

# Tax Observation (9)

## Tax Observation Report of A-share Listed Companies Associated with Hazardous Waste Enterprises



PECC

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**Abstract:**

In recent years, the CPC Central Committee and The State Council have made a series of important decisions and plans for the prevention and control of hazardous waste pollution. In April 2020, the newly revised Law of *the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* put forward new requirements for the management planning system, ledger, and declaration system of hazardous waste. In May 2021, The General Office of the State Council issued *the Implementation Plan for Strengthening the Supervision, Utilization, and Disposal Capacity of Hazardous Waste*, which explicitly stated that online reporting of hazardous waste generation and online filing of management plans should be achieved. On June 20, 2022, the Ministry of Ecology and Environment issued *the Technical Guidelines for the Formulation of Hazardous Waste Management Plan and Management Ledger*, which set out specific provisions on the application of the national Hazardous waste Information management system to the filing of hazardous waste management plans, the recording of management ledger and the declaration of relevant data. To consolidate and deepen the effectiveness of standardized environmental management of hazardous waste, further tamping the main responsibility of pollution prevention and control of enterprises provides an institutional guarantee.

The rapid development of national industry has produced a large number of hazardous waste by-products. Any behavior that does not regulate the disposal of hazardous waste will cause a serious threat to the ecological environment. According to the open data of provinces and cities nationwide, more than 4000 enterprises are qualified for hazardous waste treatment in China. Therefore, the reasonable disposal and utilization of hazardous waste have always been a hot issue that society pays attention to and studies. To severely crack down on

environmental violations and crimes of hazardous waste, strengthen warning and publicity, and guide standardized management of hazardous waste, on May 6, 2022, the Ministry of Ecology and Environment published 9 typical cases of environmental violations and crimes of hazardous waste, which attracted wide public attention. Illegal disposal of hazardous waste will cause serious pollution to the environment. It is an environmental crime and should be severely cracked down on by local ecological and environmental departments and local governments.

In response to the call for "No Waste city", environmental protection pressure is gradually increasing across the country, and environmental protection policies have been upgraded, which also makes the hazardous waste disposal industry gradually improve the disposal capacity of hazardous waste and expand the scale due to the favorable policy level. Take fiscal and taxation policies as an example. To encourage the upgrading and development of the hazardous waste disposal industry, the state has formulated a series of green tax policies to give tax incentives and convenience to the hazardous waste disposal industry that actively performs its environmental and social responsibilities. Lvse Jiangnan Public Environmental Concern Center (hereinafter referred to as Lvse Jiangnan) observed that some hazardous waste disposal and utilization enterprises due to environmental violations, affect the continued enjoyment of tax incentives.

By observing the environmental supervision of hazardous waste enterprises associated with A-share listed companies and combining it with the annual reports of listed companies, Lvse Jiangnan understands the impact of environmental punishment on hazardous waste enterprises to enjoy green tax incentives. This report focuses on hazardous waste enterprises with environmental supervision records in the past three years (2019-2021) and fines exceeding 10,000 yuan or more. With the help of IPE Azure Map environmental big data, Lvse Jiangnan sorted out 29 listed companies that meet

the requirements, and 30 of its associated hazardous waste enterprises. Besides, the tax incentives enjoyed by hazardous waste enterprises mainly include the value-added tax on comprehensive utilization of resources, environmental protection tax, income tax of high-tech enterprises, etc. In the process of carrying out green tax work, Lvse Jiangnan has been guided by relevant national policies and regulations, committed to helping tax authorities to identify the environmental performance of enterprises, assisting tax authorities to regulate the green tax system, promoting enterprises to independently increase information disclosure, and doing a good job in the disposal and utilization of hazardous waste so that enterprises can achieve high-quality and healthy development.

### **1. Environmental hazards caused by hazardous wastes**

Hazardous waste has five characteristics: toxicity, flammability, reactivity, infectivity, and corrosiveness. Improper disposal will cause serious harm to the ecological environment and threaten human health.

Hazardous wastes pollute the environment mainly in three ways: air, soil, and water:

- (1) Pollution to the atmosphere: Some hazardous wastes are chemically unstable and directly pollute the atmosphere by releasing toxic gases through sublimation, evaporation, or decomposition by microorganisms. In addition, in the process of transporting, storing, and irregularly utilizing hazardous wastes, harmful gases will be produced to pollute the environment.
- (2) Pollution to soil: hazardous waste piled up arbitrarily will occupy land resources, make agricultural land into industrial land, not conducive to the development of agriculture. Hazardous substances such as heavy metals

and organic matter in hazardous wastes will gradually penetrate the surrounding soil over time and be absorbed by surrounding plants, causing environmental harm.

