



Research on Tax Planning of Anhui MH Real Estate Enterprise

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Abstract

The purpose of this research is to explore methods to avoid tax reasonably of the Anhui MH real estate enterprises. In order to explore the effective methods of tax planning for real estate industry, based on the analysis of the current situation of tax planning of Anhui MH real estate enterprise, this article focuses on the planning of business tax, land value-added tax and enterprise income tax.

Keywords: Tax Planning; Accounting Standards; Real Estate Enterprise.

1. Introduction

With the further study of the tax planning theory and its universal application around the world, Chinese real estate enterprises also began to gradually realize the importance of tax planning. But due to historical reasons, the research on tax planning is still at the primary stage in China. With the rapid development of China's economy and the gradual perfection of market economy, the real estate enterprises put forward the request of tax planning in order to save costs, improve the core competitiveness. So that more and more real estate enterprises realize the importance of tax planning on financing, investment, distribution and other economic activities. This article, as the research object of the real estate enterprises, makes a deep study and analysis on the issues of tax planning. What's more, it explores the specific methods of the real estate enterprise tax planning and its application, to achieve the purpose of tax avoidance.

Tax planning comes from the western countries. In western countries of developed market economy, the taxpayer and the tax collection and management departments have paid great attention to tax planning activities, and achieved some theoretical research results. The foreign study on tax planning has been greatly developed in the last 30 years. Lars Fallan (1995) studied the tools of the tax planning, and he demonstrated the inevitability of the existence of tax planning^[1]; Chittenden (1999) tested the links between the strategies of the tax planning and the national tax policies using the empirical method^[2]; Ahmed Rihi Belkaoui (2004) analyzed the data from 30 countries, and found out the relationship between the national tax policy and tax planning^[3]. The domestic study on the tax planning started late. Tang Tengxiang(1994) introduced the concept of tax planning into China. Based on the foreign tax theory, they researched the tax planning^[4]; Liu Rong (2005) analyzed the important roles which tax policy plays in enterprises' strategic management, methods and techniques, and connected the tax planning and the overall strategies of enterprises' development; Cai Chang (2010) explained the tax planning with cases to solve problems of taxes related to real estate enterprises. What's more, he guided the real estate enterprises to tax correctly and designs the tax plan.

The rapid growth of Chinese real estate investment, not only increases the competition in the industry but also compresses the profit space. Especially in recent years, the government has promulgated a series of measures to control the overheated real estate growth, which also brings difficulties to the future development of enterprises. Tapping potential from internal management becomes an important means to promote the development of real estate enterprises, while tax planning is one of the important means.

2. Concept and Characteristics of Real Estate Enterprises' Tax Planning

Tax planning refers to an enterprise's planning behavior which the taxpayers select the tax plan of benefit maximization in advance dealing with production, management and investment, production, management and investment, in accord with the national laws and tax laws and regulations under the premise of the tax policy guidance^[5]. This concept illustrates that the tax planning must comply with national laws and tax regulations; Direction of tax planning should be in accordance with the tax policy guidance; Tax planning must take place before the operation and finance and investment activities. The goal of tax planning is to maximize tax benefits. The so-called "tax benefit maximization", including the lightest tax burden, the after tax profit maximization, the maximization of enterprise value, not merely the lightest tax burden.

Aiming at study, this paper summarizes the tax planning based on the systematic analysis of the domestic research achievements on the real estate business as: Tax planning of the real estate enterprise is the real estate enterprise or the entrusted agent realizes the behavior of the optimization of tax or maximization of after tax profit through the prior arrangement of production and management and financial activities in the premise of not violating the relevant regulations. Based on the above analysis, tax planning for real estate enterprises mainly has the following characteristics.

