

Study of Fiscal Policies to Promote the Development of China's Elderly Service System

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Abstract: China is experiencing the largest and fastest population aging in human history. With the rapid development of China's medical service level and socio-economic level, the life expectancy is increasing year by year, and the demand for elderly service is rising, and they hope to improve their living standard and quality of life through more elderly service. Bringing more serious challenges to the elderly service system, the elderly service system is gradually rising to the level of national strategy. Although the elderly service system has been initially established in China, there are still many defects and shortcomings. Fiscal policy, as an important tool to promote the development of the elderly service system, is of great significance to promote the development of the elderly service system, both from the perspective of safeguarding people's livelihood and improving public services, and from the purpose of promoting sustainable economic development. This paper takes fiscal policy reform as the breakthrough point of research to improve China's elderly service system is conducive to the establishment of a market-oriented diversified elderly service supply system, which can be more proactive in seeking the inherent, dynamic and sustainable action mechanism of fiscal policy, and is conducive to the continuous adjustment and upgrading of fiscal policy and the formation of a scientific fiscal management system, which can effectively solve the elderly problem in China and realize an efficient, coordinated and sustainable elderly service model. In addition, it can measure the government's performance, restrain and supervise the government's behavior, and further improve the government's work efficiency.

Keywords: Population aging, Elderly care service system, Fiscal policy.

1. Analysis of the Current Situation of Fiscal Policy for Promoting the Development of Elderly Service System

1.1. The development history of fiscal policy for the elderly service system

With the accelerating process of population aging, the government has attached great importance to the construction process of China's elderly service system and the elderly's pension problem. In 1996, the Law of the People's Republic of China on the Protection of the Rights and Interests of the Elderly was adopted to protect the legitimate rights and interests of the elderly from the legal level. The dramatic increase in the number of elderly people requires the establishment of a matching elderly service system, and fiscal policy, as an important tool to promote the development of the elderly service system, has been gradually attached to it. Overall, it seems that the development of fiscal policy for the elderly service system in China can be divided into three stages:

1.1.1. Initial exploration stage from 2000 to 2010

In 2000, China officially entered the aging society, and the problems of old-age care in the society were revealed continuously. It was difficult to meet the requirements of old-age care services for the elderly only by the government itself, and more private old-age care service institutions were needed to actively participate. In 2000, the Central Committee of the Communist Party of China and the State Council formulated the "Decision on Strengthening the Work of the Elderly", which proposed to "To establish an elderly care mechanism based on family elderly care, community services and social elderly care". In the same year, the State Council

also issued "Opinions on Socialization of Social Welfare", which is the first time that the old-age service system is mentioned to the national strategic level and marks that China starts to establish a socialized old-age service system.

1.1.2. Accelerated development stage from 2010 to 2015

Before 2010, while the government was building senior care institutions nationwide, it was also continuously adjusting and improving the senior care service system according to China's national conditions. And from 2013-2020, China introduced a series of fiscal policies to promote the construction of the elderly service system, and the financial investment has been increasing, which is mainly used for the construction of supporting infrastructure and the training of personnel providing elderly services. At the same time, the role of financial subsidies, tax incentives, and government purchase policies are being developed and improved to attract foreign investment and private assets for investment in the construction of the elderly service system. In short, the government gradually pays attention to the fiscal policy in this stage, and continues to accelerate the construction of the elderly service system with the help of the government's financial investment.

1.1.3. Adjustment and improvement stage from 2016 to the present

With the economic development and social changes, China's elderly service system is still being further optimized and adjusted. In 2017, the state issued the notice of "Implementation Measures of Central Subsidy Incentive Support for the Construction of the Elderly Service System", emphasizing the important status of the construction of the elderly service system. Subsequently, the State Council issued a notice on the "14th Five-Year Plan for the Development of the National Aging Career and the Senior Care Service System" to promote the synergistic development of the elderly career and industry, build and improve a bottom-up,

inclusive and diversified senior care service system, and meet the multi-level and high-quality senior care needs of the elderly. In general, the fiscal policy application at this stage not only focuses on the speed on the construction of the elderly service system, but also focuses on the quality of the construction of the elderly service system.

1.2. Achievements in the development of the elderly service system

1.2.1. Continuous development of community elderly care

The construction of China's elderly service system requires the joint participation of the government, families and communities. From 2010 to 2019, the number of community service institutions in China has been increasing, and as of 2019, the number of community service institutions in China reached more than 460,000. The development of community elderly care has been accelerating, which can, on the one hand, spread the burden of family elderly care to a certain extent, while making up for the shortage of institutional elderly care. On the other hand, community elderly care services can meet the special needs of the elderly in a more targeted and timely manner.