(3) Pollution to the water body: After the hazardous waste enters the water body, the water quality will decrease and endanger the water health of human beings. If the public drinks these polluted water sources and eats aquatic life for a long time, it will directly harm people's health, and even may directly cause death.



Figure 1

## 2. Current situation of hazardous waste utilization and disposal

To strengthen the supervision and management of hazardous waste collection, storage, utilization, and disposal operations, and prevent and control the pollution of the environment by hazardous waste, the state implements a hazardous waste treatment license system to ensure the continuous improvement of the efficiency of hazardous waste treatment, and at the same time to effectively limit the mixing of fish and fish by companies with weak technologies, so that enterprises involved in the treatment of hazardous waste

are in a state of checks and balances. Improve the enthusiasm for hazardous waste treatment.

The rapid development of our economic society leads to increasingly complex environmental problems, one of the important aspects is the impact of hazardous waste on water, air, soil, and another environmental quality is increasingly prominent. Local governments attach increasing importance to the healthy development of the hazardous waste disposal industry. There are more than 4,000 enterprises with hazardous waste disposal qualifications in China, and the level of hazardous waste treatment varies among regions. Economically backward regions produce small amounts of hazardous waste and mainly adopt low-cost methods such as landfill and incineration. The Yangtze River Delta region has a large amount of hazardous waste production and high treatment requirements, so a large number of hazardous waste disposal and reuse units are gathered.

Since 2014, the Ministry of Ecology and Environment (formerly the Ministry of Environmental Protection) has regularly released information on the prevention and control of environmental pollution by the solid waste in the form of annual reports to promote the disclosure of environmental information and increase public participation. Lvse Jiangnan selected the annual reports published in the past four years (2017-2020). Through comparison and observation, the production volume of industrial hazardous waste in large and medium cities in the past four years was basically above 30 million tons, and the comprehensive utilization rate was maintained at about 40%. See Table 1

Table 1 Industrial hazardous waste production and comprehensive utilization rate from 2016 to 2019

| Year | Production volume of industrial hazardous waste (Unit: | Comprehensive utilization rate |
|------|--|--------------------------------|
|------|--|--------------------------------|

|      | 10,000 tons) |       |
|------|--------------|-------|
| 2016 | 3344.6       | 45.3% |
| 2017 | 4010.1       | 48.6% |
| 2018 | 4643.0       | 43.7% |
| 2019 | 4498.9       | 47.2% |

Source: Ministry of Ecology and Environment

It is not only an objective requirement to improve the quality of the ecological environment, but also an important part of the work to deepen the ecological environment. It is also a practical need to build an ecological civilization.

### **3. Green taxation helps hazardous waste enterprises strengthen environmental management**

To improve the efficiency of hazardous waste utilization and treatment and realize the green development of enterprises, the state provides a series of preferential tax policies for hazardous waste utilization and disposal enterprises. Related taxes include environmental protection tax, value-added tax on comprehensive utilization of resources, and corporate income tax.

Environmental tax: Environmental tax implements a positive incentive mechanism of "paying more in rows, paying less in rows, and paying no more in rows". Article 13 of *the Environmental Protection Tax Law of the People's Republic of China* stipulates that if a taxpayer discharges a taxable air pollutant or water pollutant at a concentration less than 30 percent of the pollutant discharge standard set by the State or local government, the environmental protection tax shall be levied at a reduced rate of 75 percent. Where the concentration of taxable air pollutants or water pollutants discharged by a taxpayer is less than 50 percent of the pollutant discharge standards set by the State or local government, the environmental protection tax shall be levied at a reduced rate of 50 percent.

Value-added tax: According to the notice issued by *the State Administration of Taxation of the Ministry of Finance on the Catalogue of Preferential Value Added Tax for Products and Services of Comprehensive Utilization of Resources* (Finance and Taxation [2015] No. 78), "Taxpayers who have enjoyed the policy of VAT collection and refund as stipulated in this notice are punished for violating laws and regulations of tax and environmental protection (except for warning or a fine of less than 10,000 yuan for a single time). They are not allowed to enjoy the VAT immediately collected and refunded policy stipulated in this circular within 36 months from the month after the punishment decision is issued."

