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The Direction and Path of Tax Policy Innovation to Promote the Development of New Quality Productive Forces

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New quality productive forces highly emphasize innovation, which not only involves the iteration of science and technology and business models, but also involves the transformation of management concepts and institutional rules. Tax policies need to effectively support the promotion of new quality productive forces and technological innovation. For policy system innovation, tax policies need to closely focus on the originality, empowerment, and synergy of new quality productivity, and carry out institutional innovation and rule improvement in promoting the formation, consolidation, and deepening of new quality productive forces. For policy path innovation, it is necessary to set corresponding tax policy and technical paths in the cultivation, transformation, and agglomeration of new quality productive forces, optimize and adjust the current tax preferential policies for high-tech enterprises, and supplement the development of new quality productive forces by formulating new tax policy measures.

Keywords: new quality productive forces, innovation driven, tax policies

Introduction

On January 31, 2024, the General Secretary Xi Jinping made a systematic exposition on the development of new quality productive forces during the 11th collective study session of the Political Bureau of the CPC Central Committee. He pointed out that:

> New quality productive forces are led by innovation, breaking away from traditional economic growth models and paths of productivity development, and are characterized by high technology, high efficiency, and high quality. They represent an advanced form of productivity that is in line with the new development philosophy.[1] (Xi, 2024)

With the advent of the digital age, new quality productive forces have become the key engine and core hub for achieving high-quality economic and social development. As an important part of national macroeconomic policies and the business environment under the rule of law (Liu, 2024), tax policies need to actively and effectively promote the development of new quality productive forces. This has become an important topic in the new era. This paper aims to explore the innovative directions and paths of tax policies to promote the development of new quality productive forces.

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[1] Xi Jinping emphasized the need to accelerate the development of new quality productive forces and to steadily advance high-quality development during the 11th collective study session of the Political Bureau of the CPC Central Committee. *People's Daily*, 2024-02-02 (1).

The Development of New Quality Productive Forces Under the Perspective of Tax Policy Innovation

It is commonly believed that new quality productive forces are based on the third and fourth technological and industrial revolutions. They integrate revolutionary breakthroughs in science and technology, innovative allocation of production factors, and the deep integration of collaborative transformation and upgrading of old and new industries. They are also closely coordinated with the comprehensive optimization of laborers, tools of labor, and objects of labor in the new era. New quality productive forces are characterized by a significant increase in total factor productivity, providing a solid and sustainable technological support for the development of emerging and future industries. They are the supporting elements and important foundation for building a modern industrial system and promoting new industrialization. From the perspectives of time-space and functionality, new quality productive forces represent a leap from traditional economic growth models, driving iterative innovation of new productive forces and highlighting a new state of advanced productivity adapted to the era of new technological revolutions. They are an inevitable product of China's economic and social development entering a stage of high-quality growth. They are also a key driving factor for China's transformation from a "big traditional manufacturing country" to a "strong modern intelligent manufacturing country", ultimately leading global innovative and sustainable development. As an integral part of macroeconomic policies, tax policies can play an important role in guiding, promoting, and enhancing the layout and industrial deepening of new quality productive forces.

The Connotation of New Quality Productive Forces

From the perspective of political economy, new quality productive forces are a new form of productivity that emerges from scientific revolutions and technological innovations, particularly through significant breakthroughs in key areas. They represent a transcendence of traditional productive forces and necessitate the adaptation of new production relations (Zhou & Xu, 2023). From a linguistic perspective, the concept of new quality productive forces consists of three elements: First is "newness". New quality productive forces are not merely traditional productive forces in the conventional sense. Instead, they are driven by cutting-edge technologies such as big data, cloud computing, artificial intelligence, green and low-carbon technologies, and quantum information. These technologies aim to achieve disruptive breakthroughs and form a cluster of technological capabilities characterized by new technologies, fields, functions, economies, models, and business formats. Second is "quality". New quality productive forces focus on innovation as the core driving force. Through major technological revolutions, they provide continuous and stable industrial leadership and innovation support for new productive forces, transcending the traditional category of "material change" and achieving a "quality and efficiency enhancement" through the high integration of various factors of production. Third is "productive force". On one hand, the focus of new quality productive forces has shifted from traditional sources of power such as heat, electricity, and information to the continuous technological revolution of artificial intelligence and high-end computing power. On the other hand, new quality productive forces serve as the core driving force for strategic emerging industries and future industries, with data and computing power as key factors of production.

