Tax-Cut Policies, Accounting Conservatism, and Corporate Tax Burden Stickiness: Empirical Analysis from China

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ABSTRACT

This study explores the relationship between tax-cut policy, accounting conservatism, and corporate tax burden stickiness in Chinese listed companies from 2008 to 2019. The primary objective is to identify the underlying reasons for continued high levels of corporate tax burdens despite the introduction of tax-cut policies. An econometric model was developed to analyze the transmission mechanism of these policies affecting corporate tax burden stickiness to achieve this goal. The tax burden stickiness refers to the mismatch between the objective and subjective tax burdens. Results reveal four primary findings: Firstly, macro tax-cut policies induced micro-enterprises to soften their accounting conservatism, leading to increased corporate tax burden stickiness. Secondly, the reduced quality of corporate accounting reports, influenced by tax-cut policies, contributes to corporate income tax burden stickiness. In contrast, the VAT tax burden remains unaffected. Thirdly, compared to state-owned enterprises, private enterprises responded more sensitively to tax reduction policies by significantly decreasing their accounting conservatism level and increasing corporate tax burden stickiness. Finally, high-tech manufacturing enterprises recorded the highest increase in corporate tax burden stickiness, suggesting that different robust accounting policies exist across various industries and may be critical factors determining corporate tax burden stickiness. In practical terms, this study provides important insights into improving businesses' understanding of tax burden patterns, enabling improved resource allocation of taxes accordingly. Additionally, it focuses on enhancing accounting conservatism to alleviate the pain of high tax burdens on such businesses. Ultimately, minimizing the stickiness of tax burdens will allow fiscal and taxation policies to better flex their regulatory muscles toward achieving effective and stable economic growth.

KEYWORDS

tax burden stickiness; tax-cut policy; corporate tax burden; accounting conservatism

JEL H20, H21, H26

Политика снижения налогов, бухгалтерский консерватизм и тяжесть корпоративного налогового бремени: эмпирический анализ из Китая

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АННОТАЦИЯ

В статье исследуется взаимосвязь между политикой снижения налогов, бухгалтерским консерватизмом и тяжестью корпоративного налогового бремени в китайских листинговых компаниях с 2008 по 2019 гг. Цель состоит в том, чтобы выявить основные причины сохраняющегося высокого уровня корпоративного налогового бремени, несмотря на реализацию в Китае политики снижения налогов. Для достижения этой цели была разработана эконометрическая модель анализа трансмиссионного механизма политики снижения налогов, влияющей на тяжесть корпоративного налогового бремени. Под тяжестью налогового бремени понимается несоответствие между объективным и субъективным восприятием налогового бремени. Результаты формируют четыре основных вывода. Во-первых, политика снижения налогов на макроуровне побудила микропредприятия смягчить свой консерватизм в бухгалтерском учете, что привело к увеличению тяжести корпоративного налогового бремени. Во-вторых, снижение качества корпоративной бухгалтерской отчетности под влиянием политики снижения налогов способствует повышению тяжести корпоративного подоходного налога. При этом налоговое бремя по НДС остается неизменным. В-третьих, по сравнению с государственными предприятиями, частные предприятия более чутко отреагировали на политику снижения налогов, значительно снизив уровень консерватизма в бухгалтерском учете и увеличив тяжесть корпоративного налогового бремени. Наконец, высокотехнологичные производственные предприятия зафиксировали наибольшую устойчивость уровня корпоративного налогового бремени. Это свидетельствует о том, что в различных отраслях существует разный уровень надежности учетной политики, который может быть критическим фактором, определяющим тяжесть корпоративного налогового бремени. С практической точки зрения это исследование дает важную информацию о том, как улучшить понимание менеджментом предприятий тяжести налогового бремени, что позволит соответственно улучшить распределение налогов в экономике. Исследование также фокусируется на вопросах усиления консерватизма в бухгалтерском учете, чтобы ослабить тяжесть налогового бремени для таких предприятий. Снижение тяжести налогового бремени для разных предприятий позволит налоговой политике усилить регулирующий потенциал для достижения экономического роста.