In terms of enterprise income tax: according to No. 1580 of the Ministry of Finance and Reform [2016], "If there is any illegal act of pollutant emission standard or pollutant emission exceeding the total emission control target of key pollutants, the enterprise income tax preferential treatment for environmental protection projects will be stopped by relevant regulations of the Ministry of Finance and the State Administration of Taxation". According to the Notice of the Ministry of Finance, *the State Administration of Taxation, the National Development and Reform Commission on the Release of the Preferential Catalogue of Enterprise Income Tax for Environmental Protection, Energy Saving and Water Saving Projects (Trial)* (Finance and Taxation [2009] No. 166), one of the preconditions for enjoying the preferential treatment is to meet the national and local pollutant discharge standards and the total emission control target of key pollutants. In addition, in 2007, the "New Tax Law" was promulgated and implemented on January 1, 2008. Chapter IV Tax Incentives Article 28 stipulates that "for high-tech enterprises in need of key support by the state, the enterprise income tax shall be levied at a reduced rate of 15%", which also clearly puts forward preferential tax policies enjoyed by high enterprises. There is a clear provision in the recognition conditions of high-tech



enterprises, "no major safety, major quality accidents or serious environmental violations occurred in the year before the enterprise application for recognition", these major environmental pollution problems or accidents will have an impact on the tax incentives of enterprises.

In addition, according to the relevant provisions of "Administrative Measures for the Identification of New and High-tech Enterprises" (Guokehuo [2016] 32), the accreditation agency shall cancel the qualification of the new and high-tech enterprise if the recognized high-tech enterprise has any of the following behaviors:

- (1) Serious fraud in the process of applying for recognition;
- (2) Serious tax evasion or fraud;
- (3) Occurrence of major safety and quality accidents or serious environmental violations;
- (4) Failing to report the name change or major changes related to the recognition conditions on schedule, or failing to fill in the annual development statement for two years accumulatively.

An enterprise whose qualification as a high-tech enterprise has been revoked shall, by *the Tax Administration Law* and relevant provisions, recover the preferential tax treatment for high-tech enterprises that it has enjoyed since the year in which the above-mentioned act occurred.

#### **4. Environmental performance of hazardous waste enterprises associated with A-share listed companies is linked to green tax incentives**

With the help of the big data of the Azure Map, Lvse Jiangnan selected hazardous waste disposal enterprises with environmental supervision records and fines of more than 10000 yuan in 2019-2021 as the key observation objects

of this time. A total of 29 listed companies and 30 affiliated enterprises are involved; 17 listed companies directly hold shares, and 11 listed companies hold more than 50% of shares; There are 18 indirect shares, and 8 indirect shares account for more than 50%. See Table 2

Table 2 Relevant information about A-share listed companies' shareholding in related enterprises

| Code of Listed Company | Listed company for short             | Direct share holding | Indirect share holding | Name of Associated Enterprise  |
|------------------------|--------------------------------------|----------------------|------------------------|--|
| 300070                 | BiShuiyuan                           | 0                    | 44.4138                | Yunnan Zhengxiao Environmental Protection Investment Co., LTD                    |
| 300056                 | Zhongchuang Environmental Protection | 63.71                | 0                      | Jiangxi Xiangsheng Environmental Protection Technology Co., LTD                  |
| 300234                 | Kaier new material                   | 0                    | 12.202839              |  |
| 300055                 | Wambonda                             | 100                  | 0                      | Jilin Province Solid Waste Treatment Co. LTD                                     |
| 002266                 | Zhefu Holdings                       | 0                    | 100                    | Taixing Shenlian Environmental Protection Technology Co., LTD                    |
|                        |                                      | 40%                  | 0                      | Hangzhou Fuyang Shenneng Solid Waste Environmental Protection Recycling Co., LTD |
| 002496                 | ST Fenghui                           | 35%                  | 0                      | Yancheng Xinyu Huifeng Environmental Protection Technology Co., LTD              |
| 000546                 | Jinyuan Shares                       | 0                    | 51                     | Chongqing Zhongsi Runhe Environmental Protection Technology Co., LTD             |
| 600388                 | Longjing Environmental Protection    | 100                  | 0                      | Taizhou Dechang Environmental Protection Co., LTD                                |
| 601117                 | Chinese Chemistry                    | 0                    | 29.6463                | Anhui Donghua Tongyuan Ecological Technology Co., LTD                            |
| 002140                 | Donghua Technology                   | 51                   | 0                      |  |