Tax Policy Innovation and the Development of New Quality Productive Forces

Tax policies aimed at promoting the development of new quality productive forces must closely revolve

around fostering innovation, and provide sufficient, effective, and targeted institutional measures in areas such as technological innovation, industrial innovation, innovation in development models, innovation in systems and mechanisms, and innovation in talent management mechanisms. In terms of technological innovation, it is necessary to improve tax policies that focus on cutting-edge, advanced, and original technological innovation, and accelerate the realization of high-level self-reliance and self-improvement in science and technology. These policies should encourage, support, and drive the development of major strategic scientific and technological advancements and key technological revolutions. In terms of industrial innovation, there is a need to formulate and improve tax policies that facilitate the industrial transformation of intellectual property achievements and promote the deep transformation and upgrading of old and new industries driven by new quality productive forces. It is also important to expedite the implementation of tax policies that support the industrial transformation of major scientific and technological achievements and ensure stable upgrades. In terms of innovation in development models, tax policies targeting green productivity, lifestyles, and efforts to achieve peak carbon and carbon neutrality should be implemented. These policies aim to build a circular economic system to high standards, at a high level, and with high efficiency. In terms of innovation in systems and mechanisms, tax policies aimed at deepening the reform of the scientific and technological system and promoting high-level business operations of market entities should be implemented. This is especially important in the area of mergers and acquisitions of science and technology enterprises. In terms of innovation in talent management mechanisms, tax policies should be implemented that can improve the virtuous cycle of education, science, and talent, and encourage talent cultivation and the full utilization of individual talents.

Innovative Directions for the Tax Policy System to Promote the Development of New Quality Productive Forces

For the construction of a tax policy system to promote the development of new quality productive forces, firstly, it is essential to base it on the originality of new quality productive forces to give birth to new forms and industries, accelerate the development of strategic emerging industries and future industries, and simultaneously enhance industry competitiveness while incubating these new industries, emphasizing the precision and efficiency orientation of tax policy innovation. Secondly, based on the empowering nature of new quality productive forces, it is necessary to consolidate traditional industries by driving their transformation towards intelligence and green development, leveraging new quality productive forces to uplift traditional productivity, and focusing on the functional orientation and quality-efficiency synergy in tax policy innovation. Thirdly, based on the synergistic nature of new quality productive forces, it is crucial to promote the aggregation of innovative resources through organizational and systemic changes, integrate and form a complete and resilient supply chain and industrial chain that reflects high-quality development, and place greater emphasis on the systematic integration and holistic empowerment of tax policy innovation, promoting the comprehensive penetration of new quality productive forces in traditional industries and the systematic deepening in emerging and future industries.

Tax Policy Innovation to Promote the Formation of New Quality Productive Forces

To promote the development of new quality productive forces, it is essential to fully recognize the driving and leading role of scientific and technological innovation, especially basic and original innovation. It is also necessary to cultivate new types of workers across different industries, improve and create more advanced tools