- a. **Legitimacy.** This is the basis of tax planning, legal tax avoidance is the real meaning of tax planning. Tax evasion under the guise of tax planning is a crime, does not belong to the scope of this study.
- b. **Planning:** It means the tax planning needs to be planned ahead, designed and arranged, but not a behavior after the event. That's to say, it needs to plan all types of accounting beforehand, in the process of accounting business after the economic business. And it can reduce or exempt tax legally by using the defects of accounting principles and accounting system.
- c. **Objectivity:** Objectivity is that the motivation of tax planning for taxpayers to reduce the taxpayer's expense and obtain the tax benefits, but not to fraud and does other illegal behavior.
- d. **Comprehensiveness:** Comprehensiveness refers to that the tax planning should focus on the long-term stable growth of taxpayers' total capital revenue, rather than focusing on individual tax burden level or taxpayers overall tax burden level. Under the condition of comprehensive analysis and various planning of tax, we try to achieve the overall interests of tax reduction and exemption.

3. Research Design and Methods

3.1 Basic Research Idea

The tax planning of the real estate enterprises is a complicated system engineering. This paper tries to achieve the goal of tax avoidance using the methods of accounting information planning and the defects of China's accounting principles and accounting system, and it took the Anhui MH real estate company for example. This paper studied the problems of the business tax, land value-added tax and income tax, and chose the actual accounting data of the Anhui MH real estate enterprise to carry out a case analysis.

3.2 Data Collection Methods

- a. Making full use of network to collect data. Anhui MH real estate enterprise is a listed company, whose financial information and decision-making information must be open and it can be checked in China Securities Regulatory Commission, stock exchange, and the company's website.
- b. Consulting to accounting information of Anhui MH real estate enterprises. We can collect the public financial statements of the Anhui MH real estate enterprise from the internet in nearly three years, but the enterprise accounting information and decision information cannot be obtained, which must be obtained within the enterprise.

4. Research Findings and Analysis of Findings

4.1 The Methods of Planning the Main Tax Categories

4.1.1 The Methods of Planning Business Tax

- a. Planning the additional fees and charges. The taxation basis of business tax is the turnover, and the turnover is the total price and additional fees and charges for providing taxable services, transferring of intangible assets or selling the immovable properties. The additional fees and charges includes the commission charges, subsidies, funds, fund raising fees, collection, advance payment and other charges. The provisional regulations of business tax stipulates that the collection of property management companies on behalf of the relevant departments of water rate, electric charge, coal (fuel) gas costs,

repair funds, rent belongs to the "services" taxable items of "agency" business, so only levying business tax on the commission charges^[6]. The real estate enterprises often need to collect hydropower installation fees, fuel (coal) gas fees, heating fees, gas fees and other expenses. For real estate companies, the expense is payment collection and does not belong to the sales income, which should be regarded as the "other payables". But when calculating the business tax, we still need to regard it as the taxation basis. Planning approaches are: Making the property companies collecting the additional fees and charges and the real estate enterprises don't manage it, so it will not be levied business tax. For instance, the business income is 1000, the additional fees and charges are 100, the saved tax is $100 \times 5\% = 5$.

- b. Planning by using the differences of tax rates. The business tax has 9 tax items and the tax rates are different. Planning approaches are: If selling the refined decoration house, the companies can establish the association decoration company, and it can transfer the costs to the decoration company, which makes the tax rate of the income reduced from 5% to 3%. This operation makes the foundation of the plan for land value-added tax and enterprise income tax. For example, a business of real estate exploited a Housing blank which was 8000 yuan per square meter and refined decoration cost 1000 yuan per square meter, and the total area was 50000 square meters. The saved tax = $9000 \times 50000 \times 5\% - 50000 \times (8000 \times 5\% + 1000 \times 3\%) = 1$ million yuan. Transferring the income to the decoration companies can reduce the tax rate of business tax. On the other hand, decoration companies do not need to pay the land value-added tax. Therefore, the tax is avoided legally.
- c. Transfer the house sales to stock right transfer. The provisions of the tax law: Investing with the immovable property, which can participate in the investment profit distribution and share the investment risk. And it doesn't need to be levied the business tax. And since January 1, 2003, no longer levy business tax on stock right transfer. Planning approaches are: If the buyer is a company, we can invest with immovable property, then selling the real estate to the buyers by the ways of transferring the stock rights. Still with a company as an example: A company wants to sell a house of 5000 square meters to B company, and the price is 2400 yuan per square meter. So the sales is 12 million, and the business tax and additional fees is 672 thousand. According to the planning method, A company and B company sign an agreement, which is that A invests B with the real estate, then A transfer the ownership to B for the price of 12 million, so the saved tax is 672 thousand. In order to make B company participate in the planning, A company can give B company some concessions. It means the saved tax limits to 672 thousand.