1.2.2. The number of elderly care institutions is increasing

According to the results of the seventh national census, there are 264 million people aged 60 and above in China, accounting for 18.7% of the total population. Compared with the sixth national census in 2010, the proportion of people aged 60 and above has increased by 5.44%. With the increasing number of people over 60 years old in China, the issue of elderly care has become related to the sustainable development of the economy and the stability of the whole society, and the elderly care service has gradually become a "stabilizer" to promote the stable and harmonious development of the society. The number of nursing beds and nursing institutions nationwide is gradually increasing, and by the end of 2020, the number of various types of nursing beds reached 8.21 million, and there are already 329,000 nursing institutions nationwide.

2. Problems in the Fiscal Policy of Promoting the Development of Elderly Service System

China's elderly service system has been improving, and although it has made certain achievements, there are still many shortcomings compared with other countries. Fiscal policy, as an important tool reflecting the state's support for the elderly service system, plays an important supporting role in promoting the development of the elderly service system. The following will discuss the current problems of the fiscal policy for promoting the development of the elderly service system in the light of the current situation.

2.1. Low proportion of fiscal expenditure on senior care services

Due to the accelerating process of population aging in society, the burden of old-age care in society is also intensifying. The issue of old-age care is related to the stability and development of society and is no longer a mere internal family problem. Rather, it requires the joint participation of the whole society and the sharing of responsibilities by the government, society and families. The

funds for the construction of the elderly service system come from various channels, among which financial investment is an important source of funds for the construction of the elderly service system, but in terms of proportion, the proportion of elderly welfare expenditure in China's financial expenditure is still small. By the end of 2021, the elderly welfare expenditure was 38.62 billion yuan, which is still less than 0.2% of the financial expenditure in general. Although our elderly welfare spending is increasing year by year from 2013-2021, the overall increase is relatively small. According to the process of the increase of elderly people nowadays, the expenditure gap faced by the finance is very large, which may become a big obstacle in the process of the construction of elderly service system in the future.

2.2. The tax support policy of community elderly service is still in the initial stage

Community elderly service is mainly a service that provides home care, medical care, spiritual comfort and other main contents to the elderly at home through government support, social participation and market operation, relying on community organizations. Community elderly services are a supplement to the family elderly service model and an improved form of elderly service system. Before 2019 has not yet issued a specific and clear fiscal policy on community elderly services. In 2019, the state officially issued "The Announcement on Preferential Policies on Taxes and Fees for Elderly, Child Care, Home Care and Other Community Family Services", which exempts institutions providing community elderly services from property tax and exempt from VAT on income obtained from the provision of community elderly care services. Although the relevant tax preferential policies introduced in 2019 have a certain promoting effect on the development of community elderly care services, these policies are mainly aimed at the relevant institutions providing community elderly care services, and there is still a lack of corresponding support policies for the relevant "workers" providing community elderly care services.

2.3. Inadequate subsidy system for elderly care services and low level of care subsidy

The subsidies for the elderly in China mainly include senior citizen subsidy, nursing care subsidy and elderly service subsidy. By the end of 2021, a total of 3,997,000 elderly people were eligible for elderly subsidies, among which 32,466,000 elderly people were eligible for senior citizen subsidies, 906,000 elderly people were eligible for nursing care subsidies and 5,736,000 elderly people were eligible for elderly service subsidies, and the number of elderly people who were eligible for nursing care subsidies was even smaller compared with the other two subsidies. The policies related to subsidies for the elderly are determined by local governments, and this has led to some differences in the level of subsidies received by the elderly in different places. For example, in cities such as Chengdu, Harbin and Nanchang, the amount of care subsidy is about 50-100 RMB per person per month, which is even lower than the elderly service subsidy. But the elderly who are economically disadvantaged, the disabled and the poor due to illness need state subsidies the most, and among these three kinds of subsidies, the nursing care subsidy is the one that needs to get the most attention. However, the current coverage of nursing care subsidy in China is narrow, the number of elderly people who enjoy nursing care subsidy

is small, and the standard of subsidy is different and the protection is weak.

2.4. The tax incentives for elderly care services are not well targeted

Since ancient times, China has the idea of raising children for the elderly, and under the influence of this traditional idea, the elderly prefer to age at home, and community and institutional care still rank after the home care model. Although the number of elderly people in China is increasing year by year, with 20.56 million people aged 65 and above by the end of 2021, many elderly people still choose to age at home, especially those in rural areas. Only a small number of disabled and semi-disabled elderly people will choose institutional care. In order to better protect the legitimate rights and interests of the elderly and promote the construction of the elderly care service system, the state has promulgated many relevant policy documents. However, the service targets of tax incentives on senior care services are only senior care institutions and senior care service income, and the two modes of home care and community care are not in the scope of tax incentives, so the current tax incentives in China still lack strong target. On the one hand, China currently attaches importance to the development of public elderly institutions, and most of the tax incentives are for public elderly institutions, and there are few tax incentives for profit-oriented elderly institutions. On the other hand, the current tax preferential policies on the elderly service system lack systematization, most of the policies are scattered in other policy documents, and there are no specific tax preferential policy documents applicable to various types of elderly services.