1. Introduction

Despite China's economic growth over the years, many enterprises need a challenging business environment resulting in declining business performance. China has implemented several tax-cut policies in three stages from 2008 to 2019 to counter this. These policies aim to reduce the costs of enterprises, regulate their economic behavior, improve their control ability, and ultimately enhance their sustainability.

However, while these tax-cut policies should alleviate the issue of high taxes, some scholars note that a phenomenon called "tax burden stickiness" prevents the full potential benefits of these policies [1].

The tax burden stickiness refers to the mismatch between the objective and subjective tax burdens, which hinders fiscal policy's regulatory function and undermines the cost-benefit matching principle in accounting. Therefore, despite the implementation of these policies, the sense of gain of taxpayers must be increased, and the pain of the tax burden must be reduced [2].

Tax burden stickiness refers to the fact that taxpayers may take longer to adjust their behavior in response to tax policy changes, leading to a perceived disconnect between tax policies and taxpayer experiences. As a result, trust in the tax system may be eroded, making it harder to implement effective tax policies. On the other hand, high levels of tax perception can inspire taxpayers to push for tax reform and hold governments accountable.

The primary objective is to identify the underlying reasons for continued high levels of corporate tax burdens despite the introduction of tax-cut policies.

The research hypothesis. Tax-cut policies increase corporate tax burden stickiness by reducing accounting conservatism.

2. Literature review

2.1. The study of tax burden stickiness

The study of tax burden stickiness originated from cost stickiness research [3] in accounting. Over time, cost stickiness research [4] has evolved to focus on analyzing its causes more detailedly.

Liu et al. [5], Xiao & Xie [6] and Gan et al. [7] are increasingly interested in examining the first-level accounting subjects' cost stickiness, such as sales, management, R&D, wage, and tax burden stickiness, displaying a mounting concern.

Banker et al. [8], Liang [9] and Daryaei et al. [10] have formed a consensus that difficulty in cost adjustment, optimistic expectations among management, and management agency problems are closely related to cost stickiness when analyzing its causes.

However, no agreement exists on which financial indicators should be empirically used to examine these factors [11].

Research into tax burden stickiness is still in its early stages. Early scholars (Cong & Zhou [12], Tao & Chen [13]) revealed the objective existence of tax burden stickiness in China's income tax and value-added tax.

Research by Blaufus et al. [2] suggests that if individuals consistently behave rationally based on traditional economic theory, the perceived impact on the tax burden of tax rate changes and deductions would be equivalent.

However, empirical evidence indicates that people often avoid cognitive strain when making decisions and use simplified decision heuristics. Therefore, changes in tax rates may have a more significant influence on the perceived tax burden than changes in the tax base when accounting for behavioral biases [14].

Recent scholars have explored the causes of corporate tax burden stickiness in more detail, focusing on internal and collection/management environments. In terms of manufacturing industry VAT burdens, Lin & Wang [15] demonstrated the sticky effect of VAT tax burden through asymmetric inventory fluctuations.

From another perspective, Deng et al. [16] concluded that the intensity of tax inspection increases enterprise comprehensive tax burden stickiness.

Kong et al. [17] found that the self-interest of enterprise managers affects the income tax burden stickiness and enterprise value.

Hu & Wu [18] explored the causes of corporate income tax burden stickiness in four dimensions: equity, tax avoidance, fiscal decentralization, and collection/management efforts.

Regarding corporate tax cuts and fee decreases, Gan et al. [7] believe that examining tax burden stickiness can better illustrate the law of corporate tax burden. Internal factors affecting corporate tax burden stickiness include property rights and political connections. External factors, including local government and tax collection/management environment, also impact corporate tax burden stickiness.

Based on the analysis above, this paper conducts an empirical study using financial data from China's A-share listed companies between 2008 and 2019. The three leading contributions are as follows.

