

Green Tax (14)

Environmental and tax observation report of national sewage treatment enterprises



PECC
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Abstract

The shortage of water resources has become an important factor restricting the quality of China's ecological environment and economic and social development. Sewage treatment is both an important hand in the in-depth battle against pollution and an important area for promoting greenhouse gas emission reduction. The "Fourteenth Five-Year Plan and Vision 2035" explicitly proposes the implementation of the National Water Conservation Action, the establishment of a system of rigid constraints on water resources, the strengthening of water conservation in agriculture to increase efficiency, water conservation and emission reduction in industry, and water conservation and loss reduction in cities and towns, and the encouragement of the utilization of recycled water, so that the amount of water consumed per unit of GDP will be reduced by about 16 per cent. In December 2023, the National Development and Reform Commission, the Ministry of Housing and Urban-Rural Development, and the Ministry of Ecology and Environment issued the "Implementing Opinions on Promoting Collaborative Efficiency in Wastewater Treatment for Reducing Pollution and Reducing Carbon," proposing that by 2025, positive progress will be made in the reduction of pollutants and carbon synergies in wastewater treatment enterprises, and that the level of energy efficiency and the capacity to reduce carbon emissions will be continuously improved. The utilization rate of reclaimed water in water-scarce cities at the prefecture level and above has reached 25 per cent, and 100 green and low-carbon benchmark plants for the efficient recycling of energy resources in sewage treatment have been built. The Opinions of the Central Committee of the Communist Party of China and the State Council on Comprehensively Promoting the Construction of a Beautiful China, dated January 11, 2024, proposed to promote the saving and intensive utilization of all kinds of resources. In-depth implementation of the National Water Conservation Action,

strengthening the dual control of the total volume and intensity of water consumption, improving the efficiency of water consumption in key water-consuming industries and products, actively promoting the resourceful utilization of sewage, and strengthening the allocation and utilization of non-conventional water sources.

In order to help the overall green transformation of socio-economic development and the implementation of the sustainable development strategy, the State has implemented 56 tax incentives to support green development in four areas: supporting environmental protection, promoting energy conservation and environmental protection, encouraging the comprehensive utilization of resources and promoting the development of low-carbon industries. Carrying out the comprehensive utilization of resources and improving the efficiency of resource utilization is an important element in promoting green, low-carbon and recycling development and guaranteeing the security of resource supply, and is of great practical significance in easing the constraints imposed by the resource environment on economic and social development.

Lvse Jiangnan Public Environmental Concerned Centre (hereinafter referred to as "Lvse Jiangnan") identifies the environmental risks of enterprises based on the Azure Map Environmental Database (www.ipe.org), a public welfare platform for environmental data established by the Center for Public Environmental Studies (IPE), which includes official authoritative data; and has been trying to use the tax leverage mechanism to leverage enterprises' energy saving and emission reduction to enjoy tax incentives in a reasonable and compliant manner since 2020. Since 2020, Lvse Jiangnan has been trying to utilize the leverage mechanism of taxation to pry enterprises to save energy and reduce emissions, and to enjoy tax concessions in a reasonable and compliant manner. Up to now it has helped the tax department to recover

nearly 50 million yuan of taxes, and promoted a number of tax departments to enter the database of Azure Map to further improve the accuracy of the work on enterprise tax incentives, so that the tax incentives can really be used for enterprises with good environmental performance.

In this report, Lvse Jiangnan focuses on sewage treatment enterprises. As the last line of defense in water pollution control, sewage treatment plants bear important social responsibilities; through the Azure Map environmental big data combing found that some sewage treatment enterprises are suspected of enjoying tax concessions in violation of the law; in view of this, Lvse Jiangnan contacted the national tax department by sending a letter with a friendly reminder in the hope of drawing attention to it.

As of the release of this report, a total of 43 wastewater treatment enterprises across the country were involved in this report. Lvse Jiangnan contacted 20 tax departments and 9 tax departments gave official replies.

1. Development status of national municipal wastewater treatment enterprises

With China's urbanization, industrialization process accelerated, the country's industrial sewage, domestic sewage emissions increased year by year; at present, China's industrial wastewater discharged after the basic into the urban sewage network, in the urban sewage treatment plant for treatment. According to the 2022 Statistical Yearbook of Urban Construction, since 1989, the number of urban sewage treatment plants in China has been climbing year by year, reaching 2,894 as of 2022; since 1994, the annual total amount of sewage treatment and sewage treatment rate have shown an upward trend,

and the annual total amount of sewage treatment reached 6,268,887,980,000 cubic meters in 2022, and the sewage treatment rate reached 98.11%. From a national perspective, Guangdong, Jiangsu, Shandong sewage treatment plant number, treatment capacity of the top three, and respectively reached more than 200, accounting for 27.2% of the national total. From the geographical distribution of the number of view, the number of sewage treatment plants in the eastern region than in the central and western, thanks to the eastern region's more developed economy, the population is larger.2014-2022 Development status of municipal wastewater treatment plants nationwide

