

# Green Tax (13)

## Observation Report on the Environment and tax of New wall materials in China (3)



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## **Abstract**

Building materials industry is an important basic industry for national economic and social development, and it is also a key industry for energy consumption and carbon emissions in the industrial field. In November 2022, the four departments issued the notice of *Carbon Peak Implementation Plan for Building Materials Industry*, which mentioned that during the "14th Five-Year Plan" period, the structural adjustment of building materials industry has made significant progress, the industry's energy-saving and low-carbon technology has continued to promote, and the unit energy consumption and carbon emission intensity of key products such as cement, glass and ceramics have continued to decline. The comprehensive energy consumption of cement clinker per unit product is reduced by more than 3%. During the "15th Five-Year Plan" period, the industrialization of green and low-carbon key technologies in the building materials industry has achieved major breakthroughs, the replacement level of raw fuel has been greatly improved, and an industrial system for green and low-carbon circular development has been basically established to ensure that the building materials industry can achieve carbon peak before 2030.

In order to promote the sustainable development of the construction industry, the government has introduced a series of policies to support the development of new wall material enterprises. For example: provide financial subsidies, tax relief, research and development funding support and other policies. However, the environmental performance of some new wall material enterprises is unsatisfactory, and they have been punished for environmental protection many times.

The environmental performance of new wall material enterprises and the enjoyment of tax incentives have always been the focus of Green Jiangnan. In

this report, Green Jiangnan sorted out the "Information of taxpayers who enjoy the VAT policy of new wall materials in 2022" published on the official website of the tax Bureau of 36 provinces, autonomous regions, municipalities directly under the Central Government and planned cities, and a total of 1,430 enterprises enjoyed tax incentives.

**Table 1: The number of enterprises that enjoy the VAT of new wall materials immediately collected and refunded in the place in 2012**

<b>No.</b>	<b>district</b>	<b>Number of enterprises</b>
1	Anhui	97
2	Dalian	5
3	Fujian	43
4	Gansu	23
5	Guangdong	82
6	Guangxi	67
7	Guizhou	16
8	Hainan	61
9	Hebei	59
10	Henan	15
11	Heilongjiang	10
12	Hubei	35
13	Hunan	38
14	Jilin	28
15	Jiangsu	170
16	Jiangxi	53
17	Liaoning	15
18	Inner Mongolia	11
19	Ningbo	25
20	Ningxia	3
21	Qingdao	3
22	Qinghai	2
23	Xiamen	0
24	Shandong	89
25	Shanxi	14
26	Shaanxi	23
27	Shanghai	5
28	Shenzhen	3
29	Sichuan	70

30	Tianjing	9
31	Tibet	4
32	Xinjiang	17
33	Yunnan	46
34	Zhejiang	243
35	Chongqing	41
36	Beijing	5
Total		1430

With the help of the big data of the blue map environment, 47 new wall material enterprises were finally identified as the focus of observation in this report. For suspected illegal enterprises enjoying tax incentives, Lvse Jiangnan actively communicated and confirmed with tax bureaus across the country in the form of letters. As of the release of this report, Lvse Jiangnan has received a total of 8 specific replies from local tax bureaus, 7 enterprises have been pursued for tax payment, and 3 enterprises have been disqualified for preferential tax treatment. With the assistance of Lvse Jiangnan, Ningxia and Liaoning Yingkou Tax Bureau opened the Blue map white list, hoping to use the application of blue map big data to query the environmental supervision of enterprises in their jurisdictions in a timely manner and provide convenience for the work of tax departments. Since the implementation of green tax work in 2020, Lvse Jiangnan has assisted tax authorities to collect nearly 50 million yuan in taxes; More and more tax authorities trust and are willing to use Weilan Map big data to retrieve environmental information such as regulatory records of enterprises through the application of environmental big data to further improve the accuracy of tax preferential policies for enterprises, so that tax incentives can really be used for enterprises with good environmental performance.

