

# Practice and Thoughts on due Statistics for Four Classes of Enterprises Above Designated Size

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“Four classes of enterprises above designated size” (hereinafter called four-classes enterprises) refer to objects of statistical survey that have reached a certain scale in China’s current statistical method system, including four classes in national economy, namely, industrial enterprises above designated size, construction and real estate development and management enterprises above qualifications, wholesale and retail, catering and accommodation enterprises, and service enterprises above designated size, which are the primary part of national economic and social development activities. This paper is focused on analyzing the practice and difficulties in the current statistics work of four-classes enterprises, and then this paper proposes some recommendations.

*Keywords:* four classes of enterprises above designated size, method of statistics, statistics system

## Introduction

Four-classes enterprises refer to objects of statistical survey that have reached a certain scale in China’s current statistical method system, including four classes in national economy, namely, industrial enterprises above designated size, construction and real estate development and management enterprises above qualifications, wholesale and retail, catering and accommodation enterprises, and service enterprises above designated size, which are the primary part of national economic and social development activities. According to national regulations, all newly added, changed and withdrawn four-classes enterprises must go through the examination and approval procedures, and the units not in the directory shall not be included in the scope of professional statistical survey, that is, statistical data collection method of “counting after including the directory and going through formalities” should be adopted. This shows that timely including statistical survey units into the directory for upgrading and fulfill due statistics work is the key link to obtain accurate, timely and comprehensive statistical data, and it will be of utmost importance.

## The Current Statistics Status of Four-Classes Enterprises

Since the reform of the national statistic system and method in 2011, the upgrading and statistic of four-classes enterprises has become an important task. In strict accordance with the requirement of “counting after including the directory and going through formalities”, Jining statistic system has carefully organized enterprise application, and achieved remarkable results. In face of unprecedented difficulties in the upgrading and statistic work among the four-classes enterprises in 2019, such as the improved threshold and more

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rigorous review of National Bureau of Statistics for large-scale service enterprises' entry to directory. In addition, due to the less cooperation of enterprises, departmental information asymmetry, and the poor sharing of information, it is more difficult to carry out the upgrading and statistic among four-classes enterprises. Since May, the number of newly added four-classes enterprises included for statistics has dropped month by month. As of the end of October, only 300 new enterprises were included as the statistic objects, far from the annual target of 1,000. Thus, the Municipal Bureau of Statistics reported the difficulties to the Municipal Party Committee and the Municipal Government. The main leaders of the Municipal Party Committee and the Municipal Government attached great importance to it, held Standing Committee of the CPC Jining Municipal Committee and executive meeting of Jining Municipal Government to conduct special research and deployment of enterprise statistics work. The Jining Municipal Government Office urgently issued the "Notice on Further Carrying out the Upgrading and Statistics Work among Enterprises" (Jizhengban 2019 No. 52), which clarified the responsibilities of the departments, strengthened organizational leadership and departmental coordination, and effectively promoted relevant work to be carried out smoothly. As leaders at all levels paid great attention and relevant departments cooperated with each other actively, the number of four-classes enterprises was changed reversely. A totally 1,305 new four-classes enterprises were included in the directory throughout the year, ranking fourth in the province and outperforming the annual work quota.

### **The Statistics Practice of Four-Classes Enterprises**

1. The priority given by the leadership is the key. It is a common experience measure for successfully carrying out various work. To address different issues during the "upgrading and statistics" among enterprises, the Municipal Bureau of Statistics reported the difficulties to the municipal party committee and the municipal government timely, and then main leaders convened several standing committee expanded meetings, the executive meeting of the government, and the departmental coordination meeting, deployed the "upgrading and statistics" as an important task of government departments, and listed it as the content of the annual work assessment of the departments, counties and districts. As the party and government leaders attached great importance, departments take the initiative to fulfill and undertake relevant work as their own responsibility, and actively support and cooperate, so that different problems were resolved, thus providing a powerful organizational guarantee for "upgrading and statistics" among enterprises.

2. Department cooperation is a guarantee. The government comprehensive statistics and industry management departments have different functions. Statistics reflects the development of various industries in the national economy, while the industry management department is a prerequisite for statistical reflection. Both should cooperate with each other. However, individual implementation and non-communication results in dead zone of statistical survey object search and determination, particularly serious in enterprise statistics, affecting the quality of statistical data. Above notice has effectively resolved this problem, which requires to "supervise industry statistics" and stipulates the work model of "comprehensive leadership of the party committee and government, business guidance of statistical departments, division of labor and responsibility of industry departments, and legal statements of enterprises". Different competent departments carefully sort out and verify the enterprises that meet the standards, actively connect with the statistics department for omission verification to develop a joint force to reverse the unfavorable situation.

3. Information sharing is the foundation. Department information sharing, especially information sharing with taxation departments will play a vital role in the statistic work among enterprises. The Municipal Statistics

Bureau has established a joint conference system and a long-term information sharing mechanism with taxation, economics and information, development and reform, industry and commerce, housing construction, and commerce departments. All of them can assume their own responsibilities and actively cooperate. But in the previous statistic work among four-classes enterprises, the statistics department failed to obtain comprehensive and detailed information, resulting in a missed and erroneous statistics of many units. The realization of information sharing with relevant departments, especially the taxation department in 2019 provided a basis for the statistical department, improved efficiency and quality of statistic work, and information sharing has facilitated the smooth implementation of relevant work.