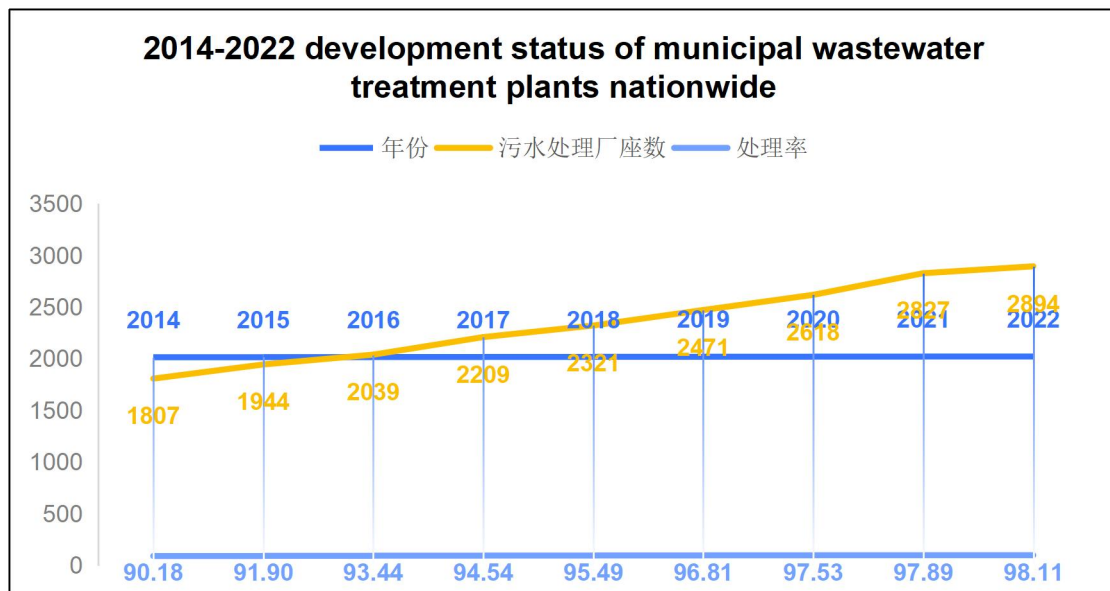


Figure 1 2014-2022 Development status of municipal wastewater treatment plants nationwide



Figure 2 Number of urban sewage treatment plants in provinces and Xinjiang Corps nationwide, 2022

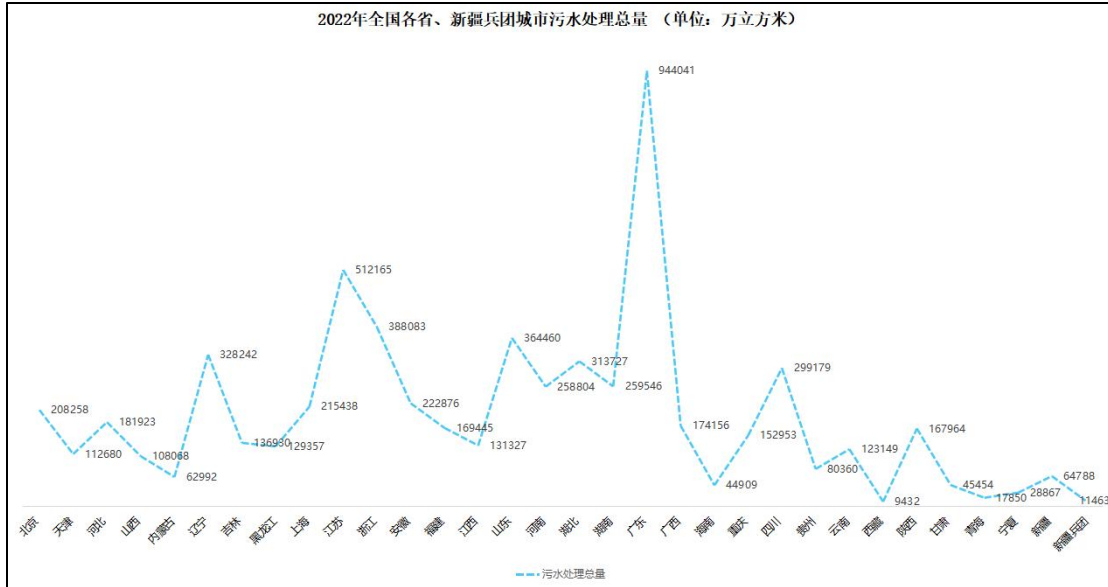


Figure 3 Total urban wastewater treatment in provinces and Xinjiang Corps nationwide, 2022