## **1. Development prospect of new wall materials**

With the development of society, the state implements the wall reform policy to achieve the purpose of protecting land and saving energy. After more than 30

years of development, China's new wall material industry has embarked on the road of multi-variety development, high-quality, multi-functional wall material products have become the inevitable choice for the development of the construction industry.

The new wall material takes fly ash, coal gangue, stone powder, slag and bamboo charcoal as the main raw materials. It has the characteristics of light weight, heat insulation, sound insulation, heat preservation, no formaldehyde, no benzene and no pollution. Some new composite energy-saving wall materials set fire, waterproof, moisture-proof, sound insulation, heat insulation, heat preservation functions in one. The use of new wall materials can effectively reduce environmental pollution and save a lot of production costs. New wall material enterprises have good development prospects under the background of market demand growth, technological innovation, market competition, environmental awareness enhancement and policy support.

## **2. Tax incentives for new wall materials**

According to the Circular of the Ministry of Finance and the State Administration of Taxation on the Issuance of the Circular on the Value-added Tax Policy Regarding New Wall Materials (Cai Shui [2015] No. 73), the policy of immediate refund of 50% of the value-added tax (VAT) shall be implemented for the taxpayers' sales of self-produced new wall materials included in the Catalogue of New Wall Materials Enjoying the Policy of Immediate Refund of the VAT annexed to this Circular. Taxpayers enjoying the policy of instant VAT refund under this Circular who have been penalized for violating laws and regulations on taxation and environmental protection (except for a warning or a single fine of less than 10,000 yuan) shall not be entitled to the policy of instant VAT refund under this Circular for a period of 36 months starting from the next month after the decision on the penalty has been issued.

The tax authorities of each province, autonomous region, municipality directly under the Central Government and planned city shall, on their websites before the end of February each year, publicize the taxpayers who enjoy the VAT collection and refund policy provided for in this notice according to the following items: taxpayer name, taxpayer identification number, and name of new wall materials.

### 3. Feedback and analysis from tax authorities

According to the information of taxpayers who enjoy the VAT policy of new wall materials in 2022 published on the official website of the provincial and municipal tax bureau, and with the help of the big data of the blue map environment, Lvse Jiangnan screened out 47 enterprises suspected of illegal tax incentives, and actively communicated with 15 provincial and municipal tax departments.

**Table 2: Objects observed in the current report**

No.	district	Number of enterprises
1	Anhui	7
2	Fujian	2
3	Guangdong	5
4	Guangxi	6
5	Guizhou	1
6	Hainan	3
7	Hebei	2
8	Henan	1
9	Hunan	1
10	Jiangxi	1
11	Liaoning	1
12	Inner Mongolia	2
13	Shaanxi	2
14	Sichuan	2
15	Zhejiang	11
Total		47

47 enterprises have environmental penalties in 2020-2022 and the amount of fines exceeds  
10,000 yuan

As of the release of this report, Lvse Jiangnan has received specific responses from 8 tax bureaus, 7 enterprises have been pursued for tax payment, and 2 tax bureaus have opened the blue map white list.

Through the analysis of the environmental punishment content of 47 enterprises that are focused on this time, we can see that the environmental punishment of new wall material enterprises is mainly based on atmospheric, dust and dust pollution, and the penalty amount is mostly concentrated in 100,000 yuan and above. For example, Chongzuo City Lianxing Building Materials Co., Ltd. was fined 406,903 yuan for exceeding the concentration of sulfur dioxide, according to the provisions of the first paragraph (2) of Article 99 of the Law of the People's Republic of China on the Prevention and Control of Air pollution, "exceeding the emission standard of air pollutants or exceeding the total emission control index of key air pollutants, The competent department of ecological environment of the people's government at or above the county level shall order rectification or restriction of production or suspension of production for rectification, and impose a fine of not less than 100,000 yuan but not more than one million yuan."