|        |                                    |         |           |  |
|--------|------------------------------------|---------|-----------|--|
| 688679 | Tongyuan environment               | 39      | 0         |  |
| 600970 | Sinoma International               | 0       | 100       | Liyang Sinoma Environmental Protection Co., LTD                                    |
| 002672 | Dongjiang Environmental Protection | 0       | 49        | Langfang Lessos Environmental Technology Co., LTD                                  |
|        |                                    | 60      | 0         | Xiamen Dongjiang Environmental Protection Technology Co., LTD                      |
| 000401 | Jidong Cement                      | 100     | 0         | Beijing Jinyu Liushui Environmental Protection Technology Co., LTD                 |
|        |                                    | 90      | 0         | Quyong Jinyu Cement Co. LTD  |
| 600111 | Northern rare earth                | 0       | 100       | Baotou Luyuan Hazardous Waste Disposal Co. LTD                                     |
| 002531 | Tianshun wind energy               | 0       | 45        | Jiangsu Yizhou Renewable Resources Technology Co. LTD                              |
| 600782 | Xinyu Iron & Steel                 | 20      | 0         | Xinyu Minxin Resource Comprehensive Utilization Technology Co., LTD                |
| 603188 | Albon Shares                       | 15      | 0         | Jiangsu Renxin Environmental Protection Technology Co., LTD                        |
|        |                                    | 100     | 0         | Lianyungang Saike Waste Disposal Co., LTD  |
| 002483 | Runbang Corporation                | 0       | 30        | Beijing Control Environmental Protection Technology Development Changzhou Co., LTD |
|        |                                    | 0       | 99        | Suqian CPC Youyi Environmental Protection Service Co., LTD                         |
| 002573 | Qingxin environment                | 0       | 50.9966   | Xinjiang Jinpai Environmental Protection Technology Co., LTD                       |
| 601168 | Western Mining                     | 0       | 18.202355 | Qinghai Qiaodian Industrial Co., LTD   |
| 600489 | China Gold                         | 98.0719 | 0         | Tongguan Zhongjin Smelting Co., LTD  |
| 000960 | Xiye Holdings                      | 0       | 14.78608  | Yunnan Yun Copper and  |

|        |                               |     |     |   |
|--------|-------------------------------|-----|-----|---|
|        |                               |     |     | Zinc Industry Co. LTD   |
| 600789 | Lukang medicine               | 40  | 0   | Shandong Lukang Zhonghe Environmental Protection Technology Co. LTD |
| 601200 | Shanghai Environment          | 70  | 0   | Shanghai Chengtou Yingzhou Household Waste Disposal Co., LTD        |
| 002400 | Runtu shares                  | 100 | 0   | Zhejiang Taibang Environmental Technology Co., LTD                  |
| 600812 | Huabei Pharmaceutical         | 0   | 40  | Hebei Yinfa Huading Environmental Protection Technology Co., LTD    |
| 000826 | Qidi Environment              | 0   | 10  | Chengwu Derun Environmental Protection Energy Co., LTD              |
| 600292 | Yuanda Environment Protection | 0   | 51  | Anhui Yuanda Catalyst Co., LTD                                      |
|        |                               | 0   | 100 | Chongqing Yuanda Catalyst Comprehensive Utilization Co. LTD         |

Data source: Azure Map

By inquiring about the annual reports of listed affiliated enterprises, we can further understand the situation of enterprises enjoying tax incentives. 13 affiliated enterprises of 12 listed companies disclosed in the annual report that affiliated hazardous waste enterprises enjoy tax incentives; In the annual report of 21 affiliated enterprises of 19 listed companies, there is no information about relevant hazardous waste enterprises enjoying tax incentives (see Table 3).

Table 3 Tax incentives enjoyed by hazardous waste enterprises associated with A-share listed companies from 2019 to 2021

| Code of Listed Company | Listed company for short | Name of Associated Enterprise | Enjoyment of tax incentives |      |      |
|------------------------|--------------------------|-------------------------------|-----------------------------|------|------|
|                        |                          |                               | 2019                        | 2020 | 2021 |
| 300070                 | BiShuiyuan               | Yunnan                        | /                           | /    | /    |

|        |                                     |  |  |   |                      |
|--------|-------------------------------------|--|--|---|----------------------|
|        |                                     | Zhengxiao Environmental Protection Investment Co., LTD                           |  |   |                      |
| 300056 | Zhongchuan Environmental Protection | Jiangxi Xiangsheng Environmental Protection Technology Co., LTD                  | Value-added tax and enterprise income tax for comprehensive utilization of resources   |   |                      |
| 300234 | Kaier new material                  |  | /  | /   | /                    |
| 300055 | Wambonda                            | Jilin Province Solid Waste Treatment Co. LTD                                     | Due to the penalty of environmental protection, the preferential value-added tax of comprehensive utilization of resources was stopped and the tax was recovered |   |                      |
| 002266 | Zhefu Holdings                      | Taixing Shenlian Environmental Protection Technology Co., LTD                    | /  | /   | Corporate income tax |
|        |                                     | Hangzhou Fuyang Shenneng Solid Waste Environmental Protection Recycling Co., LTD | Corporate income tax   | Value-added tax for comprehensive utilization of resources, enterprise income tax, and income tax for high-tech enterprises |                      |
| 002496 | ST Fenghui                          | Yancheng Xinyu Huifeng Environmental Protection Technology Co., LTD              | /  | /   | /                    |
| 000546 | Jinyuan Shares                      | Chongqing Zhongsi Runhe Environmental Protection Technology Co., LTD             | /  | /   | /                    |
| 600388 | Longjing                            | Taizhou  |  | Corporate income  |                      |

