

Fiscal revenue grows in July

(Global Times, 2013-8-14, By Liang Fei)

The country's total fiscal revenue continued to show strong growth in July amid the improving economy while experts noted Wednesday that fiscal revenue is expected to show stable growth in the second half of the year.

In July, total fiscal revenue at all levels of governments rose 11 percent year-on-year to 1.18 trillion yuan (\$193.61 billion), slightly slower than the 12.1 percent growth seen in June but much higher than the average growth of 6.6 percent in the January-May period, according to a statement by the Ministry of Finance (MOF).

In July, the central government fiscal revenue increased year-on-year to 604.9 billion yuan, up 8.8 percent year-on-year. Local governments reported 13.5 percent year-on-year growth to 580 billion yuan in July.

Lu Ting, a Hong Kong-based economist at Bank of America Merrill Lynch, told the Global Times Wednesday that increasing tax income from the real estate sector had been a major reason for the surge in local government revenue.

Property transaction tax revenue for local governments surged 43 percent year-on-year to 28.1 billion yuan and land value-added tax grew 18.1 percent year-on-year, according to the MOF.

The strong growth momentum seen in July was largely ascribed to surging value-added tax during the month, which was aligned with improved industrial performance, the People's Daily reported Wednesday, citing Bai Jingming, deputy - director of the Research Institute for Fiscal Science under the Ministry of Finance.

The value-added tax, which accounts for over 15 percent of the fiscal revenue, surged 11.2 percent in July, said the MOF statement.

Data from the National Bureau of Statistics showed that the added value of major industrial enterprises grew 9.7 percent year-on-year in July, 0.8 percentage points higher than the growth in June.

Economists also expressed optimism in the country's fiscal revenue growth for the remaining of the year.

"The growth rate will be higher in the second half compared with the first half," Lu said, who noted that the nominal GDP growth in the second half would also outpace the first, resulting in a larger tax base - also a factor to boost fiscal revenue increase in the second half.

Cumulative fiscal revenue for the first seven months of this year increased by 8 percent to 8.04 trillion yuan, faster than the 7.5 percent growth in the first six months of this year, and cumulative fiscal growth will continue to grow this year, according to the MOF.

However, there are also many factors weighing down the fiscal revenue growth rate.

"The value-added tax expansion that started in August will slow the revenue growth in the second half," Xu Hongcai, director of the Department of Information under the China Center for International Economic Exchanges, told the Global Times Wednesday.

The MOF also said in the statement that it will be a difficult task for the central government to realize its annual fiscal revenue goal this year.

The government spent 6.9 trillion yuan in the first seven months, according to the MOF statistics.

So far the government expenditure is only half of the full year expenditure budget of 13.8 trillion yuan, which means the government will increase spending in the remainder of the year - a positive thing for the Chinese economy, according to Xu.