4.1.2 The Methods of Planning the Land Value-Added Tax

- a. According to the provisions of the tax law, if one side provides the land and the other provides money for building houses for private use, it doesn't need to pay land value-added tax. After completing the building then transfer it, the company should pay the land value-added tax. The real estate enterprise can make tax planning according to this concessions. For example, A company cooperates with B company for building the house, and the land is provided by A, B provides funds. After completing for private use, it doesn't need to pay land value-added tax. Then transferring the real estate, it just needs to pay the land value-added tax for the transfer part.
- b. The real estate enterprise builds the house by agent construction, which means the real estate enterprise exploits the real estate on behalf of the client. Then the client is charged for the revenues. The property right of real estate is not changed, so, the revenues of agent construction are imposed on the business tax for the "service industry" item, not "selling the immovable properties" item. And it doesn't need to pay the land value-added tax. Adopting the way of agent construction has better effect than the way of exploiting then selling, but the company may not yield large gains.
- c. According to the relevant regulations, the property owner, the owner of the land use rights, donates the property right, land use right to the education, civil administration or other social welfares through the social organizations, state organs within the territory of China, and it doesn't need to pay the land value-added tax. At the same time, the donation expenditures less than the 12% annual total profit, can be reduced from the tax. When the real estate company donates the housing property rights and the land use rights instead of cash or other assets, but also within 12% of the total annual profits. So you can enjoy the two tax preferences.
- d. According to the relevant provisions of the threshold of land value-added tax, the taxpayers builds the ordinary standard house for sales, and the appreciation amount less than 20% of the deducted amount doesn't need to be paid the land value-added tax. Therefore, the taxpayer in constructing ordinary standard houses for sales, should consider the relationship between the revenue from the appreciation

amount and the increased burden by giving up the concessions of threshold. Otherwise, if the appreciation amount is more than the deducted amount, the benefits can be reduced greatly.

According to the derived ideas of the price coefficient of tax exemption, we can calculate the highest price coefficient is 1.6349, 2.2472 and 3.5928 when the tax rate of value-added tax is 30%, 40% and 50%.

Therefore, when the company raises the price more than the tax exemption threshold of the land value-added tax, the effective pricing interval corresponding to different grades of tax rate as described in the following table:

Table 1: The Table of Effective Pricing Interval Corresponding to Different Tax Rates

Applicable Tax Rate	30%	40%	50%	60%
Effective Pricing Range	$1.381X < Y \leq 1.634X$	$1.828X < Y \leq 2.247X$	$2.731X < Y \leq 3.592X$	$Y > 3.593X$

4.1.3 The Methods of Planning The Income Tax

- a. Revenue planning. The tax planning of the enterprise income tax is carried out simultaneously with the business tax, land value-added tax. And the basic idea is to reduce income with the full use of the pre-tax deduction quota, and increase the unlimited fees to be reduced before tax. The contents of the planning of the income tax includes: ① Dispersing income planning, and it means signing the contract when selling refined decoration housing, rough house respectively to transfer the profits of the real estate enterprise to the decoration company; ② The collecting fees planning, and it means the property management company collects the fees other than public maintenance fund; ③ Sales time planning, and it means making good use of the installment payment contract and delaying the transfer of the property rights. The time planning is to postpone paying the income tax.
- b. Cost and fee planning. The cost of real estate enterprise includes many contents, and this paper mainly plans these items: ① The real estate enterprise pays the interest expenses to the related companies. ② The actual worker welfare expenses, union expenses and the education expenses. ③ Planning business entertainment. Our tax law rules the quota, and the business entertainment exceeding the rules should be paid from the after-tax profits. Planning this part reasonably can achieve the goal of tax reduction. ④ Advertising costs, and the advertising costs reduced by the quota is 15% of the sales revenue. And it can be carried forward to be reduced next year. ⑤ Planning the depreciation. It includes improving the depreciation rates, using the accelerated depreciation method. ⑥ Planning with accrued expenses, which means to achieve a reasonable tax avoidance through accruing and amortizing the accrued expenses^[7].
- c. Make full use of national tax policy and accounting system for tax planning. In order to encourage real estate enterprises to invest, the government set up a special economic zone and bonded zone in many places. There are many preferential tax policies in these specific areas, and it can realize tax avoidance by these policies. The accounting system also allows enterprises to determine the accounting subjects, and allows the enterprises to choose the appropriate accounting subjects^[8].