Figure 1 Chongzuo City Lianxing Building Materials Co., Ltd. environmental punishment

Wenzhou Longwan Aosen Wall Material Co., Ltd. was fined 35,400 yuan by the local ecological environment department for excessive noise emission and failure to take cover measures to prevent dust pollution from construction waste piles that are prone to generating dust. According to Article 75 of the Law of the People's Republic of China on the Prevention and Control of Noise Pollution, "whoever, in violation of this Law, discharges industrial noise without a discharge permit or in excess of the noise emission standards shall be ordered by the competent department of ecological environment to make corrections or restrict production or stop production for rectification, and shall be fined not less than 20,000 yuan but not more than 200,000 yuan; If the circumstances are serious, it shall be reported to and approved by the people's government with the power of approval and ordered to suspend business or close down." Article 117 (2) "Whoever commits any of the following acts in violation of the provisions of this Law shall, in accordance with their functions and duties, be ordered by the competent department of ecology and environment of the people's



government at or above the county level to make corrections and be imposed a fine of not less than 10,000 yuan but not more than 100,000 yuan; (2) For materials that are prone to generating dust that cannot be sealed, do not set a tight enclosure not lower than the height of the pile, or do not take effective covering measures to prevent dust pollution "provisions.

The screenshot shows the IPE website interface. At the top, there is a navigation bar with links for '首页', '环境地图', '气候行动', '企业表现', '绿色供应链', '绿色金融', '研究报告', and '关于我们'. The main content area features the company name '温州市龙湾奥森墙体材料股份有限公司' with a '存续' status and a '+ 关注' button. Below this, the '官方环境信用等级' is listed as '2023年'. A '展开企业基本信息' link is also present. The '环境监管记录' section includes sub-categories like '限期整改', '自动监测', '企业反馈', '排放数据', '重点监控', '监督性监测', and '政府绩效分级'. A list of records is shown, including '正面清单', '限停产豁免', '清洁生产审核', '突发事件风险', '双随机', '限停产', '事故/事件', '安全监管记录', and '环评'. A dropdown menu for '年份(来源):' is set to '2022 (3)'. The content for 2022 includes '温州市生态环境局' and '行政处罚决定书' with the reference number '温环龙罚〔2022〕47号'.

Figure 2 Wenzhou Longwan Aosen Wall Material Co., LTD. Environmental punishment

### 1) Seven enterprises were pursued by tax authorities, and one enterprise voluntarily disclosed environmental information

On August 4, 2023, the Anhui Provincial Department of Goods and Services Tax replied to Lvse Jiangnan in the form of email, informing the 7 enterprises mentioned in the letter of tax incentives, of which 2 enterprises have illegal tax incentives. Dangshan County Shengxuan Building Materials Co., Ltd. was

punished for environmental protection in November 2022, and has enjoyed a total of 63,346.5 yuan immediately levied and refunded since December 2022. The competent tax authorities have issued the Notice of Tax Matters and pursued the payment of the corresponding taxes. Huoqiu County Hongxu New building Materials Co., Ltd. has not paid the fine because of the objection to the punishment of the ecological environment department, and intends to remedy through administrative litigation. On July 21, the Bureau issued a Notice of Tax Matters and recovered the returned taxes.

No.	Enterprise name	Supervision content	Regulatory record source
1	Dangshan Shengxuan building Materials Co., LTD	Cebuano Dangdang line fine « 2022 » 232 fine: 25,300 yuan	Azure Map ( <a href="https://www.ipe.org.cn/">https://www.ipe.org.cn/</a> )
2	Huoqiu County Hongxu new building materials Co., LTD	Six Environment (Huoqiu) penalty word (2022) No. 1 fine: 100,000 yuan	

On August 9, 2023, the Tax Bureau of Inner Mongolia Autonomous Region replied to Lvse Jiangnan, because Green Jiangnan sent a letter to prompt, it has cancelled the VAT eligibility of two enterprises in the letter for new wall material products and paid back the VAT collected and refunded from the next month after the enterprise received the penalty.

