

# Research on Preferential Tax Policy of Sports and Health Service Industry

Congyao Hu<sup>1,\*</sup>, Sicong Wang<sup>2</sup>, Chang Chen<sup>3</sup>

<sup>1</sup> Wenzhou Polytechnic, Wenzhou, Zhejiang, 325000, China

<sup>2</sup> Wenzhou Open University, Wenzhou, Zhejiang, 325000, China

<sup>3</sup> Wenzhou University, Wenzhou, Zhejiang, 325000, China

\* Corresponding author: Congyao Hu (Email: 527772791@qq.com)

**Abstract:** Against the backdrop of Healthy China, the development scale of China's sports industry continues to expand, the overall volume of the sports health service industry increases rapidly, and the structure of industrial development is further deepened. Taking the preferential tax policies of the sports health service industry as the research object, this paper analyzes the developmental status of preferential tax policies of the sports health service industry in China. The preferential policies for sports industry tax are not wide enough, the preferential policies for tax are not detailed enough, and it is difficult to operate and implement. Then, further reasonable suggestions for optimization are put forward, aiming to enrich the theoretical research related to the sports industry, provide some guidance for improving the industry's preferential tax policies, and ultimately help its sustainable development.

**Keywords:** Sports health service industry, Tax preference, Policy.

## 1. Introduction

In the context of healthy China, the economic value and social value of the sports health service industry have been greatly recognized. The development of sports industry in China has gradually formed and its structure tends to be perfect, which has an inestimable role in enriching social life, improving physical and mental health, expanding social employment and stimulating economic growth. Policy is the guidance and support for the development of sports health service industry. This paper takes the preferential tax policy of China's sports industry as the research object, deeply studies the preferential tax policy of sports health service industry, and helps the sustainable and healthy development of sports industry.

## 2. The Definition of Sports Health Service Industry

Domestic and foreign scholars have not formed a clear definition of the connotation and extension of the concept of sports health service. Some scholars suggest that sports health service industry is the integration of sports industry and health service industry, and that sports health complex is a new business form and model of sports health service supply. It includes sports hospital outpatient service, sports health examination, scientific fitness, sports and health tourism and other integrated products. Some scholars believe that the sports health industry is centered on the national health needs, takes sports science as the basic means, integrates many disciplines as a whole, and provides people with the sum of the whole cycle of health services, products, technology and economic departments, which is the characteristic field of the future development of the sports industry. Others point out that the sports and health industry is a kind of industry to promote health through sports, fitness and leisure, which is not highly distinguishable from the fitness and leisure industry, and the production and business activities related to

sports, fitness and leisure are a typical representative of the sports and health industry is the fitness club industry.

Based on the reference of China's domestic research, this paper defines the concept of sports health service industry as follows. The sports and health service industry takes sports as the carrier, focuses on fitness and leisure activities, and aims at promoting people's health. It mainly provides sports and leisure venues, fitness facilities, scientific sports guidance and sports rehabilitation services to the public.

## 3. Current Situation of Tax Preferential Policies for Sports Health Service Industry in China

Preferential tax policies for the sports industry mainly focus on planning special guiding funds for stadiums, sports service complexes, and some developed regions. There are two main ways of tax incentives for sports service industry.

One is the direct preferential tax policies. The direct tax incentives mainly include tax relief, tax rate reduction, and reinvestment tax rebates. For example, sports services, product manufacturing, and other content and their supporting technologies will be included in the high-tech fields supported by the state, and sports enterprises that have been identified as high-tech enterprises will be taxed at a reduced rate of 15%. Qualified sports venues that are open to the public and are owned and managed by self-funded institutions, sports social groups, sports foundations, and private non-enterprise units are exempt from real estate tax and urban land use tax. For large stadiums and gymnasiums owned, operated, and managed by enterprises, the house property tax and urban land use tax for sports activities will be reduced by half.

The other tax incentive is the indirect tax preferential policies. Indirect tax incentives generally include pre-tax deduction to reduce taxable income, accelerated depreciation of fixed assets, and the reserve system. Indirect tax incentives are mainly concentrated on corporate income tax through pre-tax deduction, accelerated depreciation, and other methods.

The main steps are as follows: encourage enterprises to donate sports clothing, equipment, and equipment; support the development of sports undertakings in poor and rural areas; and deduct the amount of taxable income, when calculating it in accordance with relevant regulations, if the donation to sports undertakings meets the requirements. If the part of sports expenditure belonging to an enterprise's R&D expenditure complies with the provisions of the tax law, it can enjoy the preferential policy of an additional deduction when paying enterprise income tax. Social organizations that provide sports services shall enjoy relevant preferential policies in accordance with the law if they are recognized as being qualified for exemption from the corporate income tax of non-profit organizations.