Lvse Jiangnan through the 36 provinces and municipalities across the country, the official website of the Tax Bureau (except Tianjin, Sichuan, Jiangxi, Qingdao) announced the enjoyment of the comprehensive utilization of resources VAT ready to refund list in 2022, and the application of the Azure Map environmental database to further identify the environmental risks of the enterprise, and 2020-2021 enterprise environmental penalties exceeding 10,000 yuan, 2022-2023 enterprise environmental penalties exceeding 100,000 yuan as the key observation object of this report. We found that in FY2022, 1,186 wastewater treatment enterprises enjoyed the comprehensive utilization of resources VAT instant refund policy; 43 wastewater treatment enterprises were suspected to have irregularities in enjoying tax benefits.

2. Environmental governance with a legal basis

2.1 Environmental Protection Tax Credit

Article 12 of the Law of the People's Republic of China on Environmental

Protection Tax: "The following circumstances shall be temporarily exempted from environmental protection tax: (3) The discharge of corresponding taxable pollutants from urban and rural centralized wastewater treatment and centralized domestic garbage treatment sites established in accordance with the law does not exceed the emission standards prescribed by the State and local authorities."

2.2 VAT Benefits for Comprehensive Utilization of Resources

Circular of the Ministry of Finance and the State Administration of Taxation on the Issuance of the Policy of Immediate Refund of Value-added Tax for Comprehensive Utilization of Resources (Cai Shui [2015] No. 78) "Taxpayers who have already enjoyed the policy of immediate refund of value-added tax provided for in this Circular, and who have been punished for violating laws and regulations on taxation and environmental protection (except for warning or a single fine of less than 10,000 yuan), shall not be entitled to the policy of immediate refund of value-added tax within 36 months from the following month after the decision on the punishment is issued. Within 36 months from the next month after the penalty decision is issued, the taxpayer shall not be entitled to the policy of instant VAT refund under this Circular"; **Ministry of Finance State Administration of Taxation Announcement on Improving Value-added Tax Policies on Comprehensive Utilization of Resources (Cai Shui [2021] No. 40)** "Taxpayers who have already enjoyed the policy of instant VAT refund as stipulated in this Announcement shall, after enjoying the policy of instant VAT refund, be subject to the circumstances stipulated in point "7" of part "(ii)" of this Announcement (except for warning, notification of criticism or fine of less than 100,000 yuan, confiscation of illegal income, confiscation of illegal property; and a single case of 100,000 yuan). Within 6 months from the month when the penalty decision is made, the company shall not be entitled to the

policy of instant VAT refund as stipulated in this Announcement. If a taxpayer is subject to the circumstances stipulated in point "7" of Part "(II)" of this Circular for more than two times within 12 consecutive months, it shall not be entitled to the VAT refund policy provided for in this Circular within 36 months from the month in which the second penalty decision is made. The enterprise shall not enjoy the policy of immediate VAT refund within 36 months from the month when the second penalty decision is made. Where the relevant penalty decision has been revoked, changed, confirmed to be unlawful or confirmed to be invalid in accordance with the law, eligible taxpayers may re-apply for the tax refund"

2.3 Enterprise Income Tax Benefits

Article 88 of the Regulations of the People's Republic of China on the Implementation of the Enterprise Income Tax Law "Eligible environmental protection, energy-saving and water conservation projects referred to in item (3) of Article 27 of the Enterprise Income Tax Law include public sewage treatment, public garbage treatment, comprehensive development and utilization of biogas, energy-saving and emission reduction technological transformation, and seawater desalination. The specific conditions and scope of the project shall be formulated by the competent departments of finance and taxation of the State Council in consultation with the relevant departments of the State Council, and shall be published and put into effect after the approval of the State Council.

Income derived by an enterprise from engaging in qualified environmental protection, energy and water conservation projects as stipulated in the preceding paragraph shall be exempted from enterprise income tax for the first to third years, and halved from the fourth to the sixth years, starting from the taxable year in which the project obtains its first production and operation

income."

3. Tax department feedback and analysis

Lvse Jiangnan communicated with 20 tax bureaus across the country through letters sent to a total of 43 companies. As of the release of this report, 9 tax bureaus have given formal responses.