|        |                                    |  |                                     |                      |                              |
|--------|------------------------------------|--|-------------------------------------|----------------------|------------------------------|
|        | Environmental Protection           | Dechang Environmental Protection Co., LTD                          |                                     | tax                  |                              |
| 601117 | Chinese Chemistry                  | Anhui Donghua Tongyuan Ecological Technology Co., LTD              | /                                   | /                    | /                            |
| 002140 | Donghua Technology                 |  | /                                   | /                    | Corporate income tax         |
| 688679 | Tongyuan environment               |  |                                     |                      |                              |
| 600970 | Sinoma International               | Liyang Sinoma Environmental Protection Co., LTD                    | /                                   | Corporate income tax |                              |
| 002672 | Dongjiang Environmental Protection | Langfang Lessos Environmental Technology Co., LTD                  | /                                   | /                    | /                            |
|        |                                    | Xiamen Dongjiang Environmental Protection Technology Co., LTD      | /                                   | /                    | /                            |
| 000401 | Jidong Cement                      | Beijing Jinyu Liushui Environmental Protection Technology Co., LTD | Income tax on high-tech enterprises |                      |                              |
|        |                                    | Quyang Jinyu Cement Co. LTD  | /                                   | /                    | Environmental protection tax |
| 600111 | Northern rare earth                | Baotou Luyuan Hazardous Waste Disposal Co. LTD                     | /                                   | /                    | /                            |
| 002531 | Tianshun wind energy               | Jiangsu Yizhou Renewable Resources                                 | /                                   | /                    | /                            |

|        |                        |  |   |  |   |
|--------|------------------------|--|---|--|---|
|        |                        | Technology Co.<br>LTD  |   |  |   |
| 600782 | Xinyu Iron<br>& Steel  | Xinyu Minxin<br>Resource<br>Comprehensive<br>Utilization<br>Technology Co.,<br>LTD                   | /   | /  | / |
| 603188 | Albon<br>Shares        | Jiangsu<br>Renxin<br>Environmental<br>Protection<br>Technology Co.,<br>LTD                           | /   | /  | / |
|        |                        | Lianyungang<br>Saiké Waste<br>Disposal Co., LTD  | Value-<br>added<br>tax on<br>compre-<br>hensive<br>utiliza-<br>tion of<br>resource-<br>es | /  | / |
| 002483 | Runbang<br>Corporation | Beijing Control<br>Environmental<br>Protection<br>Technology<br>Development<br>Changzhou Co.,<br>LTD | /   | /  | / |
|        |                        | Suqian CPC<br>Youyi<br>Environmental<br>Protection Service<br>Co., LTD                               | /   | Income tax on<br>high-tech<br>enterprises  |   |
| 002573 | Qingxin<br>environment | Xinjiang Jinpai<br>Environmental<br>Protection<br>Technology Co.,<br>LTD                             | Value-<br>added tax<br>on<br>compre-<br>hensive<br>utilization<br>of<br>resources         | From<br>Januar-<br>y to<br>March<br>2019,<br>the<br>compre<br>hensive<br>utilizati | / |

|        |                          |  |                              |  |                                 |
|--------|--------------------------|--|------------------------------|--|---------------------------------|
|        |                          |  |                              | on of<br>resourc<br>es will<br>enjoy<br>value-<br>added<br>tax |                                 |
| 601168 | Western<br>Mining        | Qinghai<br>Qiaodian Industrial<br>Co., LTD   | /                            | /  | /                               |
| 600489 | China Gold               | Tongguan<br>Zhongjin Smelting<br>Co., LTD  | Encourage industry           |  |                                 |
| 000960 | Xiye<br>Holdings         | Yunnan Yun<br>Copper and Zinc<br>Industry Co. LTD                                  | /                            | /  | /                               |
| 600789 | Lukang<br>medicine       | Shandong<br>Lukang Zhonghe<br>Environmental<br>Protection<br>Technology Co.<br>LTD | /                            | /  | /                               |
| 601200 | Shanghai<br>Environment  | Shanghai<br>Chengtou<br>Yingzhou<br>Household Waste<br>Disposal Co., LTD           | Corpora-<br>te income<br>tax |  | Corpor-<br>ate<br>income<br>tax |
| 002400 | Runtu<br>shares          | Zhejiang<br>Taibang<br>Environmental<br>Technology Co.,<br>LTD                     | /                            | /  | /                               |
| 600812 | Huabei<br>Pharmaceutical | Hebei Yinfa<br>Huading<br>Environmental<br>Protection<br>Technology Co.,<br>LTD    | /                            | /  | /                               |
| 000826 | Qidi<br>Environment      | Chengwu<br>Derun<br>Environmental<br>Protection Energy<br>Co., LTD                 | /                            | /  | /                               |
| 600292 | Yuanda                   | Anhui Yuanda   | /                            | /  | /                               |



|  |                        |   |   |  |  |
|--|------------------------|---|---|--|--|
|  | Environment Protection | Catalyst Co., LTD   |   |  |  |
|  |                        | Chongqing Yuanda Catalyst Comprehensive Utilization Co. LTD | Enterprise income tax for the development of the western Region |  |  |