4.2 The Actual Situations of the Construction Projects of Anhui MH Real Estate Enterprise

Anhui MH real estate company is a large enterprise. In order to illustrate the application of the tax planning methods, we select a typical construction projects in the company. And the basic information of the construction projects is followed:

A construction project sites in a county town in Anhui, where the earthquake resistance request is 7 degrees. The construction area is 160 thousand m^2 , which includes 50000 m^2 placement houses, 60000 m^2 villas and 60000 m^2 high-rise residential buildings. The project covers an area of 150 mu, and the villas cover an area of 75 mu and the plot ratio is 1.0. The placement houses and high-rise residential buildings cover an area of 55 mu, and the plot ratio is 3.0. The park covers an area of 20 mu. Not to consider the factors of parking spaces, garage. The total investment of the investment is 636.08 million yuan (excluding tax): The land cost is 150 million yuan (1million yuan /mu); The construction cost is 456 million yuan, which the construction cost of the placement houses is 125 million yuan (2500 yuan / m^2), the construction cost of the villas is 135 million (2700

yuan / m^2) and the construction cost of the high-rise residential refined decoration building is 210 million yuan (3500 yuan / m^2 , decoration costs 1000 yuan / m^2). The project uses the original condition for building a park, and the park covers an area of 20 mu. The whole investment is 16 million yuan (1200 yuan / m^2). The administration expenses and other period charges are 16 million yuan, which can be apportioned by the areas. Pricing the building for each square metre before the sales: the villa is 10300 yuan, the placement house is 5500 yuan and the high-rise residential building is 7100 yuan.

4.3 The Tax Planning Scheme of Anhui MH Real Estate Enterprise and the Analysis of the Planning

- I. The costs and profits of the A project before the tax planning. Based on the above information, the total land cost of the A project was 150 million yuan, 1 million yuan /mu. The park covers an area of 20 mu, and the land cost was 20 million yuan. Except the land cost of the park, the land cost of the other products was apportioned by the areas of structure, and the available formats increased an average of 813 yuan / m^2 [(15000-2000) /16]after apportioning. The costs of the project were followed:

Table 2: The Cost of the A Project (Unit: 10 thousand)

Items	Land Cost	Construction Cost	Total
The house of placement	4065	12500	16565
Villa	4065	13500	17565
Residential building	4878	21000	25878
Park	2000	1600	3600
Total	15008	45600	63608
Total cost		63608	

Note: The 15008 is calculated by integer.

The park belonged to the supporting facility, and its construction cost could be shared by the areas of structure. The available construction cost was followed:

Table 3: The Cost of the A Project Apportioned by the Areas of the Structure

Items	Direct Cost	Equally Shared Cost	Apportioned Cost	Total	Unit Cost
The house of placement	16565	3600	1125	17690	3538
Villa	17565		1125	18690	3738
Residential building	25878		1350	27228	4538
Total	60008		3600	63608	

According to the above results of cost calculation, we could determine the unit price of the A project. The sales income combining the actual areas and unit price were described next.

Table 4: The Sales Income of the a Project

Items	Unit Price (Yuan /M2)	Areas (m^2)	Sales (10 Thousand)
The House of Placement	5500	5	27500
Villa	10300	5	51500
Residential Building	7100	6	42600
Total		16	121600

The A project need to calculate the land value-added tax of each format, and for the purposes of comparing the effect of the tax planning, we calculated the business tax and surcharges, the corporate income tax. The taxes and profits of the house of placement, villa and the residential building were followed in table 5 to table 7.