4. The statistical departments play the leading role. The statistics departments are responsible to fulfill due statistics work. They take the initiative to report to the leaders and propose suggestions and measures, and receive the recognition and support from the party, government and department leaders, which can effectively resolve difficulties in department cooperation and information sharing. And they should provide training and guidance for the “upgrading and statistics” work among enterprises. According to specific problems, the Bureau of Statistics should timely print the “Instruction Manual for Upgrading and Statistics of Enterprises” to clarify the responsibilities, standards, procedures, and time, and distribute to enterprises, competent departments of towns and counties, city and industry, and provide training so that the departments and enterprises involved can know the clear points and methods. It can help the statistical departments give full play to the role in business and technical guidance, facilitate the smooth progress of the statistic work.

### **The Great Difficulties for the Statistics of Four-Classes Enterprises**

Currently, despite of a certain achievements of “upgrading and statistics” work among enterprises, and some experienced accumulated during the work, there remain a lot of difficulties and problems urgently to be solved in practical work.

1. The enthusiasm for “upgrading and statistics” work still needs to be strengthened. Relevant departments think it is troublesome, worry about incurring additional tax pressure after hiring professionals to take in charge of daily statistical reports. Enterprises are afraid of showing their assets, because “upgrading and statistics” work would disclose enterprise financial strength. Some enterprises are afraid of increasing costs, once included as four-classes enterprises, they have to deal with various inspections and supervisions such as safety production, environmental protection, and energy, which will affect production and increase costs.

2. The policy of “transforming industry activity related enterprise to independently registered legal entity” helps to solve the problem. According to the regulations of the State Administration, the enterprises included in statistics directory must be legal entities and implement the corporate accounting system. As a result, some large-scale industrial activity related units, self-employed households, and private enterprises that earn great profit but implement non-enterprise accounting system cannot apply, so that the actual development of the local economy cannot be truthfully reflected.

3. It is difficult to conceal the statistics of enterprise revenue. According to relevant national stipulations, whether an enterprise meets the standard should be based on the tax revenue on the tax platform. Firstly, some companies choose not to issue invoices to personal transactions or deliberately cover up tax revenues for the purpose of tax evasion, resulting in the inability to carry out statistics due to the large actual profits and small tax accounts. Secondly, some enterprises have registered multiple companies to avoid taxations. Even some enterprises’ operating income can meet the standard, they have registered multiple enterprises for the purpose

of tax evasion. In that case, each enterprise cannot meet the tax threshold, resulting in their operating income beyond the reach of four-classes enterprises. Thirdly, some companies' taxation location is not the same as the place of business, resulting in great difficulties in the statistics work. Some enterprises even pay taxes to neighboring counties and cities or other provinces so as to pay less (due to the preferential tax policies), causing great difficulties for tax authorities to find out their taxation places and making it very hard to carry out the statistics work.

4. The accounts of legal entities are incomplete and prone to omissions. According to the national statistical system, the data of multi-industry legal entities should include all data of the industrial activity related units. However, some multi-industry legal entities only include the data of the headquarters, excluding the accounts of subordinate industrial activity related units, so that the data of enterprise headquarters cannot meet the standard of statistics. The large-scale industrial activity related units often pay taxes separately (industrial activity related units cannot be included in statistics directory, resulting in omissions).

### **Suggestion and Conclusion**

To accurately, comprehensively and timely acquire data on national economy development, the "upgrading and statistics" of enterprises is the key prerequisite while fulfilling due statistics work. To solve difficulties and problems in the current enterprise statistics work, party and government leaders and relevant departments at all levels still need to strengthen to innovate ideas and measures, and establish a long-term promoting mechanism to ensure its smooth progress.

1. Invest more in cultivation. With the rapid development of the private economy, SMEs, and innovative economy, the new economy develops quickly and creates great potential. It is necessary to formulate and improve supporting policies, measures, special policies to cultivate four-classes enterprises, promote more enterprises to be included in the list.

2. Improve reward and punishment mechanism. Play to the role of the assessment and strengthen the enthusiasm at all levels. Implement supporting incentives for new qualified enterprises, give rewards and encourage enterprises to meet requirements, while punishing units that conceal income, evade taxation, and use policy loopholes strictly, disclose timely and include in the untrustworthy blacklist. The taxation department must promote policies and collect due taxes, the financial department must standardize the business operations of accounting firms and accountants and bookkeepers. Illegal enterprises that deliberately evade taxes should be punished according to the "Accounting Law", "Statistics Law" and other relevant laws and regulations.

3. Check the registration pass. When handling the registration of investment promotion projects, the administrative approval department must specially notice some units with development prospects and strong leadership, and actively guide them to handle legal person registration. The large self-employed individuals and units in above four classes shall be investigated, strengthen three transfer work, guide them to transform into corporate legal persons.

4. Establish a monitoring database for quasi-four-classes enterprises. The competent departments should fully investigate enterprise status, formulate echelon cultivation plans for potential enterprises, track and control their production and operation conditions, and submit their quarterly statistics to the statistics department for key monitoring. Once meeting the requirements, they will be included into the database.

5. Establish a long-term information sharing mechanism. It requires close cooperation of departments to carry out statistics work, and all departments must take full advantage of the joint conference system for "upgrading and statistics" of enterprises, establish a long-term mechanism for information sharing.

6. Revise existing systems. It is necessary to adopt facts as the basis during enterprise statistics and use the amount paid by the enterprise as the main reference basis. As long as enterprise can provide a basis for income, they should be included in the operating income. It is recommended that the country should revise the existing systems, and include industrial activity related units or large self-employed individuals capable of independent accounting in the enterprise online direct reporting platform according to the principle of local operation.

7. Strengthen law enforcement. It is necessary to actively publicize and notify “Statistics Law” among enterprises meeting the standards but refuse to accept the statistics. False reporting, concealed reporting, omission, and refusal to report are illegal. It is also necessary to strengthen the corporate legal persons’ legal sense, encourage timely declaration and strictly deal with illegal enterprise that still deliberately conceal, or underreport their operating income, or refuse to cooperate in accordance with the “Statistics Law”.

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