No.	Enterprise name	Supervision content	Regulatory record source
1	Wuhai Sifang building Materials Co., LTD	Wu Environment Penalty (Sea) [2022] No. 057 Fine: 50,000 yuan	Azure Map ( <a href="https://www.ipe.org.cn/">https://www.ipe.org.cn/</a> )
2	Wuhai Menghan building Materials Co., LTD	Wu Environment Penalty (Sea) [2022] No. 062 Fine: 50,000 yuan	

On August 25, 2023 Guangxi Nanning Xixiangtang District Taxation Bureau

replied to Lvse Jiangnan that it had urged Guangxi Andoni Building Materials Company Limited to pay back the tax of RMB 365,900.54 on August 1, 2023 according to the policy requirements; Guangxi Changmiao Building Materials Company Limited moved into our bureau on April 24, 2022, and after being penalized by environmental protection on July 30, 2021, it still applied in January 2022 to the then Nanning High-tech Zone Taxation Bureau, the Authority to which it belongs, applied for enjoying the preferential tax policies related to new wall materials enterprises. On July 31, 2023, the Bureau issued a Notice on Tax Matters to the company, notifying the enterprise to pay back the tax of 110,924.23 yuan for the period from August 2021 to December 2021, and after receiving the notice, the enterprise did not cooperate in paying back the tax and moved to Nanning Hi-Tech Zone Taxation Bureau on August 7, 2023. On August 15, 2023, the Bureau has communicated with Nanning Hi-Tech Zone Taxation Bureau to follow up this matter. Tax Bureau to follow up this work and the current tax authority will follow up the implementation.

No.	Enterprise name	Supervision content	Regulatory record source
1	Guang Xi 'an Doni Building Materials Co., LTD	Nan Environment penalty Word (2021) No. 90 fine: 54,219 yuan	Azure Map ( <a href="https://www.ipe.org.cn/">https://www.ipe.org.cn/</a> )
2	Guangxi Changmiao Building Materials Co., LTD	South City Management Comprehensive Penalty (2021) No. 0051 Fine: 20,000 yuan	

On August 18, 2023, Guizhou Provincial Tax Bureau replied to Lvse Jiangnan, Chishui Huasheng Environmental Protection Building Materials Co., LTD., on April 10, 2017, a new type of wall material VAT collection and refund preferential filing began to enjoy the relevant preferential policies, on November 30, 2021, because part of the company's drying room smoke was not effectively treated. The direct discharge into the external environment will be fined 100,000 yuan, and the penalty date will be February 28, 2022. The competent tax authority

has cancelled its VAT collection and refund filing policy on July 20, 2023, as required, and the cessation date will be calculated from February 28, 2022. Because the company has handled the tax period before May 31, 2021, that is, before being punished by the environmental protection department, it is not a violation of the VAT immediately collected and refunded preferential treatment.

No.	Enterprise name	Supervision content	Regulatory record source
1	Chishui Huasheng environmental protection building materials Co., LTD	Zunchi Environment Penalty No. 2 [2022] Fine: 100,000	Azure Map ( <a href="https://www.ipe.org.cn/">https://www.ipe.org.cn/</a> )

Dashiqiao Jiaxin New Building Materials Co., Ltd. completed the filing of new wall materials tax incentives in 2021, and was punished by the environmental protection department in January 2022, that is, it is not in line with the policy provisions to continue to enjoy tax incentives after the environmental punishment. In August 2023, the Tax Bureau has recovered 3,825.10 yuan for the corresponding periods in February and April 2022. On September 26, 2023, the Tax Bureau of Yingkou City in Liaoning Province returned to Lvse Jiangnan.