Table 5: The Taxes and Profits of the Placement House

Items	Line number	Amount
1. Sales Revenue	1	27,500.00
2. Amount of Deductions	2	
a . Land Cost	3	4,065.00
b. Development Cost	4	13,625.00
c. Development Expense	5	0.00
d. Other Deductions	6	3,538.00
e. Sales Tax and Surcharges	7	1,540.00
f. The collecting Fees	8	0.00
Subtotal	9	22,768.00
3. Value Added	10	4,732.00
Rate of Value Added	11	20.78%
Applicable Tax Rate	12	30%
Rate of Quick Calculation Deduction	13	0%
Quick Calculation Deduction	14	0.00
4. Land Value-Added Tax	15	1,420
5. Period Expense	16	500
6. Total Profits	17	6,350
7. Enterprise income tax	18	1,588
8. Net profits	19	4,763

Table 6: The Taxes and Profits of the Villas

Items	Line number	Amount
1. Sales Revenue	1	51,500.00
2. Amount of Deductions	2	
a. Land Cost	3	4,065
b. Development Cost	4	14,625
c. Development Expense	5	0.00
d. Other Deductions	6	3738
e. Sales Tax and Surcharges	7	2884
f. The Collecting Fees	8	0.00
Subtotal	9	25312
3. Value Added	10	26188
Rate of Value Added	11	103.46%
Applicable tax rate	12	50%
Rate of quick calculation deduction	13	15%
Quick calculation deduction	14	3,796.80
4. Land value-added tax	15	9297
5. Period expense	16	500.00
6. Total profits	17	20,129
7. Enterprise income tax	18	5,032
8. Net profits	19	15,097

Table 7: The Taxes and Profits of the Residence

Items	Line Number	Amount
1. Sales Revenue	1	42,600.00
2. Amount of Deductions	2	
a. Land Cost	3	4,878.00
b. Development Cost	4	22350
c. Development Expense	5	0.00
d. Other Deductions	6	5446
e. Sales Tax and Surcharges	7	2386
f. The Collecting Fees	8	0.00
Subtotal	9	35059
3. Value Added	10	7541
Rate of Value Added	11	21.51%
Applicable Tax Rate	12	30%
Rate of Quick Calculation Deduction	13	0%
Quick Calculation Deduction	14	0.00
4. Land Value-Added Tax	15	2262
5. Period Expense	16	600.00
6. Total Profits	17	10,124
7. Enterprise Income Tax	18	2,531
8. Net Profits	19	7,593

II. The tax planning of the A project and its contrastive analysis before and after planning. The group company and the government signed the contract of constructing the placement houses. After planning, it had obvious saving effects, and the planning contents included:

- a. Planning by agent construction. The project contract was to build 50000 square meters placement houses, and the governmental repurchase price was 234.35 million yuan(27500-4065). Because of land provided by the government, the land cost was 40.65 million yuan, which was not calculated in the construction cost. The cost of agent construction was 125 million yuan(16565-4065). The agent construction belongs to the category of building services. So the A project didn't belong to the taxpayer of the land value-added tax. The tax rate of business tax was reduced from 5.6% to 3.36%.

Table 8: The Taxes Payable and the Profits of the Placement Houses before and after Planning

Items	Line Number	Amount Before Planning	Amount After Planning	Difference
1. Sales Revenue	1	27,500.00	27,500.00	0.00
2. Amount of Deductions	2			0.00
a. Land Cost	3	4,065.00	4,065.00	0.00
b. Development Cost	4	13,625.00	13,625.00	0.00
c. Development Expense	5	0.00	0.00	0.00
d. Other Deductions	6	3,538.00	3538	0.00
e. Sales Tax and Surcharges	7	1,540.00	924	616.00
f. The Collecting Fees	8	0.00	0.00	0.00
Subtotal	9	22,768.00	22,152.00	616.00
3. Value Added	10	4,732.00	0.00	4,732.00
Rate of Value Added	11	20.78%	0.00%	0.21
Applicable Tax Rate	12	30%	0.00%	0.30
Rate of Quick Calculation Deduction	13	0%	0%	0.00
Quick Calculation Deduction	14	0.00	0.00	0.00
4. Land Value-Added Tax	15	1,420	0	1,420
5. Period Expense	16	500	500	0
6. Total Profits	17	6,350	8,386	-2,036
7. Enterprise Income Tax	18	1,588	2,097	509
8. Net Profits	19	4,763	6,290	-1,527