Firstly, compared to past tax-cut policies' ineffective outcomes, this paper provides a new perspective by exploring and analyzing the stickiness of both VAT and income tax burdens, enriching the research on corporate tax burden stickiness.

Secondly, while previous scholars focused on examining the sticky effects of single policy stages, we consider structural tax reduction, VAT tax reform, comprehensive tax cuts, and fee cuts. Consequently, our study comprehensively explores the nature of corporate tax burden stickiness.

Thirdly, we uncover the transmission mechanism between macro tax-cut policies and micro-enterprise tax burden stickiness, thereby enriching research on the interaction between macro-fiscal policy and micro-enterprise behavior [19].

2.2. Hypotheses Development

The relationship between tax-cut policies and corporate tax burden stickiness can be attributed to the framework analysis of the interaction between macroeconomic policies and micro-enterprise behavior [20].

Rao et al. [21] proposed the relationship framework between macro policy and micro-enterprise behavior.

The promulgation of macro policies (such as fiscal policy, monetary policy, credit policy, etc.) directly affects the primary behavior of enterprises (such as corporate governance, accounting policy, financial management, etc.) [22].

Secondly, the affected corporate behavior will be further transmitted to corporate output (such as resource cost adjustment, corporate performance, earnings capacity, etc.) [23]. Finally, the output of the enterprise is aggregated into the macroeconomic output. Macro-monetary policy fluctuations will affect the robustness of the accounting policies of enterprises. During tightening monetary policy, it will often lead to a slowdown in economic development and a reduction in credit supply in the market. Micro-enterprise entities prefer sound accounting policies. Improving the quality of accounting information of enterprises eases the information asymmetry with debtors to gain creditors' trust. Following this transmission path, tax-cut policies as a macro-fiscal policy will affect the primary behavior of enterprises (accounting conservatism) and then affect the adjustment of resource cost (tax burden stickiness) of enterprises. With the help of the output behavior of countless micro individuals, it will eventually affect the output of a macroeconomy.

The government's behavior of tax cuts and profit concessions can alleviate the environmental pressure of external credit for enterprises [24]. Tax cuts and fee reductions can increase the after-tax profit of enterprises and then increase the proportion of internal financing of enterprises [25].

Liao et al. [26] found that policy burden increases enterprises' cost stickiness by affecting the accounting information's transparency. Then, as a macro-fiscal policy, tax-cut policies can also affect the credit transmission mechanism and thus affect the accounting policy robustness of enterprises.

The conservatism of accounting policies is one of the essential characteristics of accounting policies [27]. It requires companies to promptly confirm assets and profits while also promptly confirming the impairment of assets [28].

The choice of accounting policy conservatism is mainly to meet the needs of creditors because creditors tend to focus more on the information credibility of earnings and solvency in financial reports [29]. The tax-cut policies can affect the expected judgment of enterprises on the external financing environment. When the government's tax-cut policies are introduced to the enterprise to release the signal of the improvement of the external financing environment, the contradiction between the demand and supply of credit will be alleviated to a certain extent, and the enterprise will relax the accounting conservatism. When the business volume of the enterprise rises, the financing cost of the enterprise decreases, the financing scale of the enterprise will expand, and the management will increase the relevant tax burden expenditure; when the business volume of the enterprise decreases, the robustness of the accounting policy is still weak, and the enterprise will not immediately adjust the relevant tax burden cost, which increases the tax burden stickiness of the enterprise.

The analysis of the causes of cost stickiness mainly focuses on the three levels of management optimism, adjustment cost difficulty, and agency conflict. Similarly, the robustness of accounting policies can also affect the tax burden stickiness of enterprises by affecting the optimistic expectation of management, the adjustment cost of enterprises, and the principal-agent problem.