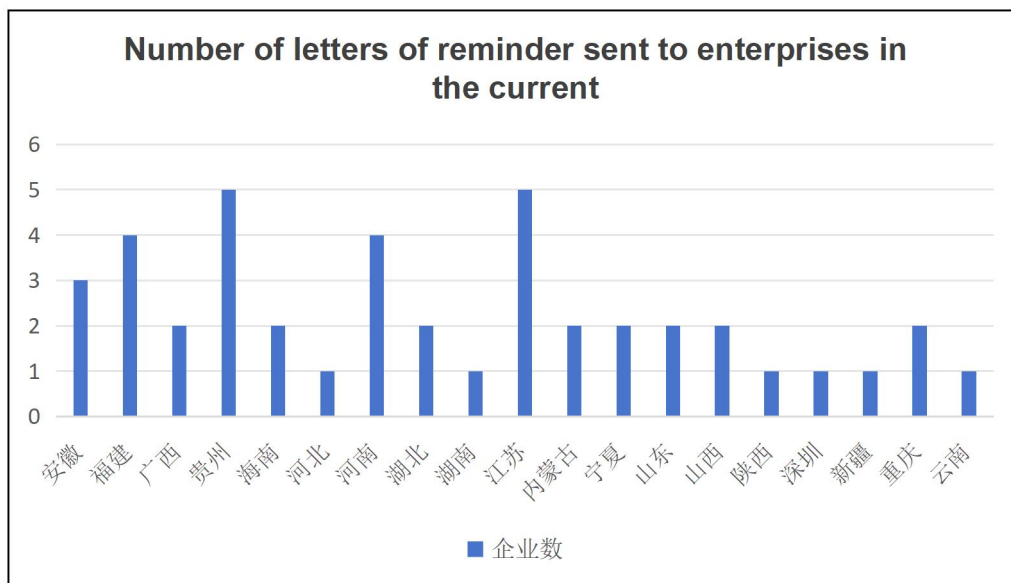


Figure 4 Number of letters of reminder sent to enterprises in the current report

On January 22, 2024, Shaanxi Provincial Taxation Bureau called Lvse Jiangnan: **Xixian New Area Jinyuan Water Co., Ltd.** was fined 100,000 yuan for discharging water pollutants in excess of the standard, and because the environmental punishment of the enterprise occurred in 2023, the tax preferences already enjoyed in the previous period would not be affected, and there was no continued enjoyment of the tax preferences in 2023 due to the environmental punishment. In addition to this, the Shaanxi Provincial Tax Bureau and the environmental protection department have established an environmental information sharing mechanism for tax-related enterprises.

Table 1 Status of business regulatory records

company identification	Regulatory content	Regulatory Links
Xixian New Area Jinyuan Water Co.	Shaanxi A Xixian Jinghe Environmental Penalty No. 202324 Fine: 100,000 yuan	https://www.ipe.org.cn/IndustryRecord/RegulatoryRecord.aspx?companyId=CA3E045A6E9CFC55019357CACBA7F30D2892CAC3EB74F44AC2ED245774F6EA82&type=1

On February 6, 2024, the State Administration of Taxation Xixian New District Tax Bureau sent a letter to specifically advise. The verification situation related to value-added tax involved is in line with the processing situation of the Shaanxi Provincial Tax Bureau. In respect of environmental protection tax, according to Article 5(1) of the Law of the People's Republic of China on Environmental Protection, "urban and rural centralized sewage treatment and centralized domestic garbage treatment establishments set up in accordance with the law shall pay environmental protection tax if they discharge taxable pollutants into the environment in excess of the emission standards set by the state and local regulations", the competent tax authorities have promptly verified and The competent tax authorities have promptly verified and organized the collection of environmental protection tax and levied the corresponding late payment fees in accordance with the regulations. As a result of Lvse Jiangnan's reminder, the Tax Bureau said it will further strengthen coordination and communication, and environmental protection departments to do a good job of exchanging data such as the amount of pollutants discharged by enterprises and the decision of enterprises to violate environmental protection laws and regulations and other penalties, to ensure

that the implementation of various tax policies.

On January 23, 2024, Shenzhen Bao'an District Taxation Bureau replied to Lvse Jiangnan: The tax has been recovered from **Shenzhen Hanyang Water Purification Company Limited** in the early stage, and we thank Lvse Jiangnan for the attention to the tax work.

Table 2 Record of environmental supervision of enterprises

company identification	Regulatory content	Regulatory Links
Shenzhen Hanyang Water Purification Co.	SHEN Baoan Environmental Penalty [2023] No. 101 Fine: 280,000 yuan	https://www.ipe.org.cn/IndustryRecord/RegulatoryRecord.aspx?companyId=13B696C59CF580F51C1AE28005C79820A423F89880FDA8F80D9C91DFC9D9C5E8&type=1

On January 24, 2024, Anhui Provincial Taxation Bureau replied to Lvse Jiangnan: the specific verification of the three enterprises involved in the letter is as follows: **Anhui Environment Fengning Water Co., Ltd.** and **Henshan Chuangye Water Co., Ltd.** have not applied for tax incentives since they were subjected to environmental penalties; **Ningguo Qining Wastewater Treatment Co., Ltd.** has applied for the tax rebate after they were subjected to environmental penalties in 2021, and in 2022, the enterprises were subjected to again environmental penalties, but as the amount of fine did not exceed 100,000 yuan, according to the requirements of the Ministry of Finance and the State Administration of Taxation Announcement No. 40 of 2021, it does not affect its continued enjoyment of tax incentives.