By planning, the placement houses were built by agent construction. As the agent construction belongs to the category of business tax, and the tax rate is 3%, so 6.16 million yuan was saved. Besides, the agent construction does not belong to the range of value-added tax, 14.2 million was saved. Although it increased the enterprise income tax by 5.09 million yuan, the total profits were increased by 15.27 million yuan.

- b. Increasing the deduction items, and using the methods of dispersing income and pricing planning. According to the conditions of the project introduction and table4.6, the price of the residential building was 7100 yuan / m^2 , the cost of the land and exploiting was 272.28 million yuan, and the tax rate of the land value-added tax was 21.51%. Because of the tax rate closing to the tax exemption rate of 20%, we could increase the amount of deductions or reduce the sales price to achieve the goal. The plan of increasing the deductions was: Supposing the cost of land and exploiting was X, the total amount of deduction=1.2X+2386. The added value=42600- (1.2X+2386)=40214-1.2X, value-added ratio=(40214-1.2X)/(1.2X+2386)×100%=20%, the solution of X=275.95 million yuan. That's to say, the tax rate of the land value-added tax changed to 20% when the amount of the deductions increased by 3.67 million yuan(27595-27228), which met the exemption

condition of land value-added tax. The change conditions of land value-added tax payable and the profits after planning were followed:

Table 9: Comparison Table of the Land Value-Added Tax before and after Planning

Items	Line Number	Amount Before Planning	Amount After Planning	Difference
1. Sales Revenue	1	42,600.00	42,600.00	0
2. Amount Of Deductions	2			
a. Land Cost	3	4,878.00	4,878.00	0
b. Development Cost	4	22350	22717	367
c. Development Expense	5	0.00	0.00	0
d. Other Deductions	6	5446	5519	73
e. Sales Tax and Surcharges	7	2386	2386	0
Subtotal	9	35059	35500	-440
3. Value Added	10	7541	7100	440
Rate of Value Added	11	21.51%	20.00%	0
Applicable Tax Rate	12	30%	0.00	0
Rate of Quick Calculation Deduction	13	0%	0%	0
Quick Calculation Deduction	14	0.00	0.00	0
4. Land Value-Added Tax	15	2262	0	2262
5. Period Expense	16	600.00	600.00	0
6. Total Profits	17	10,124	12,019	-1895
7. Enterprise Income Tax	18	2,531	3,005	-474
8. Net Profits	19	7,593	9,015	-1421

As shown in the table, although the costs of exploiting increased by 3.67 million yuan, it saved the land value-added tax for 22.62million yuan, and it saved about 17.88 million yuan. The net profits increased by 14.21 million yuan. In addition, the decoration project belongs to the category of construction services, so we could sign the contract with the decoration company in the group to transfer the partial decoration incomes. And it could reduce the business tax, land value-added tax and corporate income tax.

- c. Selecting the method of sharing common cost. The provisions of the tax law: The products should be calculated and accounted by the manufacturing cost method. Among them, the direct costs and the indirect costs which could be distinguished between cost objects, should be calculated into the cost objects. The common costs and the indirect costs which couldn't be distinguished between cost objects, should be calculated into the cost objects according to the principles of benefit and the proportion. The A project used the existing conditions for a park, and its costs were indirect costs. The investment cost of the park was 16 million yuan, and the cost could be allocated according to the principles of benefit.