#### **4. Difficulties and Existing Problems in the Implementation of Sports Industry Tax Preferential Policies**

##### **4.1. The Coverage of Rreferential Tax Policies For the Sports Industry is not Wide Enough**

Sports industry tax preferential policies are mainly applied to sports venues, sports education undertakings, etc. Sports industry tax preferential policies are mainly applied to sports venues, sports education undertakings, etc. The tax incentives for the emerging sports integration industry are still imperfect. The sporting goods industry's identification of high-tech sports and tax incentives are not clear enough, making it difficult to implement tax collection and preferential measures. The existing tax preferential policies cannot be specific to various sports industries, and some emerging industries, such as sports medical industry and sports tourism, lack tax preferential policies. Preferential policies cannot cover all sports manufacturing enterprises, and the supply of preferential tax policies needs to be improved.

##### **4.2. Preferential Tax Policies are not Detailed Enough and Difficult to Implement**

The enterprise income tax gives a preferential tax policy of 15% low tax rate to "high-tech" sports manufacturing enterprises, but there is no clear provision on the attributes of specific high-tech sports enterprises. For example, the annual operating income of sports enterprises, annual R&D expenditure, enterprise scale and other quantitative indicators. The lack of specific quantitative indicators makes it difficult to define enterprise categories in the operational level of policy implementation. Secondly, in terms of value-added tax provisions, for special sports equipment imported from abroad that cannot be produced in China, and special clothing and special equipment that cannot be produced in China, there is no value-added tax exemption. The basis of the policy has increased the difficulty of the operation of the policy.

#### **5. Reasonable Suggestions on Improving the Preferential Tax Policy of Sports Health Service Industry**

##### **5.1. Increase Public Participation by Improving Individual Tax and Value-added Tax Preferential Policies**

We should give full play to people's participation in the sports industry, and attract their participation in sports by giving them a preferential, personal income tax. At present, the preferential tax policies for the sports industry mainly focus on the enterprise income tax, property tax, and land value-added tax. In fact, the preferential policies for ordinary sports participants are not strong enough. As a country with a large population, it is a good measure to encourage individual participation by adding preferential policies for personal income tax. The specific preferential policy design can choose to implement the preferential tax policy in personal income, such as through providing sports services and production and circulation of sports equipment and supplies. On the other hand, it can reduce the applicable tax rate of sports consumption, stimulate the consumption of sporting goods like subsidizing the purchase of agricultural products, and effectively encourage people to participate in sports.

##### **5.2. Improve the Accelerated Depreciation Policy for Sports Equipment**

Heavy equipment and low-tech sports equipment are mostly consumables. If the straight-line depreciation method is adopted, the tax burden on sports enterprises may increase as they move forward. From the impact of accounting treatment of depreciation on tax payment, adopting the method of accelerated depreciation is conducive to reducing the tax burden of sports enterprises, which can save some funds to invest in the early development, which is of great significance to the early development of sports.

##### **5.3. Expand the scope of preferential tax policies for sports and health service industry**

At present, China's sports industry is concentrated in competitive sports industry, sports education, sports betting, sports stadium operation, etc. The preferential tax policies for sports tourism, sports leisure industry, sports entertainment industry and other industries are not perfect, and even the preferential tax policies for some industries are still missing. Every form of sports industry needs the support of preferential tax policies, but sports-related enterprises or economic activities should not be included in the preferential category of sports industry. As a result, the financial loss of the state will be caused, and the preferential policies of sports enterprises will become chaotic, which is not conducive to the formation of a good policy environment. The difference between sports and other industries mainly lies in the social function of sports industry, which is conducive to national health, the role of training labor force, and even plays a certain role in easing social pressure. For example, the normal production activities between sports enterprises can be taxed according to the general tax rate. When the produced sports products and services are circulated to the society, the links that begin to generate social value can be taxed according to

the optimal tax preference. However, the economic activities are closely related, and the coverage of preferential policies may be more widely spread according to this principle.

## 6. Conclusion

China implements national strategies such as "Healthy China". The sports industry not only has the economic development function of other industries, but also has a strong social function. However, many problems in the preferential tax policy of the sports and health service industry need to be resolved urgently. Through the analysis, three solutions are obtained: improve and implement the preferential policies of personal income tax and value-added tax to stimulate the participation of the public in sports industry. Improve the accelerated depreciation policy of sports equipment. Increase the coverage of preferential tax policies and expand the scale of the sports industry.

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