Table 3 Record of environmental supervision of enterprises

company identification	Regulatory content	Regulatory Links
Anhui Environment Fengning Water Co.	Anhui Chu Environmental (Feng) penalty (2023) No. 27 Fine: 200,000 yuan	https://www.ipe.org.cn/IndustryRecord/RegulatoryRecord.aspx?companyId=B44801E89AB45686B7378A2389CC800FE505264B267C20C5B5C36F8947C1BD45&type=1
Hanshan Venture Water Co.	Anhui Ma Environmental Penalty (2023) No. 4 Fine: 320,000	https://www.ipe.org.cn/IndustryRecord/RegulatoryRecord.aspx?companyId=B6715FB086417B971B859DD05DEFED6386D1337F90AE73AD0A72E92588CF10ED&type=1
Ningguo Qining Sewage Treatment Co.	Ning Environmental Penalty (2021) 009 No. Fine: 180,000 yuan Ning Environmental Penalty word (2022) No. 044 Fine: 42,400	https://www.ipe.org.cn/IndustryRecord/RegulatoryRecord.aspx?companyId=A6F8141C73929B3E929FBB72093F95CFED6E8192F509AB7EA972662808555DE2&type=1

On January 24, 2024, the State Administration of Taxation (SAT) of Laibin Municipal Taxation Bureau replied to Lvse Jiangnan: it is true that one sewage treatment enterprise, namely, **Laibin Water Quality Purification Limited Liability Company**, mentioned in the letter of Lvse Jiangnan was subjected to

administrative penalty due to the occurrence of environmental violation of discharge and the Laibin Taxation Bureau has already dealt with the matter in accordance with the provisions of relevant tax policies and regulations, and expressed its gratitude to Lvse Jiangnan.

Table 4 Record of environmental supervision of enterprises

company identification	Regulatory content	Regulatory Links
Laibin Water Purification Co.	Lai Environmental Penalty [2023] No. 5 Fine: 161,839,000 yuan	https://www.ipe.org.cn/IndustryRecord/RegulatoryRecord.aspx?companyId=261C012E8B0D6C4156762858DD832DFE4845B3C3AB97263078D277EBBD144D93&type=1

On January 29, 2024, Chongqing Municipal Taxation Bureau gave specific replies to 2 enterprises involved in the Lvse Jiangnan Letter: **Chongqing Maliu Water Co., Ltd.** violated the relevant provisions of the State and Chongqing Municipal Forest Resource Management by changing the forest land without the consent of the local forestry department, and was requested to order corrections and punished with 129,925 RMB by the Forestry Bureau of Banan District of Chongqing Municipality. According to the Constitution, the penalty does not belong to the category of environmental protection, but belongs to the category of resource protection, so it does not affect the enterprise's enjoyment of the comprehensive utilization of resources VAT ready-to-refund tax incentives; **Chongqing Tongnan Tongyuan Wastewater Treatment Co., Ltd.** was subjected to environmental protection penalties for the time of June 2020, and according to the requirements of the Ministry of Finance and the State Administration of Taxation Announcement No. 40 of 2021, as of March 1, 2022, the enterprise Ltd. has been penalized for

environmental protection for 6 months, so it can enjoy the policy of VAT instant refund for comprehensive utilization of resources again.

Table 5 Record of environmental supervision of enterprises

company identification	Regulatory content	Regulatory Links
Chongqing Malium Water Co.	Balin Penalty Letter (2021) No. 11 Fine: 129,925 thousand	https://www.ipe.org.cn/IndustryRecord/RegulatoryRecord.aspx?companyId=EC38F9523D307581949F3DB9777BB2AEBF5AC486E646E1ABC53C7F5710B8B0C0&type=1
Chongqing Tongnan Tongyuan Sewage Treatment Co.	Tongguan Enforcement Penalty [2020] 06 Fine: 100,000 yuan	https://www.ipe.org.cn/IndustryRecord/RegulatoryRecord.aspx?companyId=F018559EE810431E961F4CB928F45A1BF295FBFF395976684B8F92C100E214D6&type=1

February 2, 2024 Hunan Leiyang tax reply Lvse Jiangnan: involving the jurisdiction of 1 enterprise **Leiyang Sund Water Co., Ltd.** in 2020 due to the disinfection facilities did not run, subject to environmental penalties of 290,000 yuan is true, but the environmental penalties do not affect the enterprise to enjoy the other contents of the item of the tax incentives.