Data source: Azure Map, Great Tide Information Network

## **5. The penalty of environmental protection affects the preferential policy of VAT on collection and refund for comprehensive utilization of resources**

Jilin Solid Waste Treatment Co., LTD. (hereinafter referred to as Jilin Solid Waste), a wholly-owned subsidiary of listed company Beijing Wanbangda Environmental Protection Technology Co., LTD. (Stock name: Wanbangda Code: 300055), was fined by Jilin Environmental Protection Bureau in September 2017 (see Figure 2). According to *the provisions of Article 4 of Notice of Ministry of Finance and State Administration of Taxation on Issuing Preferential List of Value-added Tax for Products and Services of Comprehensive Utilization of Resources* (Finance and Taxation [2015] No. 78), the VAT policy stipulated in Notice [2015] No. 78 of Finance and Taxation is not applicable within 36 months from the next month when the punishment decision is issued. After communication with the Longtan Tax Bureau of Jilin City, it is determined that Jilin solid waste should return the VAT that has been received since October 2017 according to the above policy and pay the late fee. Wanbonda made this disclosure in its 2019 annual report (see Figure 3).



Figure 2 Environmental supervision records of Jilin Solid Waste Treatment Co., LTD



Figure 3 Wanbonde's 2019 annual report disclosed tax incentives

The listed company Beijing Qingxin Environmental Technology Co., LTD. (hereinafter referred to as Qingxin Environmental) (stock abbreviation: 002573) indirectly holds more than 50% of the related enterprise Xinjiang Jinpai Environmental Protection Technology Co., LTD. (hereinafter referred to as Jinpai Environmental Protection), because the non-ferrous metal dry process

workshop renovation project was not approved on April 15, 2019. He was fined 48,000 yuan by the local ecological environment department (see Figure 4). According to the *Notice of VAT Preference on Products and Services of Comprehensive Utilization of Resources* issued by the Ministry of Finance and the State Administration of Taxation (No. 78 of Finance and Taxation [2015]), the enterprise will suspend the preferential policy of VAT of comprehensive utilization of resources upon collection and refund. In the 2021 Annual report, Clean Environment explains the environmental penalties imposed by Kingpai Environmental Protection and the impact on tax incentives (see Figure 5).

The screenshot shows the IPE website interface. At the top, there is a navigation bar with links for Home, Environment Map, Climate Action, Corporate Performance, Green Supply Chain, Green Finance, Research Report, and About Us. The main content area displays the company name '新疆金派环保科技有限公司' (Xinjiang Jinpai Environmental Technology Co., LTD) with a '关注' (Follow) button. Below this, there are various environmental supervision records categorized by type, such as '限期整改' (Limit rectification), '自动监测' (Automatic monitoring), etc. A dropdown menu shows the year '2019 (2)'. The content section is titled '内容 (2019)' and contains a notice about the public disclosure of environmental administrative penalty cases in Wujiaochang Market in 2019. A table lists the penalty details for Xinjiang Jinpai Environmental Technology Co., LTD.

| 被处罚企业名称      | 处罚决定书文号         | 主要环境违法行为       | 处罚依据                       | 处罚种类 | 处罚金额 (万元) | 是否执行到位 | 是否强制执行 |
|--------------|-----------------|----------------|----------------------------|------|-----------|--------|--------|
| 新疆金派环保科技有限公司 | 五市环罚字 [2019] 6号 | 违反建设项目环境影响评价制度 | 依据《中华人民共和国环境影响评价法》第三十一条第一款 | 罚款   | 4.8       | 是      | 否      |

Figure 4 Environmental supervision record of Xinjiang Jinpai Environmental Technology Co., LTD

|  |
|--|
| <p><b>2、税收优惠</b></p> <p>(1) 增值税</p> <p>1) 根据财政部、国家税务总局《关于资源综合利用产品和劳务增值税优惠的通知》(财税[2015]78号), 纳税人销售自产的资源综合利用产品和提供资源综合利用劳务, 可享受增值税即征即退政策; 本集团资源综合利用业务享受此优惠政策。</p> <p>注: 2019年4月15日, 金派环保由于对有色金属干法车间改造项目未批先建, 被五家渠市环境保护局给予行政处罚, 收到《行政处罚事先告知书》(五市环罚告字[2019]6号), 罚款4.8万元, 上述行政处罚导致金派环保享受的增值税即征即退优惠政策被税务部门暂停, 暂停期限: 36个月, 自2019年4月至2022年4月。</p> |
|--|

Figure 5 The Qinxin Environment 2021 report disclosed tax incentives

Environmental violations will not only cause the enterprise to be fined by the environmental protection department but also affect the enterprise's enjoyment of preferential tax policies in the later period. Therefore, we call on hazardous waste enterprises to actively abide by relevant laws and regulations, while developing the economy to protect the environment and help the development of our environmental protection cause.