No.	Enterprise name	Supervision content	Regulatory record source
1	Dashiqiao Jiaxin new building materials Co., LTD	Ying Environment Penalty Word [2021] No. 6102 fine 38,000 yuan	Azure Map ( <a href="https://www.ipe.org.cn/">https://www.ipe.org.cn/</a> )

On October 18, 2023, Hengjun Building Materials Technology Hebei Co., Ltd. called Lvse Jiangnan to say that because Lvse Jiangnan sent a letter to the local tax department involving our company, according to the tips of the tax department, our company made specific replies on the disclosure of their own environmental information, as of now, our company has disclosed detailed information on the blue map, welcome Lvse Jiangnan to supervise. We recognize the company's initiative to independently increase environmental

information disclosure and accept social supervision, and actively respond to social concerns.

## 2) Two enterprises have been recovered in the early stage

In July 2023, the Tax bureau of Danzhou City, Hainan Province, called Lvse Jiangnan and said that the penalty imposed by Hainan Baiannifeng Industrial Co., Ltd. on December 28, 2022, had been recovered in March 2023. In addition, Tongcheng Hongxing New Building Materials Co., Ltd. received environmental penalties in April 2020, but applied for tax rebates in May to June 2020. Anhui Provincial Tax Bureau letter reply Lvse Jiangnan, in September 2020 the competent tax authorities have recovered the relevant taxes.

No.	Enterprise name	Supervision content	Regulatory record source
1	Hainan Baiannifeng Industrial Co., LTD	[2022] Dan Zong(Huanzhi) No. 39 Fine: 18,000	Azure Map ( <a href="https://www.ipe.org.cn/">https://www.ipe.org.cn/</a> )
2	Tongcheng Hongxing new building materials Co., LTD	Yitong Environment penalty word [2020] 003 fine: 20,000 yuan	

In the process of searching the environmental information of new wall material enterprises, we found that some enterprises added environmental penalties in 2023. Although it has no effect on the tax incentives already enjoyed before the penalty, it will affect the tax incentives for 36 months from the next month. Lvse Jiangnan in this friendly reminder due to environmental pollution problems are punished enterprises, should be the first time to actively communicate with the ecological environment department and explain. If you have objections to the environmental penalty, you can apply to the provincial Department of Ecology and Environment or the local people's government for reconsideration within 60 days from the date of receiving the penalty decision, and you can also file an administrative lawsuit with the people's government within 6 months to avoid

affecting the enjoyment of tax incentives in the later period.

### **3) The filing time does not affect the enjoyment of tax incentives after the environmental penalty**

The three enterprises registered after the environmental punishment enjoy the VAT tax rebate, so it does not affect the tax incentives. Yichun Lusheng Panel Industry Co., Ltd. filed for the first time in September 2022 to enjoy the policy of new wall materials, and the environmental punishment in June 2021 does not affect the enjoyment of tax incentives in the later period. Guigang Xuhui New Building Materials Co., Ltd. and Bozhouhai Innovative energy-saving building Materials Co., Ltd. are basically similar.

<b>No.</b>	<b>Enterprise name</b>	<b>Supervision content</b>	<b>Regulatory record source</b>
1	Yichun City Lusheng plate industry Co., LTD	Yuan Environment penalty [2021] 15th fine: 50,000	Azure Map ( <a href="https://www.ipe.org.cn/">https://www.ipe.org.cn/</a> )
2	Guigang Xuhui new building materials Co., LTD	Gui Environment Penalty Word (2021) No. 3006 fine 43,200 yuan	
3	Bozhouhai innovative energy-saving building materials Co., LTD	Bo Environment Penalty Word [2021] 17 fine: 145,000	

### **4) Tax department enters blue map whitelist**

Through communication and collaboration with tax authorities, a number of tax authorities from Ningxia, Liaoning and Chongqing, with the assistance of IPE staff, joined the Blue Map whitelist. With the help of blue map environmental big data, the tax department can quickly grasp the environmental punishment situation of enterprises in the jurisdiction, and help the accurate and efficient

development of tax work.