Table 6 Record of environmental supervision of enterprises

company identification	Regulatory content	Regulatory Links
Leiyang Sund Water	Lei Environmental Penalty [2020] No.	https://www.ipe.org.cn/IndustryRecord/regulatory-record.aspx?companyId=A882C

Co.	02 Fine: 290,000	FFB62CCCE62A0D5D5864F02C5994F
	yuan	F07970C781C51A37EBC0FA3F8A5347
		&dataType=0&isyh=0&showtype=0

On February 21, 2024, the Guizhou Provincial Tax Bureau sent a letter to respond to Lvse Jiangnan and express its appreciation for the five wastewater treatment enterprises involved in the letter, which were verified as follows:

Guizhou Qiandong Water Company Limited: it was verified that the taxpayer violated the Regulations on the Management of Environmental Protection of Construction Projects on November 22, 2022 for "the environmental protection facilities that need to be constructed in support of the construction project of the second phase of the county water supply project of Yuping County have not been inspected and accepted, and the construction was completed in October 2018 and put into use until now", and was fined 200,000 yuan by the Bureau of Local Ecology and Environment; Since the taxpayer applies for tax refund for the period of December 2021 and is subject to administrative penalty in November 2022, which is after the application for tax refund, there is no situation of being subject to environmental protection penalty six months before the tax refund period, and the taxpayer can enjoy the preferential policy of VAT refund in accordance with the regulations.

Duyun Hongtai Jiacheng Water Company Limited: in February 2021, it was fined 210,000 yuan for violating the Law of the People's Republic of China on Prevention and Control of Water Pollution. In accordance with the provisions of Cai Shui [2015] No. 78, in March 2021, the tax benefits of the enterprise were stopped at the local tax bureau in accordance with the regulations; According to the requirements of Announcement No. 40 of 2021 of the Ministry of Finance and the State Administration of Taxation, the enterprise is once again eligible

for enjoying the preferential policy of immediate refund of VAT for the comprehensive utilization of resources since the tax belongs to the period of March 2022, so there is no violation of enjoying the preferential policy of VAT for the comprehensive utilization of resources by the enterprise.

Zunyi Xinpu New District Zhongqiao North Control Water Company Limited: it was verified that the taxpayer was engaged in wastewater treatment labor and was fined 270,000 yuan on July 26, 2023 by the local ecological environment department; After inquiring about the taxpayer's VAT declaration for the genus period of July-December 2023 in the Jin San system, none of them declared the VAT refund or exemption related to the comprehensive utilization of resources, and there is no case of erroneous enjoyment of the VAT preferential treatment for the comprehensive utilization of resources.

Guizhou Deqin Water Environment Co. Ltd: The taxpayer was fined 105,000 yuan on December 5, 2022 for violating the "Regulations on Sewage Discharge Permits" and the "Law of the People's Republic of China on Prevention and Control of Water Pollution"; The taxpayer ceased to enjoy the VAT instant tax credit on November 30, 2022, for a period of six months; the taxpayer resumed enjoyment in the July 2023 period because there was no tax payable in the June period.

Meitan Yuanda Water Co., Ltd: It has been verified that the company was issued an administrative penalty by the local ecology and environment bureau on April 19, 2023 for environmental protection issues, and the amount of the fine was 148,000 yuan; According to the Ministry of Finance and the State Administration of Taxation Announcement No. 40 of 2021, the Company shall not be entitled to the policy of VAT exemption or VAT immediate refund during the tax period from April 1, 2023 to September 30, 2023. As the Company

enjoyed the VAT exemption policy during this period, the competent tax authorities ordered the Company to make corrective declarations and make up the tax and late payment. The company has corrected the declaration on January 29, 2024, and paid a total of RMB 194,143.95 in back taxes and fees (including 184,899.06 yuan in value-added tax, 4,622.46 yuan in urban maintenance and construction tax, RMB 2,773.47 in surcharge on education fees, and 1,848.96 yuan in surcharge on local education fees) and 17,484.10 yuan in late fees on the same day.

Table 7 Record of environmental supervision of enterprises

company identification	Regulatory content	Regulatory Links
Guizhou Qiangdong Water Co., Ltd	铜环罚字（2022）32号 罚款：20万	https://www.ipe.org.cn/IndustryRecord/RegulatoryRecord.aspx?companyId=A00059B9EE66D2CFCE18A5B811FF1FF85633F12CB76A4E215CE78EEAFDE0F63D&type=1
Duyun Hongtai Jiacheng Water Co., Ltd	黔南环罚（匀）字（2021）1号 罚款：21万	https://www.ipe.org.cn/IndustryRecord/RegulatoryRecord.aspx?companyId=88D869D72A31587261158422A3CA32993A25E280B26CDAB6F78073D1DE7AD0CB&type=1
Zunyi Xinpu New District Zhongqiao North Control Water Co., Ltd	遵市环罚决字（2023）13号 罚款：27万	https://www.ipe.org.cn/IndustryRecord/RegulatoryRecord.aspx?companyId=34E913995218A8382EFC7623A6D8B8A07D46AEE341D3DBABF65527D101222F5F&type=1
Meitan Yuanda	遵湄环罚字（2023）3号 罚款：	https://www.ipe.org.cn/IndustryRecord/RegulatoryRecord.aspx?companyId=DFD939D75