First, the principle of accounting conservatism observed by enterprises is conducive to narrowing the prediction deviation of management's earnings ability [30]. The higher the conservatism of accounting policies, the lower the optimistic expectation tendency of management [31]. The tax-cut policies can increase the expected degree of management. In the face of the reduction of the business volume of the enterprise due to the shrinking market, this optimism of the management will underestimate the business risk of the enterprise, overestimate the cash flow of the enterprise, reduce the accounting conservatism of the enterprise,

and adopt more radical expansion means to still invest in risky projects [32]. Therefore, it is more harmful to control the risk cost of the tax burden and more antagonistic to treat the tax burden financial cost due to the timeliness of accounting cost and income measurement [33].

Second, the "contract view" economics theory can better explain the relationship between adjustment costs and the stickiness of corporate tax burden. To reduce the operating costs of enterprises, enterprises tend to prefer to sign long-term contract contracts with relevant resource providers, such as labor contracts, fixed asset procurement contracts, etc., which bring tax burden, and cost managers. It takes work to adjust in the short term. Due to the tax reduction and fee reduction, the accounting policy choice of the enterprise with lower conservatism will bring lower financing costs and higher free cash flow. When the business volume rises, the cost of adjusting resources is lower, and the enterprise often has more funds to increase the investment of related resources. When the business volume of an enterprise declines, if the enterprise considers the direct tax burden cost (paying high default fees) and indirect tax burden cost (reducing the tax burden risk cost caused by tax burden service cost) brought by reducing resources and the replacement cost when the future performance rebounds, often the enterprise is more inclined to abide by the spirit of the contract and does not adjust the relevant tax burden cost, and is more inclined to retain some idle resources brought by the tax-cut policies to wait for the opportunity to invest, thus increasing the tax burden stickiness of the enterprise.

Thirdly, from the perspective of the principal agent, under the tax-cut policies, on the one hand, the reduction of accounting conservatism will increase the contract friction between shareholders and management, increase shareholders' suspicion of high-quality accounting information, and increase agency costs [34]. On the other hand, reducing conservatism will increase managers' self-interest behavior. When the business volume of the

enterprise increases, the management will increase the resources and improve their compensation for the sake of maximizing the benefits, thereby increasing the related tax burden cost; when the business volume of the enterprise declines, the management, out of the consideration of maximizing the benefits, will avoid reducing the resources under their control and reducing their salaries, and will not reduce the related tax burden costs. The tax burden stickiness occurs.

Based on this, the research hypothesis of this paper is put forward: Tax-cut policies increase corporate tax burden stickiness by reducing accounting conservatism.

3. Methodology

3.1. Data

Based on the financial data of Chinese A-share listed companies from 2008 to 2019, this paper takes tax-cut policies as the primary investigation policy [35]. It explores why the tax burden of enterprises remains high during the period of tax reduction and fee reduction from the perspective of tax burden stickiness.

The samples from 2008 to 2019 are divided into three stages according to the three levels of tax reduction and fee reduction: the stage of structural tax reduction from 2008 to 2015, the stage of comprehensive tax reduction from 2016 to 2017, and the stage of comprehensive tax reduction and fee reduction from 2018 to 2019.

All the data in this paper come from CSMAR's and Wind's databases. Based on this, the samples were processed in advance. The treatment is as follows.

First, select the stock as a share.

Second, select non-backdoor listed and non-delisted enterprises in the study year.

Thirdly, select non-ST or non-negative fixed assets listed companies in the study year.

Fourth, select enterprises with complete and continuous financial data.

Fifth, the financial data of the enterprise's annual report are calculated for some of the data missing for one or two years.

Sixth, the continuous variables are reduced by 1% and 99%.

According to the above treatment, 16128 sample enterprises were finally obtained to study the stickiness of corporate tax burden. Data analysis and result output were performed using STATA statistical software.

3.2. Variables

There are three explained variables in this paper: (1) the change in the total tax burden of enterprises, (2) the change in the income tax burden of enterprises, and (3) the change in the VAT burden of enterprises.

Among them, *Ln_tax* is used to represent the change in the total tax burden of enterprises, which is the ratio of the current tax burden of enterprises to the tax burden of enterprises in the previous period, and then the natural logarithm is taken.

