

Accounting and Tax Planning for High Technology Enterprises

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Abstract: In recent years, the importance of science and technology, as the first productive force, has been gradually highlighted. China pays great attention to high-tech enterprises and strongly supports them in fiscal and taxation policies to promote their development effectively. In responding to national policies, high-tech enterprises also continue to improve their efficiency, so the accounting and tax planning work of enterprises is mandatory. However, combined with the status quo of accounting and tax planning of high-tech enterprises, there is something to be improved in both aspects, which makes the enterprises' financial and taxation risks higher and is not conducive to their normal operation. Based on this, the article will focus on the accounting and tax planning of high-tech enterprises as the main object of research.

Keywords: High-tech enterprises; Accounting; Tax planning

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Currently, high-tech enterprises are gradually developing into dominant enterprises that lead society development. Especially in the information age, the business development of high-tech enterprises will inevitably have a certain degree of impact on society. Among them, accounting and tax planning are the basic works of high-tech enterprises, which are directly related to the interests of enterprises. Therefore, high-tech enterprises should clarify the key points of accounting and tax planning and have their motivating and guiding role in better promoting the development of enterprises.

1 Overview of accounting and tax planning

1.1 Accounting

Accounting, that is, accounting reflection can use money as a measurement tool, and then the accounting subject funds movement status is effectively reflected. The requirements for the accounting subject economic activities for monetary changes to carry out accounting, that is, the accounting work of bookkeeping, accounting and reporting^[1]. During business development, enterprises should ensure that the quality and efficiency of accounting work, scientific organization of accounting forms, and thus continuously improve the efficiency of accounting and the maintenance of their interests. To date, accounting belongs to the basic work content of the enterprise, will affect its interests and development directly. To better promote the stable operation of enterprises, it is necessary to attach great importance to the accounting work and prevent enterprise risks effectively.

1.2 Tax planning

Tax planning involves the enterprise's rational planning for internal tax-related business and scientific overall tax management plan, occupies a basic position in the enterprise's financial management. Tax planning has a high volume and complexity works and involves many contents, including transfer planning and tax saving. Tax saving means that taxpayers, by the spirit of the legislation, make full use of preferential policies such as the threshold and an exemption amount of tax law to save tax payments. In essence, there is an obvious difference between this behaviour and tax avoidance. Tax avoidance is the act of taking advantage of the loopholes in laws and regulations to avoid taxes paying.

Although it cannot be dealt with laws and regulations, it is against the national legislation. Nevertheless, tax saving is mainly through scientific integration to reduce taxes, not contrary to the laws and regulations and legislative intent. The purpose of the enactment of the tax law is to take from the people and the people. Meanwhile, in the case of seeking private profit, the enterprises will take advantage of legal loopholes, and then deviate from the legislative objectives. For this reason, it is important to distinguish the two concepts accurately and focus on tax saving planning. Tax pass-through planning is a management method in which the taxpayers transfer the tax burden to the other party by lowering the input price or raising the selling price of goods to reduce the tax burden. Pass-through planning can achieve the goal of relieving the tax burden so that the enterprise can make a normal turnover, so it also

name of the project, high-tech enterprises should find out the source of funding and cost details to carry out the accounting work. In the process of setting up accounting accounts, different accounting needs should be referred to as there are differences in the calibre of accounting for R&D expenses in high-tech enterprises in terms of financial assistance and pre-tax deduction of income tax. To be compatible with the demand for R&D cost attribution, it is necessary to combine the specific needs to increase or decrease in the process of setting up the detailed accounts of R&D costs^[3]. High-tech enterprises apply for pre-tax deduction of R&D expenses, and the setting of accounting accounts should consider the needs of both. The “direct inputs” and “other expenses” accounts should add the separate accounting expenses that need to be grouped together but not explicitly required by the enterprise, as shown