Water Co., Ltd	14.8 万	81348C3C3E6D240189D2D3C168268CCA56AC3C4754B9C93290E2B53&type=1
Guizhou Deqin Water Environment Co. Ltd	六盘水环盘罚决字 (2022)25 号 罚款: 10.5 万	https://www.ipe.org.cn/IndustryRecord/RegulatoryRecord.aspx?companyId=63E8B2BC209191449DD8EBBC092B9DC267B21777AD1736A3EA45E18038CB7DAF&type=1

On February 22, 2024, the Inner Mongolia Autonomous Region Taxation Bureau provided a specific response and expressed its appreciation for Lvse Jiangnan's oversight. According to the letter sent by Lvse Jiangnan to the prompt, the competent tax authorities stopped **Xilinhote Water Supply and Drainage Co., Ltd.** from enjoying the qualification of VAT instant refund for comprehensive utilization of resources for the corresponding period of time in accordance with the Announcement of the Ministry of Finance and the State Administration of Taxation No. 40 of 2021, and pursued the taxpayers to pay back the tax rebate that they had enjoyed in violation of the law; With regard to environmental protection tax, on February 2, 2024, the enterprise has been requested to re-file and pay the environmental protection tax for the period belonging to May 2023 in accordance with the relevant data, and to pay the tax and the late payment fee of RMB 4,771.26 yuan. **Hulunbeier North Water Water Co., Ltd.** last enjoyed the VAT instant refund in March 2022, and since then it has been adjusted to apply the VAT exemption policy for sewage treatment in accordance with the relevant provisions of the Ministry of Finance and the State Administration of Taxation Announcement No. 40 of 2021, and no VAT instant refund has been incurred since April 2022, and the environmental protection tax involved in environmental protection penalties has been paid in accordance with the law. The environmental protection tax involved in environmental protection penalties has been paid in accordance

with the law, and the two enterprises have not enjoyed the preferential policies on enterprise income tax.

Table 8 Record of environmental supervision of enterprises

company identification	Regulatory content	Regulatory Links
Hulunbeier North Water Co., Ltd.	Hu Environmental Penalty (2023) 007 Fine: 445,000 yuan	https://www.ipe.org.cn/IndustryRecord/RegulatoryRecord.aspx?companyId=C255674F242B456A118E4CD2FF31EB8882DCBE006512E37BF51C8B4A4E4B58AC&type=1
Xilinhot Water Supply and Drainage Co., Ltd.	Xidian Environmental Penalty [2023] No. 8 Fine: 184,980,000 yuan	https://www.ipe.org.cn/IndustryRecord/RegulatoryRecord.aspx?companyId=4E40F9DAABCD8BAE5B326AA6530E9F933B9E0BABB15547B1941794C4D3233CC&type=1

On February 23, 2024, the Tax Bureau of Hainan Province replied to Lvse Jiangnan: the 2 enterprises involved in the letter were verified by the relevant departments. The verification results are as follows: 2 enterprises are reasonably compliant to enjoy the comprehensive utilization of resources value-added tax that is refundable preferential policies; enterprise income tax, 2 enterprises do not enjoy; environmental protection tax, Lingshui Lizu autonomous County Water Group Co., Ltd. did not declare, Sanya Environmental Water Purification Co., Ltd. in the early stage of the tax department has been notified of the correction of the declaration and recovery of tax.

Table 9 Record of environmental supervision of enterprises

company	Regulatory content	Regulatory Links

identification		
Sanya Environmental Water Purification Co.	(2023) Qiong Zongjia Enforcement Sanya (four branches and one team) Penalty No. 2 Fine: 286,000 yuan Lingsong Zongjian (Ecological) Penalty Decision (2023) No. 35 Fine: 282,899,000 yuan	https://www.ipe.org.cn/IndustryRecord/regulatory-record.aspx?companyId=2B9355993F24F98651CC5D506093175F7EE2EC8362F6F6EE466B5333F452F124&dataType=0&isyh=0&showtype=0
Lingshui Lizu autonomous county water affairs group Co.	Lingsong Zongjian (Ecology) Penalty Decision (2023) No. 35 Fine: 282,899,000 yuan (2023) Qiong Zongjian Lingshui Penalty Decision No. 619 Fine: 3,753,000 yuan	https://www.ipe.org.cn/IndustryRecord/regulatory-record.aspx?companyId=980EE553BC6CB804DD5D00754EDE4A7B94570CC0CD12B52514352D104CA835F2&dataType=0&isyh=0&showtype=0

