burden, but it affects the development of the overall operating efficiency of the enterprise, which is obviously unreasonable. As the staff of the financial department of an enterprise, they must have the holistic view, take into account the needs of all aspects, strive to improve the operation ability of the enterprise, explore and implement the optimal tax planning scheme, so as to ensure the success of enterprise financing, and ultimately promote the enterprise to achieve higher economic benefits.

3.3 Tax Planning in Production and Operation

In the production and operation process of an enterprise, tax planning work mainly includes: (1) tax on net present value, which is a taxation activity using the time value of money, mainly to pay as little tax as possible in the initial stage and pay more tax in the later stage. At this time, the enterprise can maximize the value of the purchasing power of funds. (2) Inventory valuation method, which means that the enterprise should adjust the quantity of inventory according to the price of the goods. For example, when the price of the goods in the market is higher, the inventory quantity can be reduced accordingly and the pricing method can be used to increase profits in a targeted manner so as to effectively avoid the increase in tax burden caused by profit fluctuations^[3]. (3) Depreciation of fixed assets. Currency has different values due to different time patterns. By deferring the payment of taxes, the enterprise's economic benefits can have a good buffer space and staff can better conduct corporate financial management. There are two ways of depreciation of fixed assets: straight-line depreciation and the accelerated depreciation. The tax law

endows enterprises the right to choose the fixed asset depreciation method and period of depreciation. Different methods of depreciation of fixed assets are diversified in the amount of depreciation funds, which objectively affects the cost of fixed assets allocated to each period, and also provides a certain choice space for tax planning. When the proportional tax rate is appropriate, the method of accelerated depreciation can be adopted to increase the amount of depreciation expense booked into the cost of the enterprise in the early stage and correspondingly reduce the amount of payable tax in the early stage.

3.4 Tax Planning in Profit Distribution

In recent years, China has paid great attention to supporting small and medium-sized enterprises and has introduced a series of scientific and effective tax support policies, which can encourage enterprises to obtain some preferential tax payment, such as lowering tax rates, or remedying losses and supporting through loss of profits. This can provide a good environment for the sustainable development and growth of enterprises. Especially for small enterprises in the initial stage of development, lack of development funds and poor ability to resist risks, enterprises can use tax planning and delay or offset tax preferential policies to promote better growth. For foreign-invested enterprises, they can also choose the way of direct reinvestment or additional investment by taking advantage of relevant tax policies. Through the tax planning with the optimal effect, this will help enterprises to expand their development scales.

4. Measures to Strengthen Corporate Tax Planning and Financial Management

4.1 Increase Ideological Attention, Establish and Improve Tax Planning Mechanism

For a long time, many companies have not fully realized the importance of tax planning in their financial management work. They mistakenly think that tax planning is tax evasion and tax avoidance, which must be changed in time. The formulation and implementation of corporate financial management decisions are directly related to the survival and development of enterprises. Financial management is at the center of an enterprise, so it is necessary to scientifically formulate and implement appropriate tax planning schemes through tax planning and management, so as to legally help enterprises reduce tax burden and obtain higher economic benefits. Enterprises should explore the establishment of a sound tax planning management mechanism based on their actual conditions, well organize training activities of financial staff, enhance their tax planning awareness, improve their business capabilities. Enterprises should explore the establishment of a tax planning risk assessment system, and always adhere to the principle of cost-effectiveness, make a comparative analysis of costs and benefits, judge the feasibility of tax planning implementation, and ensure the real realization of the goal of helping enterprises to reduce costs and increase profits ^[4]. Enterprise managers

must pay more attention to tax planning, explore the establishment of standardized and complete financial management procedures, and provide data and information references for the development of tax management, so as to make full use of various policies and measures to optimize and improve the development of business activities .

4.2 Scientifically Formulate Tax Planning Plans to Improve the Level of Corporate Financial Management

There is a close relationship between corporate tax planning and financial management and the two are integrated together. Tax planning should be promoted throughout the entire process of financial management, and tax planning plans should be formulated scientifically based on the actual situation of enterprise development, so as to effectively reduce corporate tax burden and improve financial management. To be specific, in the investment link, investors pay great attention to the income of tax investment, which is directly related to their investment enthusiasm and initiative. Therefore, enterprises should comprehensively consider the investment region, means and other aspects, and analyze how to reduce the tax payment during investment, so as to obtain more corporate development funds; In the fundraising link, in order to ensure that the enterprise has sufficient funds for development, it can choose bank loans, internal financing, corporate bond issuance and other methods. It is necessary to calculate the tax benefits of different fundraising methods to obtain higher economic benefits; In the production and operation links, through the need for tax treatment, enterprises can reduce tax burdens, reduce income tax, value-added tax and other tax expenditures, so as to realize the sound and sustainable development; For the distribution of profits, enterprises, as taxpayers, also need to calculate and adjust the income tax to ensure that they can get maximum economic benefits and improve the investment interests of shareholders.

4.3 Improve the Comprehensive Competence and Quality of Tax Administration Personnel

Personnel is the first element of work development. In the process of strengthening tax management, enterprises must focus on improving the comprehensive capabilities of tax administration personnel so that they can meet the needs of actual jobs and contribute to the progress of the enterprise. Enterprises should actively organize tax administration personnel to carry out study and training, have a firm grasp of the current professional knowledge of tax law and accounting regulations, and have a strong sense of responsibility and mission. They should also pay attention to enhancing their professional ethics and ideological and ethical standards^[5]. Companies can also hire experts in tax management to give special lectures, direct on-site guidance, and impart excellent work experience and methods, which can prompt tax administration personnel to discover problems and deficiencies in their professional competence and quality in time, and have targeted

supplement to promote the improvement of business capabilities and vocational level. In addition, attention should be paid to the information construction of corporate financial work, and tax administration personnel should be required to strengthen the study and research of computer financial software and improve accounting computerization level, so as to improve the level and efficiency of tax administration and reduce the workload.

5. Conclusion

In short, in the process of social and economic development and changes, it is very important to clarify the relevance of corporate tax planning and financial management. In order to better respond to the huge challenges brought about by fierce market competition, enterprises should lay emphasis on tax planning in their financial management work, and truly integrate tax planning into various corporate business activities. Enterprises can be assisted to reduce tax burden cost, retrench expenditure as far as possible under the premise of abiding by the law, give full play to the guiding role of financial management, avoid financial risks, and make scientific decisions, so as to achieve the maximum economic benefits and continuously develop and expand their comprehensive competitiveness.

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