Figure 3 Azure Map searches corporate environmental regulatory records

## 4. Suggestions and prospects

### 1) Increase investment in environmental protection

In the process of wall material production and construction, enterprises should strengthen environmental protection measures, reduce the generation of dust and waste, and reduce the impact on the environment. In the face of the increasing awareness of environmental protection in the future, new wall material enterprises should pay attention to the development and production of green and environmentally friendly products, in line with the requirements of sustainable development, for example, choose environmentally friendly materials, reduce energy consumption and resource waste, and reduce the emission of pollutants.

## **2) Strengthen technology research and development and innovation to help achieve the "double carbon" goal**

China is the world's largest production and consumer of building materials, the wall industry as an important part of the building materials industry, shoulder the important task of carbon emission reduction and green development. How to better adapt to the "double carbon" goal, new wall material enterprises can adopt low-carbon production processes and energy saving technologies to reduce greenhouse gas emissions generated in the production process; Secondly, actively promote the concept of circular economy, through the recycling and reuse of materials, reduce resource consumption and waste generation; Finally, we should pay attention to green design and innovation, increase investment in the research and development of new wall materials, and develop more environmentally friendly and energy-saving wall materials.

## **3) Strengthen policy support and encouragement**

The government can introduce relevant policies to encourage and guide the development of the new wall material industry. For example, set up special funds for the research and development of environmental protection materials, provide financial subsidies and tax incentives, and promote the development of environmental protection discovery in the industry. Actively promote energy saving and carbon reduction facilities in the building materials industry to be open to the public, and protect the public's right to know, participation and supervision. Increase the publicity of typical cases of energy conservation and carbon reduction in the industry, excellent projects, and advanced individuals, comprehensively mobilize industry forces, extensively exchange experience, and form a joint force for green and low-carbon development of the building materials industry.



#### **4) Actively carry out green supply chain actions**

Green supply chain management through the market supply and demand relationship constraints, promote the supply chain nodes to save energy and raw materials, improve resource utilization, reduce environmental governance costs, so as to achieve cost reduction and value increase of the whole industry. New wall material enterprises to carry out green supply chain action is an important measure to achieve sustainable development and environmental protection, and has a positive impact and significance on enterprises, society and the environment.

The healthy development of new wall materials is of great significance for China's building materials industry to achieve carbon peak and carbon neutrality. Through the promotion and use of new wall materials, the energy demand of buildings can be reduced and greenhouse gas emissions can be reduced. Drive the construction industry to low-carbon, environmental protection direction change. In addition, the development of new wall material enterprises can also drive related industries to develop in a low-carbon direction, such as energy, chemical and other industries; Promote sustainable development of the whole society.

#### **Reference list:**

Exclusive to this newspaper! Further promoting the implementation of green supply chain will help accelerate the construction of a new development pattern.

Available on: [https://mp.weixin.qq.com/s/6RVK6PFI7skld\\_yzmtg1RA](https://mp.weixin.qq.com/s/6RVK6PFI7skld_yzmtg1RA)

Four departments on the issuance of building materials industry carbon peak

implementation plan notice. Available on:  
[https://www.gov.cn/zhengce/zhengceku/2022-11/08/content\\_5725353.htm](https://www.gov.cn/zhengce/zhengceku/2022-11/08/content_5725353.htm)

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## Appendix

No.	Name of tax bureau	Reply or not	form
1	安徽省税务局	yes	email
2	福建省税务局		
3	广东省税务局		
4	广西税务局	yes	letter
5	贵州省税务局	yes	letter
6	海南省税务局	yes	telephone
7	河北省税务局		
8	河南省税务局		
9	湖南省税务局		
10	江西省税务局	yes	telephone
11	辽宁省税务局	yes	Wechat
12	内蒙古税务局	yes	email
13	陕西省税务局	yes	telephone
14	四川省税务局		
15	浙江省税务局		