By analyzing the content of the tax department's response, we have the following main findings:

- 1) The fine imposed on the enterprise by the forestry department belongs to the category of resource protection, not environmental protection, so it does not affect the enterprise to continue to enjoy the VAT preference for comprehensive utilization of resources;
- 2) The mechanism for sharing environmental information of tax-related enterprises is gradually being strengthened;
- 3) As required by the Ministry of Finance and the State Administration of Taxation Announcement No. 40 of 2021, enterprises that were subject to environmental protection penalties (fines greater than 10,000 yuan) prior to March 1, 2022 can reapply for the tax incentives after they have ceased the tax incentives for a period of six months;
- 4) Enterprises that have been penalized for environmental protection should declare and pay environmental protection tax in a timely manner.

Lvse Jiangnan expresses its gratitude to the tax bureaus that have given official responses. As of the publication of this report, Lvse Jiangnan will update the content from time to time for those tax bureaus that have not yet responded.

4. Findings and recommendations

4.1 Photovoltaic + Wastewater Treatment Plant, a New Path to Reduce Pollution and Carbon Synergies

Wastewater treatment plants have high electricity loads and operate continuously 24 hours a day, making them large energy consumers; the combination of PV + wastewater treatment plants can further reduce the cost of wastewater treatment. First of all, PV as a clean energy economy is remarkable, for sewage plants such as energy consumption of places, can effectively reduce the double pressure of energy and carbon emission reduction; Secondly, sewage treatment plants occupy a large area, with large-scale laying of photovoltaic panels of the conditions.

It is understood that Jiangsu Yangzhou six Wei sewage treatment plant photovoltaic power generation project, is the country's first sewage plant photovoltaic power plant, with a total installed capacity of 9.7 megawatts, with an average annual power generation capacity of about 10 million kilowatt hours. Compared with coal-fired thermal power plants, it can save 3,180 tons of standard coal and reduce carbon dioxide emissions of greenhouse gases by 8,608.6 tons per year. The number of existing sewage treatment plants in China is large, and the PV coverage rate is low, which has a broad market prospect. Photovoltaic + sewage treatment plant is a new path to realize the

synergistic effect of pollution reduction and carbon reduction.

4.2 Continuing to enhance the integrated utilization of resources

Focusing on the resource utilization of wastewater and solid waste after sewage treatment, valuable substances in wastewater are recycled and utilized, such as organic matter and metal ions, etc.; the energy recovery of sludge and the production and utilization of organic fertilizers are further promoted, so as to realize the recycling of waste into resources. In addition, in the process of sewage treatment, a large amount of waste heat will be generated, and through the use of appropriate heat exchange equipment and systems, the waste heat will be recycled and utilized in heating, hot water supply and other needs, so as to improve the efficiency of energy utilization.

Through resource utilization, sewage treatment enterprises can not only reduce environmental pollution and resource consumption, but also create economic value and achieve sustainable development.

4.3 Strengthening cooperation with social organizations and responding positively to concerns

Environmental protection social organizations are an important part of participation in environmental governance. Relying on the independent monitoring platform of enterprises and institutions in provinces, municipalities and autonomous regions, combined with the application of the environmental big data platform of Azure Map APP, Lvse Jiangnan has steadily and continuously supervised 51,868 heavy-control pollution sources across the country, and alerted the ecological and environmental departments across the country of the enterprises with excessive emissions through microblogging, 12369 and other channels. 2023, Lvse Jiangnan supervised and alerted 946

enterprises suspected to have exceeded the emission standards, with 43 seriously dealt with (rectified by the local ecological and environmental departments). Serious treatment (by the local ecological and environmental departments to require rectification, filed a case for investigation and administrative punishment) 43 times, which involves sewage treatment enterprises reached 350, 23 serious treatment.

For example: Zouping Zhongxing Water Co., Ltd. has been prompted 5 times by Lvse Jiangnan staff on-line supervision in 2023 due to the excessive discharge of ammonia nitrogen, COD, and total phosphorus in the hope that the enterprise can stop production and pollution. Because of the supervision tips of Lvse Jiangnan, the enterprise has been ordered to correct the notice by the local ecological environment department for many times.

By checking the "List of Taxpayers Enjoying VAT Preferences for Comprehensive Utilization of Resources in 2022 by Shandong Provincial Tax Bureau of the State Administration of Taxation", we found that Zouping County Zhongxing Water Co. enjoys the preferential policy. The environmental protection organization prompts polluting enterprises to stop polluting through the online big data platform, and the polluting enterprises provide timely feedback instructions and rectification for exceeding the standard, which will help them to develop sustainably.

Special thanks to Azure Maps for their support of the corporate environmental data information in this report.

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