of production, expand new objects of labor, and facilitate efficient synergy and integrated development among the elements of new quality productive forces. In terms of policy supply to promote the formation of new quality productive forces, firstly, it is necessary to stimulate the subjective initiative of "people" by implementing personal income tax preferential policies with strong orientation for high-end talents and technical specialists who directly create new quality productive forces, providing special tax policy incentives for income related to the transformation of scientific research achievements, and differentially adjusting the deduction ratios for human resource investment costs such as employee training expenses for different types of high-tech enterprises; secondly, it is important to encourage the transformation and upgrading of "tools of production" by continuously improving the super deduction of corporate research and development expenses, implementing typified special provisions for the deduction of research and development expenses in high-tech fields, and further perfecting the value-added tax carryover refund system to encourage enterprises to increase investment in basic research, technological research and development, and equipment renewal; thirdly, it is crucial to promote the new quality generation of "objects of labor" by establishing scientific and market-oriented evaluation indicators for new factors of production such as data "on the balance sheet", and configuring corresponding special value-added tax and income tax preferential policies to encourage new objects of labor to empower the development of new quality productive forces in a timely manner, injecting vitality into high-tech research and development, process iteration, and green low-carbon development. Meanwhile, for social capital investment in industries related to new quality productive forces, corresponding income tax and other tax preferential policies can be provided when they achieve returns, exit investments, or reinvest.

Tax Policy Innovation to Consolidate New Quality Productive Forces

To promote the development of new quality productive forces, it is necessary not only to discover and cultivate these forces but also to consolidate their comprehensive effectiveness. While tax policies provide support for high-tech enterprises in their initial stages, they must also offer sustained and stable effective support for research and development activities once new quality productive forces enter routine industrial operations. Specifically, first, the intensity of tax policies to consolidate new quality productive forces should be increased. For qualified technology transfer projects, in terms of income tax, the investment tax credit amount should be moderately increased, and the accelerated depreciation system for fixed assets should be optimized. In terms of value-added tax, policies such as additional deductions, post-collection refunds, and immediate collection, and immediate refund should be adopted to moderately enhance the incentive strength of tax preferences. Second, the scope of tax policies to consolidate new quality productive forces should be extended. The industry catalog of "high-tech enterprises that the state needs to focus on supporting" should be promptly optimized and adjusted to include emerging industries such as digital technology and quantum technology. To implement the strategy of innovation-driven development, the scope of personal income tax preferential policies for scientific and technical personnel should be timely expanded, including the types of taxable income, and science and technology bonuses that meet relevant conditions should be included. To expand high-level opening up to the outside world, high-tech enterprises that set up institutions in areas such as the Hainan Free Trade Port, the Guangdong-Hong Kong-Macao Greater Bay Area, Qianhai, and Hengqin should be granted moderately relaxed personal income tax preferential policies for high-level talents and overseas personnel. Third, the depth of tax policies to consolidate

new quality productive forces should be expanded. For science and technology innovation enterprises with a turnover tax burden exceeding a certain proportion in a specific period, it is possible to explore the implementation of immediate collection and immediate refund or post-collection refund tax preferential policies under regulations. In the current policy of pre-tax deductions for high-tech enterprises, the proportion of technology transfer expenses that meet regulations should be increased, and tax credits should continue to be granted for capital investment in research and development.

Tax Policy Innovation to Deepen New Quality Productive Forces

New quality productive forces are primarily driven by revolutionary technological breakthroughs and possess the attribute of continuous self-renewal and iteration. To develop new quality productive forces, it is necessary to drive industrial innovation through scientific and technological innovation, deepen the deep-level empowerment of new quality productive forces on the integration and iterative transformation of old and new industries, timely integrate intellectual property rights into the industrial chain through industrial transformation, upgrade traditional industries, nurture and strengthen emerging industries, layout and build future industries, and improve the modern industrial system. In terms of tax policies, first, it is essential to effectively promote the self-renewal of new quality productive forces by encouraging enterprises to conduct original and basic research, encouraging enterprises to participate in four major technological innovations, namely key common technologies, cutting-edge leading technologies, modern engineering technologies, and disruptive technologies, formulating relevant industrial catalogs, and providing them with sufficient, reliable, and stable tax preferential policies for investment and operation. Second, it is important to actively promote the empowerment of traditional industries by new quality productive forces. For traditional industries that rely on new quality productive forces for technological upgrades and equipment renewal in the Internet of Things, artificial intelligence, and digital transformation, it is necessary to continuously optimize and specifically strengthen the multi-tax preferential policy system related to value-added tax, income tax, and other taxes for technological research and development and equipment upgrading and renewal, and to make good use of policy tools such as additional deductions, exemptions, and tax refunds. Third, it is necessary to moderately promote the empowerment of new quality productive forces in the central and western regions. Ensuring the leap of new quality productive forces in medium and low-level regions and maintaining the leading advantages of new quality productive forces in high-level regions will be the key to the comprehensive and coordinated development of new quality productive forces in China (Sun, Liu, Fu, & Zhu, 2024). For business matters related to investment in high-tech industries in the central and western regions or promoting the digital transformation of enterprises in technology and management fields in these regions, specific, stable, and predictable income tax preferential policies should be implemented.