3. Countermeasures to Improve the Fiscal Policy of China's Elderly Service System

3.1. Increase the financial input of the elderly service

One of the reasons for the slow construction of China's elderly service system is the low financial investment in the elderly service industry. From the perspective of financial investment, the government should not only increase the financial investment in the construction of the elderly service system, but also make reasonable allocation and use of the limited financial funds, so as to improve the efficiency of the use of financial funds to meet the multi-level elderly service demand as soon as possible. First of all, our government should consider the amount of financial investment according to the level of economic development of each region, different regions have different levels of economic development and different levels of elderly service development, compared to the western region, the level of elderly service in the eastern region is generally high, in order to balance the differences in the level of elderly service in each region, which requires the government to appropriately increase the financial support to the less developed regions in the west. Secondly, there is a certain gap in the annual financial funds used by our government to support senior care services. On the one hand, the government can build a pension fund to guide social capital to invest in the senior care service industry, which can be used to solve the state of vacant funds for the welfare of the elderly. On the other hand, it can increase the subsidies of

financial policies for elderly services, appropriately expand the coverage of financial preferential policies, and bring into play the dual power of government and market to promote the construction of elderly service system and the improvement of elderly quality.

3.2. Improve the legal system of senior care services

Perfect laws and regulations are the basis for the effective implementation of policies and the institutional guarantee for the effective implementation of financial policies, and it is necessary to improve the relevant laws and regulations to promote the development of the elderly service system. Laws and regulations play a vital role in the investment and use of funds for the construction of the elderly service system. It can also regulate and restrain the behavior of the government, enterprises and individuals, and better manage and supervise the elderly service institutions, so as to urge them to better perform their intelligence, better provide elderly services and build the elderly service system.

3.3. Improve the efficiency of using financial subsidies

Improving the efficiency of the use of financial funds can track the use of funds for the construction of the elderly service system according to the construction or operation of specific projects, so as to give better play to the effectiveness of their use. Develop a more detailed subsidy method and adopt a categorical subsidy approach. An effective financial subsidy fund management mechanism can, on the one hand, improve the utilization rate of funds and avoid the misappropriation and occupation of funds; on the other hand, it can gradually improve the financial management system of the elderly service system and lay a solid material foundation for the construction of the elderly service system. Therefore, government departments at all levels can improve the financial subsidy fund management mechanism by improving the management of the financial funds for the construction of the elderly service system in various places and combining the characteristics of fund operation to enhance the effect of fund utilization.

3.4. Improve the tax preference system

Improve the tax preferential policy for the elderly service industry, include some products involving elderly service into the scope of taxation, and give tax preferences to the industry and income in related fields to effectively reduce the elderly's elderly cost. In addition, the demand for professional elderly care workers in the market is increasing in the future, and a perfect talent training mechanism must be formulated. It is necessary for the government to use taxation to support the construction of the professional talent team and the cultivation of professional talents in the elderly service industry, to provide corresponding tax incentives for the research and development, production and distribution of products for the elderly, to exempt the personal income tax of the part of salary income of the employees in the elderly service, and to give tax exemptions and tax deductions to the relevant nursing training institutions, and to increase the relevant tax incentive system for the elderly service providers accordingly. The tax incentive system for senior care service providers should be increased accordingly.

4. Conclusion

Population aging has gradually become a hot issue of concern for all countries in the world, and China's elderly service industry started late and the construction of elderly service system is not perfect. In recent years, the number of elderly people in China has been increasing, therefore, it is of great practical significance to study the construction of the elderly service system and the related fiscal policy, which can not only provide a better environment for the elderly, but also promote the sustainable development of the economy. This paper first analyzes the history of the development of the elderly service system and the current situation of the elderly service development, and basically reaches a consensus on the issues such as fiscal policy can promote the construction of the elderly service system. The main problems are the low proportion of fiscal expenditure on elderly service; the tax support policy for community elderly service is not enough to support the development of elderly service system; the inadequate subsidy system for elderly service and the low level of nursing care subsidy; and the poorly targeted tax preferential policy for elderly service. In order to make the fiscal policy play a better role in promoting the development of China's elderly service system, appropriate improvements should be made, and our government should continue to introduce more preferential policies to support the construction of the elderly service system. And through relevant laws and regulations to ensure the effective implementation of fiscal policy, on the basis of increasing financial investment to improve the efficiency of the use of financial funds, enhance the effectiveness and accuracy of the use of funds. At the same time, we improve the tax preference system, clarify the scope of taxation and taxation objects, simplify the taxation process, and steadily promote the development of China's elderly service system.

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