## 6. Several hazardous waste enterprises enjoy preferential income tax for high-tech enterprises

Enterprises that have major safety and quality accidents or serious environmental violations will be disqualified as high-tech enterprises. With the help of the environmental big data of Azure Map Map, Lvse Jiangnan found that many hazardous waste enterprises had environmental supervision records and were fined (see Table 3). However, since they did not belong to serious environmental illegal behaviors, they did not affect the qualification of high enterprises (see Figures 6, 7, 8, 9).

Table 4 High tax incentives enjoyed by three hazardous waste enterprises

| Code of Listed Company | Listed company for short | Name of Enterprise | Environmental Regulation | Enjoyment of tax incentives |
|------------------------|--------------------------|--------------------|--------------------------|-----------------------------|
|------------------------|--------------------------|--------------------|--------------------------|-----------------------------|

|        |                     |  |   |  |
|--------|---------------------|--|---|--|
| 002266 | Zhefu Holdings      | Hangzhou Fuyang Shenneng Solid Waste Environmental Protection Recycling Co., LTD | Hang Huanfu Penalty [2021] No. 2000162, Fine: 541,000 yuan  | In 2020, it will be recognized as a high-tech enterprise |
| 000401 | Jidong Cement       | Beijing Jinyu Liushui Environmental Protection Technology Co., LTD               | Beijing Environmental Supervision Penalty Word (2021)150, fine: 50,000 yuan; Beijing Environmental Supervision Penalty Word (2021) No. 133, fine: 25,000 yuan | In 2019, it was identified as a high-tech enterprise     |
| 002483 | Runbang Corporation | Suqian CPC Youyi Environmental Protection Service Co., LTD                       | Suhuan Penalty Zi [2020] (1) 37, fine: 200,000 yuan   | In 2019, it was identified as a high-tech enterprise     |

## 2、税收优惠

1. 根据全国高新技术企业认定管理工作领导小组办公室《关于浙江省 2020 年高新技术企业备案的复函》（国科火字（2020）251 号），浙富水电公司、浙富临海公司、申能环保公司被认定为高新技术企业，认定有效期3年（2020年至2022年），本期按15%的税率计缴企业所得税。

Figure 6 The annual report of Zhefu Holdings in 2020 disclosed tax incentives

（6）2019年11月22日，本公司之全资子公司宿迁中油优艺环保服务有限公司通过了高新技术企业认证并收到了江苏省科技厅、江苏省财政厅、江苏省国家税务局及江苏省地方税务局联合颁发的《高新技术企业证书》，证书编号为GR201932003582号，有效期为三年。2020年度该子公司享受15%的所得税优惠税率。

Figure 7 Runbang Share 2020 annual report disclosed tax incentives

## 2、税收优惠

### (1) 所得税优惠政策

根据财税[2011]58号文件《关于深入实施西部大开发战略有关税收政策问题的通知》和国家税务总局公告2012年第12号《关于深入实施西部大开发战略有关企业所得税问题的公告》，包头冀东水泥有限公司、内蒙古亿利冀东水泥有限责任公司、冀东水泥凤翔有限责任公司、陕西冀东物流服务股份有限公司、米脂冀东水泥有限公司征得主管税务机关同意2019年减按15%的税率缴纳企业所得税。

经各公司申报，税务局备案，依据《中华人民共和国企业所得税法》第二十八条第二款，北京金隅红树林环保技术有限责任公司、北京生态岛科技有限责任公司、北京金隅北水环保科技有限公司、唐山冀东水泥外加剂有限责任公司、吉林金隅冀东环保科技有限公司、北京金隅琉水环保科技有限公司、陵川金隅水泥有限公司、北京金隅水泥节能科技有限公司按照国家需要重点扶持的高新技术企业政策，减按15%的税率征收企业所得税。

Figure 8 Jidong Cement 2019 annual report disclosed tax incentives

附件：

### 北京市 2019 年第二批拟认定高新技术企业名单

|   |                     |
|---|---------------------|
| 1 | 北京 [REDACTED] 有限公司  |
| 2 | 北京 [REDACTED] 有限公司  |
| 3 | 北京 [REDACTED] 有限公司  |
| 4 | 北京 [REDACTED] 有限公司  |
| 5 | 北京金隅琉水环保科技有限公司      |
| 6 | [REDACTED] 智能科技有限公司 |