Table 10: The Allocated Table of the Cost According to the Principles of Benefit

Items	Target Value	Absorption Rate	Apportionment of Placement House	Apportionment of Residence	Apportionment of Villa
Construction Cost of Park	3600				
Sales	122600				
Placement House	27500	22%	808		
Residence	42600	35%		1251	
Villa	52500	43%			1542
Total			3600		

Compared with table.4.2, if it was shared by the construction areas, the shared costs of villa was 11.25 million yuan. If it was shared by sales, the shared costs of villa was 15.42 million yuan. Due to the increasing of the shared costs, the tax rate of the land value-added tax reduced from 50% to 40%, which saved 3.03 million yuan.

Table 11: The Comparison Table of the Land Value-Added Tax before and after Planning

Items	Line Number	Amount before Planning	Amount after Planning	Difference
1. Sales Revenue	1	51,500.00	51,500.00	0
2. Amount of Deductions	2			0
a. Land Cost	3	4,065	4,065	0
b. Development Cost	4	14,625	15,025	-400
c. Development Expenses	5	0.00	0.00	0
d. Other Deductions (Plus 20%)	6	3738	3818	-80
e. Sales Tax And Surcharges	7	2884	2884	0
f. The Collecting Fees	8	0.00	0.00	0
Subtotal	9	25312	25792	-480
3. Value Added	10	26188	25708	480
Rate Of Value Added	11	103.46%	99.68%	0
Applicable Tax Rate	12	50%	40%	0
Rate Of Quick Calculation Deduction	13	15%	5%	0
Quick Calculation Deduction	14	3,796.80	1,289.58	2,507
4. Land Value-Added Tax	15	9297	8994	303

The scheme didn't involve the increase of the absolute amount of the project, and didn't consider the impact on the enterprise income tax. Through the above three planning, the A project saved the business tax and the surcharges 6.16 million yuan, land value-added tax 39.85 million yuan and net profits increased by 29.48 million yuan. The effect of the planning was obvious.

5. Conclusions and Recommendations

The complexity of Chinese accounting environment of the real estate enterprise puts forward the question of tax planning. The purpose of the research is: According to the actual situations of Anhui MH real estate enterprise and requirements of accounting principles, we design reasonable accounting treatment and tax planning to reduce the amount of the tax payment. As for the different understandings to the accounting system and accounting principles, reasonable tax planning can achieve the goals of tax avoidance within the laws and policies. Based on the analysis of the situations of the tax planning of the Anhui MH real estate enterprise, it focuses on the study on the tax planning of the business tax, land value-added tax and enterprise income tax. This paper adopts the methods of accounting calculation, accounting adjustment and financial analysis, and the study results enrich the theories and methods of tax planning.

Combined with the process and results of research, we make the following main recommendations.

- a. Strengthen the attentions of the decision-making level to the tax planning. The tax planning of the real estate enterprise is a kind of collective behavior, which needs the staff of the company to participate in it. Among them, the most important is the decision-making level, especially the board of directors and the decision makers of the management level should pay attentions to this problems. And they should be the planners and the leaders of the tax planning. At the same time, the internal departments should cooperate with each other to improve the effectiveness of the tax planning.
- b. Planning legally is the core of the tax planning. The norms and the sum of dealing with the distribution between the country and the taxpayers are the tax laws. As we know, the tax is the lever and the tool of

macroeconomic control or implementing the economic policies. Its modification is more frequent than other laws and regulations. So, the taxpayers should pay attention to the modifications and the trends when drafting the tax planning scheme. We should adjust the scheme at any time to abide by the tax laws.

- c. The legal planning is a basic principle of the tax planning. Complying with the tax law is the premise of tax planning. The tax payers who violate the laws will be condemned to be punished. Therefore, the tax planning should adhere to the principles.
- d. Making a practical tax planning is the premise of the tax planning. The tax planning should in line with the goal and the actual situation. The practical tax planning is the premise and the starting point. When formulating the tax planning, we should consider the actual situations of the company and the external conditions to make the tax planning executable.
- e. The tax planning should pay attention to the behavior norms and the risk. The tax planning is a long-term work, but not a random work. In the process of tax planning, we should use the norms for avoiding the risk. Avoiding the risk of the tax planning includes the risk of planning failure and the law risk. The risk of planning failure is that without achieving the goals because of the inefficiency. The risk of laws is planning failure caused by the illegal behaviors.

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