Table 1. Accounts for R&D expenses of high-tech enterprises

Level 1 subject	Level2 subjects	Level 3 subjects	Level 4 subjects (Advanced Recognition)	Level 5 subjects (Additions and deductions required)
R&D expenditure	R&D Project Name	self-finance	direct input	Fuel; materials; power costs
			labour cost	
			design cost	
			Commissioning of external research and development projects	
			Commissioning costs for equipment	
			Depreciation expense, amortization of long-term costs	
			Amortization of intangible assets	
other	Translation of materials; rental of equipment and instruments; technical books and materials; special expenses for the development of technology and equipment.			

belongs to the scope of tax planning^[2]. At present, the best state of tax planning for enterprises is zero tax risk. Therefore, the financial accounts of the taxpaying party should be clear, and the tax declaration should be timely. Besides, the tax should be paid in full, without any illegal and irregular behaviour.

2 Key points in accounting for high-technology enterprises

2.1 Setting up the accounting system for accounting for research and development (R&D) expenses

In the independent accounting of R&D costs and separate accounts, high-tech enterprises should choose the “R&D expenditure” account. According to the

in Table 1.

After a reasonable account details setting, different details of the subject are required to form a correct understanding of the content and scope of accounting and provide the necessary help for later R&D costs aggregation.

2.2 R&D cost accounting to be effectively reflected in the trajectory of R&D activities

The role of accounting is to reflect economic activity, and it is also necessary to reflect the process of R&D accounting in the R&D expenses. If only with the invoice of the material expenses, it is not possible to prove that the expenses were incurred in the process of R&D. For this reason, the original invoice is provided along with the materials that confirm the written proof of the R&D activity.

First, the employee's salary. When the in-house human resource (HR) department prepares the payroll, the salaries of employees in the R&D department should be marked separately, detailing their R&D projects. If an employee is involved in multiple R&D projects at the same time, the salary costs need to be divided equally among the different projects based on the actual workload. If the workload is difficult to estimate, then it should be spread equally among the

Finally, other costs. In the case of design expenses, a legal bill should be obtained and the name of the R&D project should be marked in details in the reimbursement form. Furthermore, the reimbursement should be signed by the person in charge of R&D, the manager, and the person in charge of finance.

In the initial identification and review of high-tech enterprises, the revenue of high-tech products should be recognized, and the proportion of revenue in the

Table 2. Example of a salary arrangement.

Name	Salary	Number of projects	Salary cost				Total
			RD01	RD02	RD03	
Total							

projects, as shown in Table 2).

Second, direct inputs. Raw materials require the necessary paperwork such as notices of R&D tests and bills of lading. For water and fuel, not only the corresponding invoice but also the utility distribution bill should be provided, and the parameters of distribution mainly include materials and labour. For

enterprise's annual income is more than 60%. Also, the core technology of high-tech products with independent intellectual property rights and its income in the enterprise in the total income of high-tech products should be not less than 50%. Eventually, in accounting, the main business income should be completed for the setting of independent sub-ledger accounting work, as

Table 3. Account Setup for Income from Principal Activities

Level 1 subject	Level2 subjects	Level 3 subjects
Income from the main business	Product Sales	Non-high-tech income, high tech <i>PS01</i> * MERGEFORMAT\` <i>PS02</i> * MERGEFORMAT\` <i>PSn</i> * MERGEFORMAT
	Technical income	Income from technology transfer, contracting, services and commissioned research others

testing and inspection costs as well as fixed asset leasing costs, based on invoices and other valid documents, if several R&D projects are involved, they should be apportioned according to the standard requirements and the allocation table of R&D costs should be noted cautiously. It should be noted that the above expenses should be signed and confirmed by the person in charge of the R&D project or R&D department^[4].

Once again, external R&D costs are commissioned. Along with the invoice for the cooperation fee, the contract for the commissioned R&D should be provided, along with detailed records and technical parameters of the progress of the external R&D works.

shown in Table 3.

