

***National Environmental Taxation Observation Report of New Wall Material
Enterprises
Summary***

The development of green buildings in China started late. Since the 1992 United Nations Conference on Environment and Development in Rio de Janeiro, Brazil, the Chinese government has successively promulgated a number of relevant outlines, guidelines and regulations to vigorously promote the development of green buildings. The launch of the “National Green Building Innovation Award” by the Ministry of Construction in September 2004 marked the development of green buildings in China into a comprehensive development stage. According to the “14th Five-Year Plan” and the vision goal for 2035, China has clearly proposed the development of green buildings and requested to accelerate the promotion of green and low-carbon development and the overall green transformation of the economy and society.

On September 22, 2020, Chinese President Xi Jinping delivered an important speech at the general debate of the 75th United Nations General Assembly, announcing that China will strive to reach the peak of carbon emissions by 2030 and strive to achieve carbon neutrality by 2060. “Carbon neutrality” also brings opportunities and challenges to the new wall material industry. At present, China has surpassed the United States to become the world’s largest greenhouse gas emitter. Despite the slowdown in the global economy, China’s economy remains at a stage of steady and relatively fast growth, with a growth rate of over 5%. China’s carbon emissions mainly come from secondary industries such as power generation and heating, manufacturing and construction, and transportation, so energy demand is unlikely to peak soon. How to achieve pollution and emission reduction in key industries is an important content to achieve the goal of “carbon neutrality”, and also the direction of the development of new wall materials.

Wall renovation is an important measure to vigorously promote the construction of ecological civilization and the development of circular economy. It is a realistic and inevitable requirement for promoting comprehensive utilization of resources, protecting land and ecological environment, and promoting energy saving and green development of buildings. In order to encourage and support the development of new wall materials, the state has issued a series of green tax policies to give various tax preferences and conveniences to environment-friendly enterprises. Although the new wall material industry has ushered in relatively rapid development, and its industry output value has repeatedly hit new highs, the problem of resource consumption in the process of rapid development still cannot be ignored.

PECC observed that some enterprises currently enjoy tax preferences while also having environmental violations, which inevitably affects the healthy development of the taxation mechanism and the fairness and justice of the whole market. Therefore, PECC, under the guidance of relevant national policies and regulations, helps tax authorities to identify the environmental performance of enterprises, assists tax authorities to standardize green tax measures, promotes enterprises to independently increase information disclosure, does a good job in energy conservation and emission reduction, and enhances the high-quality and healthy development of enterprises.

In this report, PECC verified the environmental supervision of 66 new wall materials enterprises across the country, communicating with 21 provincial or municipal taxation departments across the country by way of letters. By the release of this report, PECC received more than 16 replies. By collating the responses and their contents, we found that:

- Many local tax authorities expressed their attention to the content of PECC's letter and gave a reply. There are still some tax bureaus that have not given any feedback on the content of the letter. Under the impetus of PECC, four companies requested to be chased (back) taxes and late payment fees.
- As of the release of this report, PECC received specific feedback from 16 tax authorities: 2 tax bureaus said they are in the verification stage; 3 tax bureaus said they have been verified to have recovered the value-added tax, environmental protection tax and added late payment fees of enterprises; Four tax bureaus said that the situation mentioned by PECC in the letter did exist, and the relevant tax preferences of enterprises had been recovered in the early stage; 5 tax bureaus said that the filing time of enterprises after environmental penalties will not affect enterprises to enjoy tax preference.

In light of these findings, we hope that:

- The tax department can strengthen the application of environmental big data, improve the screening ability of environmental compliance of enterprises, widely carry out cooperation with social organizations, and use social forces and professional institutions to help solve environmental problems. Secondly, the environmental protection departments should strengthen the supervision of enterprises, and should not relax the supervision requirements because the environmental protection punishment affects the tax preference, resulting in the polluting enterprises continuing to enjoy the tax preference. Meanwhile, enterprises should actively assume the main responsibility for environmental protection and enjoy tax preferences in a reasonable and compliant manner.
- The new wall material industry needs to do a good job in environmental information disclosure. Ecological and environmental management is becoming more refined, data-based, and intelligent, and a company's environmental information disclosure is a manifestation of taking the initiative to assume social responsibility and is conducive to accepting public supervision. When PECC used the IPE database to search, it was found that some companies had problems with online monitoring data exceeding the standard. We recommend that companies take the initiative to build a blue ecological chain. With the help of new data technology, the blue ecological chain helps companies to obtain information prompts in a timely manner and effectively provide feedback explanations, which can not only enhance the social responsibility image of enterprises, but also provide timely positive feedback to the public on the problems that arise, avoiding the formation of reports at all times and in all matters, and reducing the excessive consumption of valuable administrative resources and the negative impact on enterprises.
- Vigorously promote the development and use of energy-saving building materials. Promoting the

development and use of energy-saving building materials is to meet the needs of green and sustainable development. China's energy consumption in construction is very large, and the impact on the environment cannot be ignored. During the "14th Five-Year Plan" period, China will embark on a new journey of building a socialist modern country in an all-round way. The task of comprehensively improving the efficiency of resource utilization around the theme of promoting high-quality development is more urgent. Focusing on this goal, green buildings will put forward higher standards for the development of new wall materials. On the one hand, new wall materials are required to continue to play an important role in promoting resource conservation and recycling; on the other hand, we need to actively promote the research and development of green building related technologies and promote the application of renewable energy such as solar energy, hydro energy and geothermal energy in buildings, so as to gradually realize the low-carbon of buildings.

In light of these findings, we recommend policy-makers to:

- The tax departments should continue to strengthen data exchange with outside departments, continuously innovate levy and control means, optimize taxation services, strengthen risk prevention and control, and implement tax preferential policies for energy conservation and environmental protection in detail; the environmental protection department should strengthen the supervision of enterprises, and not relax the supervision of enterprises because of environmental protection penalties affecting tax preferences; the enterprises should actively assume the main responsibility for environmental protection, enhance high-quality development, reduce pollution emissions, and enjoy tax preferences in a reasonable manner. The tax departments should continue to strengthen data exchange with outside departments, continuously innovate levy and control means, optimize taxation services, strengthen risk prevention and control, and implement tax preferential policies for energy conservation and environmental protection in detail; the environmental protection department should strengthen the supervision of enterprises, and not relax the supervision of enterprises because of environmental protection penalties affecting tax preferences; the enterprises should actively assume the main responsibility for environmental protection, enhance high-quality development, reduce pollution emissions, and enjoy tax preferences in a reasonable manner.
- As a public welfare and environmental protection organization, PECC will continue to make good use of big data means and professional advantages of the industry, give advice and suggestions on tax work, and jointly promote the healthy development of the national green tax system with the tax authorities. Secondly, PECC will supervise and prompt the abnormal emission data in the production process of the enterprise, and require the enterprise to give feedback and explanation in time. Everyone is the protector, builder and beneficiary of the ecological environment. To adhere to the road of ecological priority and green development, we need the joint participation of many parties, establish and improve the multi governance system, and make green the background of high-quality development.

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