Innovation in the Implementation Path of Tax Policies to Promote the Development of New Quality Productive Forces

New quality productive forces refer to the increase in output of products or services achieved by improving the efficiency of factor combinations through changes in factor organization, technology, and other aspects, based on a given supply of factors (Gao, 2023). In this sense, new quality productive forces are important carriers for future technological innovation and changes in production technology, and they are also an essential endogenous basis for high-quality economic growth and transformation and upgrading in the future. From the perspective of

national economic governance, new quality productive forces are a concrete manifestation of advanced productive forces with modern characteristics, representing a leap from quantitative to qualitative changes in social productive forces. They drive profound changes in production methods under traditional economic and social conditions and promote a new round of adjustments and optimizations in industrial organization and forms. To promote the development of new quality productive forces, it is necessary not only to establish and improve the institutional innovation of the macro tax policy system surrounding the formation, consolidation, and deepening of new quality productive forces but also to conduct effective and more precise rule innovations in the specific aspects of the cultivation, transformation, and agglomeration of new quality productive forces. In addition, it is essential to combine science and technology policies, industrial policies, and other relevant policies to set corresponding tax policies. This will help promote the self-formation, iterative renewal, and cluster development of the industrial system oriented towards new quality productive forces and adapt to the development of the modern economic system.

Innovation in the Implementation Path of Tax Policies to Cultivate New Quality Productive Forces

Considering the implementation of the innovation-driven development strategy, China currently has a relatively comprehensive tax policy system for the development of high-tech enterprises. However, from the perspective of promoting the development of new quality productive forces, it is necessary to further enhance the relevance and effectiveness of tax policy incentives. First, the focus should shift from paying more attention to "status" to paying more attention to "activities". For example, the tax preferential policy of a 15% reduced income tax rate for high-tech enterprises focuses on the qualification review of high-tech enterprises and provides policy incentives for them. Similar tax preferential policies should also be set for ordinary enterprises that engage in specific technological innovation activities, and the relevant policy scope should be refined. Second, the focus should shift from paying more attention to "certification" to paying more attention to "cultivation". In particular, more tax preferential policies should be provided for science and technology enterprises in their start-up phase. For example, start-up technology enterprises could be granted tax exemption or reduction policies for two to three years, or under certain conditions, they could be allowed to apply the tax preferential policies applicable to small and micro enterprises, in order to better complete the incubation process of "specialized, refined, unique, and innovative" enterprises. Third, the focus should shift from paying more attention to the "current period" to paying more attention to the "process". At present, there is still room for optimization in the carry-forward policy of corporate income tax applicable to high-tech enterprises. It is possible to refer to the policies of countries like Germany and France that allow tax benefits to be carried forward, as well as the policies of countries like the United Kingdom and the United States that allow tax benefits to be carried backward without a time limit. This would provide more policy options for market entities engaged in technological innovation. The relevant tax refund system could also be optimized as appropriate, in order to minimize the operating costs of innovative technology enterprises within a reasonable range (Tao, 2023).