Figure 9 The second batch of high-tech enterprises to be recognized in 2019 in Beijing

In addition, some hazardous waste enterprises have poor environmental performance and have been fined by environmental protection authorities for three consecutive years. For example: Yancheng Xinyu Huifeng Environmental Protection Technology Co., LTD. As a hazardous waste management enterprise, it is a "pollution-killer", but it becomes a "polluter". In addition to paying fines, it cannot enjoy tax incentives related to environmental governance.

Table 5 Environmental supervision situation of Yancheng Xinyu Huifeng Environmental Protection Technology Co., LTD

| Name of Enterprise | Environmental Regulation  | Environmental regulatory record   |
|--------------------|---|---|
| Yancheng Xinyu     | Yanhuan Da penalty Zi 75 [2022]<br>Fine: 617,000 yuan<br>Yanhuan Da | <a href="http://www.ipe.org.cn/IndustryRecord/regulatory-record.aspx?companyId=163905&amp;dataType=0&amp;isyh=0&amp;showtype=0">http://www.ipe.org.cn/IndustryRecord/regulatory-record.aspx?companyId=163905&amp;dataType=0&amp;isyh=0&amp;showtype=0</a> |

|  |  |  |
|--|--|--|
| Huifeng<br>Environmental<br>Protection<br>Technology Co.,<br>LTD | penalty Zi 84 [2021]<br>Fine: 26,000 yuan<br>Yanhuan Penalty<br>Word No. 39 [2020] Fine:<br>100,000 yuan |  |
|--|--|--|

Data source: Azure Map

## 7. Development Initiatives

### (1) Raise law enforcement standards and improve corporate environmental responsibility

Hazardous waste has the characteristics of great harm, wide range of pollution, difficult treatment and disposal, rapid increase and so on. Failure to deal with hazardous waste in time will not only cause the waste of resources, but also cause harm to the ecological environment and human health. Therefore, hazardous waste treatment and disposal has become the focus of law enforcement supervision at this stage. Both enterprises that produce hazardous waste and those that specialize in the treatment or comprehensive utilization of hazardous waste need to fulfill their main responsibility for environmental protection, improve the management level of hazardous waste, strengthen supervision over the whole process of hazardous waste, and effectively prevent and control environmental risks at the source.

### (2) Standardized and scientific treatment of hazardous waste

The theory of ecological environmental protection in the new era has put forward higher requirements for the treatment and disposal of hazardous waste by relevant departments. The disposal and utilization technology of hazardous waste should not only be continuously improved, but also strictly abide by the requirements of scientific and standardized environmental protection policies.

Under the new situation, the treatment technology of hazardous waste mainly includes three kinds: landfill disposal technology, incineration treatment technology and pretreatment technology. Reasonable and full use of industry-related waste treatment technology and comprehensive treatment of industrial hazardous waste can not only achieve the main purpose of protecting resources but also effectively avoid the secondary pollution of the environment.

### **(3) Listed companies continue to improve their environmental performance to achieve green development**

In order to promote listed enterprises to comply with national laws and regulations and reduce investment risks caused by the environment, listed enterprises should do a good job in environmental protection verification, improve relevant regulations on environmental protection supervision and verification, urge relevant hazardous waste units to strengthen technical training, and require relevant enterprises to timely rectify environmental problems. In addition, listed companies should regularly voluntarily, truthfully and completely disclose environmental information to enhance their sense of social responsibility; Enterprises need to pay more attention to the promotion of environmental tax knowledge, and want to enjoy the double dividends of green tax while regulating their own environmental behavior.

### **(4) With the help of social forces, the establishment of public participation in enterprise environmental supervision mechanism**

The standardized operation of hazardous waste utilization and disposal enterprises plays a key role in further enhancing the utilization value of social resources and reducing environmental pollution. Therefore, enterprises should standardize their own environmental performance, consciously participate in



the practice of environmental governance, give play to their subjective role, and timely disclose environmental information, take the initiative to accept the supervision of social forces. Tax authorities should give full play to their tax functions, strengthen coordination and information sharing with finance, ecological and environmental departments, and further implement tax and fee reduction policies. Environmental organizations should give full play to the professionalism of environmental supervision, and engage in consultative communication with relevant departments on solutions to environmental problems through letters and phone calls. The government, enterprises and society should actively engage in equal-footed dialogue, use tax leverage to stimulate enterprises' internal driving force for environmental protection, and give full play to the function of the "green tax system" in promoting green development.