2.4 Construction of accounting system for R&D expenses

For R&D expenses, separate accounts should be created and independently accounted for, the above are the most basic requirements for accounting work, to help financial management work. Until now, the process of identifying, research and development costs in the high-tech enterprises must be attributed to a separate account and independent accounting^[5]. Combined with the relevant regulations, the independent accounting of R&D expenses and separate accounting can accurately reflect the expenditure of R&D. Also, the income

tax deduction of R&D expenses should follow the requirements of independent accounting and separate accounting^[6]. Combined with the relevant regulations, enterprises should implement a special account for the cost of R&D management, and combined with the “Administrative Measures for the Identification of High-tech Enterprises” scheduled items, the actual amount of deductible R&D costs for the current year can be assembled and filled out clearly^[7]. Even if the financial instalment of subsidized projects, also in the R&D costs should be a separate account and independent accounting.

3 Key Research on Tax Planning for High-tech Enterprises

3.1 Application of pre-tax deduction policy for tax costs and expenses

The most basic obligation of a modern enterprise is to pay taxes, and the same applies to high-tech enterprises. However, companies also have the right to choose to take advantage of state incentives to reduce their tax burden. During tax planning, it is important to identify the three categories of deductions that are allowed, not allowed, and limited. Therefore, this allows all deductions to be made before paying taxes^[8]. However, the most important thing is to ensure that tax deductions do not violate laws and regulations. For all taxable expenses, limited deductions, including employee education and promotion expenses, can be tracked within the scope of tax increment. During the implementation of tax planning and accounting, the final accounting results may be affected by the time interval between the formation of deductible expenses. Therefore, it is necessary to understand and determine the policy in advance to exclude as many deductible items as possible^[9].

3.2 Application of preferential policies for income from technology transfer

High- and new-technology enterprises can obtain desirable economic benefits by transferring technology, which includes preferential policies for income from technology transfer^[10]. During the technology transfer, the government department will give tax incentives. Based on the income from technology consulting and transfer, if the taxpayer is included in the preferences during the transfer period, it can get the support of the government departments, thus its tax pressure can

be relieved. Thus, the state attaches great importance to the preferential benefits for high-tech enterprises. With the support of government departments, high-tech enterprises can apply for more tax exemptions, to alleviate the pressure of tax payment and achieve the goal of improving their economic efficiency.

3.3 Application of deductible policies for R&D expenses

In their development, the support of preferential government policies is crucial. Preferential policies given by the government enable the enterprises to gain more room for development during the upward period. If the policy support is not in place, it will lead to more potential high-tech enterprises to face serious challenges. Among them, the deduction policy is the preferential policy that can be chosen for the R&D expense accounting work. In addition, the actual operation stage of high-tech enterprises, in terms of new technologies, products and processes, are to be reflected in the current profit and loss and thus plays a part in the tax deduction. In this case, the enterprise financial accounting staff will need to add and deduct in the accounting process according to the proportion of R&D expenses. Usually, the deduction percentage is 75%, so as not to damage the economic benefits of the enterprise^[11].

3.4 Use of government subsidies

The role of government subsidies during tax planning for high-tech enterprises is crucial. For better R&D completion, they should be reasonably safe as government financial subsidies during tax planning, and the way to obtain subsidies is to submit applications. In this process, high technology enterprises should issue funds allocation documents, at the same time to build an independent management mechanism, as far as possible to reduce the tax, for the enterprise tax set aside sufficient time.

Concluding remarks

In summary, high-tech enterprises grow relatively fast and have high technical content. Therefore, operating products will affect the development of the market to some extent. Moreover, the state has given strong support to the development of high-tech enterprises and introduced a series of preferential policies to provide necessary help for their high-tech R&D work. Therefore, high-tech enterprises should grasp the development opportunities, and constantly strengthen their accounting ability and tax planning ability, to

regulate the internal financial and tax system, give full play to their value, to achieve the comprehensive sustainable development of high-tech enterprises.

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