Innovation in the Implementation Path of Tax Policies for the Transformation of New Quality Productive Forces

The fundamental reliance of new quality productive forces is on technological innovation in the fields of basic science and technology industries. Major technological innovations in frontier, emerging, and key areas

have deeply promoted the organic integration of the innovation chain, industrial chain, capital chain, and talent chain, effectively accelerating the process and efficiency of transforming scientific and technological achievements into actual productive forces (Xi Jinping Economic Thought Research Center, 2024). In terms of tax policy supply for the transformation and application of scientific and technological achievements, first, it is necessary to motivate the "transformation entities" by promptly introducing tax policies that are conducive to the transformation and commercial application of scientific and technological achievements. On the basis of encouraging scientific researchers to invest in or establish market entities related to their research fields, further encouragement should be given to universities, scientific research institutes, and their researchers to focus on industry areas with more potential for industrialization and marketization and to carry out joint research on relevant topics. Specific corporate income tax and personal income tax preferential policies should be implemented for income obtained from business distribution relying on technical elements such as patents. Second, it is important to motivate the "transformation platforms" by establishing and improving special tax preferential policies for technology transfer intermediaries engaged in the transformation of scientific and technological achievements. Accelerate the implementation of preferential policies for technology appraisal and transaction consulting intermediaries related to the transformation of scientific and technological achievements, speed up the construction of the technical intermediary market and trading platforms, and ensure the connection between the creation of scientific and technological achievements and their transformation. Third, it is necessary to motivate "social donations" by actively exploring tax preferential policies for the industrialization of scientific and technological achievements in key and critical areas. For relevant entities and individuals who set up special donation funds for the transformation and market application of intellectual property rights to scientific research institutions, corresponding special corporate income tax preferential policies should be formulated to promote the full and effective market transformation of commercializable scientific and technological achievements (Xie & Yang, 2024).

Innovation in the Implementation Path of Tax Policies for the Agglomeration of New Quality Productive Forces

The key to the formation of new quality productive forces lies in the cultivation of new industries, particularly in the creation of industrial clusters and agglomeration belts that concentrate these forces. It is essential to better coordinate the respective functions of the government and the market to promote the industrialization, scaling, and clustering of new quality productive forces. By relying on China's complete and comprehensive industrial chains and supply chains across various sectors, as well as the advantage of its large-scale domestic market, it is possible to effectively drive the virtuous cycle of the national economy and enhance the long-term sustainability of economic growth. In terms of tax policy paths to promote the agglomeration of new quality productive forces, first, the focus should be on "new industries" that rely on new quality productive forces, with an emphasis on promoting the integrated and clustered development of strategic emerging industries. This includes building a new generation of industrial leaders in digital technology, artificial intelligence, and brain science, biotechnology and medical technology, new energy and materials, high-end manufacturing and equipment, green ecology and environmental protection, etc. Support should be provided for the market-oriented agglomeration arrangements of restructuring and mergers and acquisitions of high-tech enterprises, and more

precise and powerful tax preferential policies for mergers and acquisitions should be formulated.[2] Second, the focus should be on "new technologies" that incubate new quality productive forces, with an emphasis on disruptive and cutting-edge technologies that match the development of new quality productive forces, paying particular attention to future industry tracks such as quantum and life sciences. A tiered tax preferential policy that matches the basic investment, market incubation, and early-stage entrepreneurship of relevant industries should be provided. Third, the focus should be on "new models" that adapt to new quality productive forces. For new carriers, scenarios, and models that come with digital technologies such as big data, cloud computing, and artificial intelligence, including platform-based business operations, scenario-based experiential consumption, and digital management, tax policy support should be provided that is similar to that for entities carrying new quality productive forces. This encourages the clustered incubation and operation of scenarios in relevant fields, reflecting the high-level support of tax policies for the clustered development of new quality productive forces.

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[2] According to the Catalogue of Strategic Emerging Industries in Industry (2023) formulated by the National Bureau of Statistics, China's strategic emerging industries cover nine major industries: new generation information technology, high-end equipment manufacturing, new materials, biotechnology, new energy vehicles, new energy, energy conservation and environmental protection, aerospace, and marine equipment.