Referring to the research of Liu & Liu [36], the method of measuring enterprises' total tax burden (*tax*) is to pay all kinds of tax burdens minus the tax return received plus the end balance of tax payable minus the beginning balance of tax payable.

Ln_income is used to represent the change in the income tax burden of enterprises, and the ratio of the current income tax burden of enterprises to the previous income tax burden of enterprises is taken as the natural logarithm. Referring to the literature of scholars Liu & Liu [36], the enterprise income tax burden is defined as the change of income tax burden minus deferred income tax minus payable income tax.

Ln_vat is used to represent the change in the VAT tax burden of enterprises, and the ratio of the current VAT tax burden of enterprises to the previous VAT tax burden of enterprises is taken as the natural logarithm. Referring to the research method of Yu [15], the calculation method of VAT burden is to calculate the cash received by selling goods and providing services minus the cash received by purchasing goods and providing services and then convert the difference into the

amount without VAT and calculate the VAT under the corresponding tax rate.

The explanatory variables of this paper are operating income changes, tax reduction policies, and accounting conservatism.

This paper's change in operating income is defined as *Ln_turn*, the natural logarithm of the ratio of the current operating income to the previous operating income. Among them, the introduction of a dummy variable *D* represents the direction of the change in the operating income of the enterprise. Its value is 1, indicating that the current operating income scale has declined compared with the previous period. Conversely, its value is 0.

The tax-cut policies are expressed as policy. The general public budget revenue ratio to local GDP in each province is selected to evaluate the effect of macro tax-cut policies.

To measure accounting conservatism (*CScore*), this paper draws on the Model (4) constructed by Basu [37], in which the stock return rate (*RET*) represents the measure of good and bad news and introduces the dummy variable *M* in which the more significant the β_3, the stronger the accounting conservatism (*CScore*). To indicate the decline of accounting conservatism, *Score* is selected as the representative. If *CScore* decreases for two consecutive years, the *M* value is 1; otherwise, 0.

$$CScore_{it} = \frac{EPS_{it}}{P_{it}} = \beta_0 + \beta_1 M_{it} + \\ + \beta_2 RET_{it} + \beta_3 \times M_{it} \times RET_{it} + \varepsilon_{it}. \quad (1)$$

To control the influence of other factors on the change range of corporate tax burden, the selection of control variables in this paper refers to the research of Liang [7], Gan et al. [9], and Hu & Wu [18], including:

• *Lev*: It is expressed by the ratio of the total debt to the total assets at the end of the period.

• *Zm*: It is expressed by the enterprise's total assets at the end of the year divided by the current operating income.

• *Rm*: It is expressed by the ratio of employees to operating income (million RMB).

• *Roa*: It is expressed by the ratio of the net profit of the enterprise to the asset size at the end of the year.

• *Bl*: The difference between the enterprise sales revenue and sales cost is divided by the sales revenue.

• *Size*: The representation of the natural logarithm of the asset size at the end of the period.

• *Cz*: It is expressed by the budgeted provincial fiscal revenue ratio to the budgeted provincial and central fiscal revenue.

At the same time, the grouping variables of this paper are considered as follows: the change of tax burden stickiness of enterprises with different ownership types and industry types is different, so the test of distinguishing ownership and industry is carried out.

Among them, the ownership (*Owner*) is 0 on behalf of private enterprises, one on behalf of state-owned enterprises; industry (*Line*) 0 represents the service industry, 1 represents the high-tech manufacturing industry, and 2 represents the non-high-tech manufacturing industry [38].

The high-tech manufacturing industry includes pharmaceutical, metal, general equipment, transportation, electrical machinery, available equipment, and computer and electronic instrument manufacturing.

3.3. Analytical Methods

Based on the research of Sun & Liu [39], Model (2) is constructed to test the existence of corporate tax burden stickiness during tax cuts and fee cuts:

$$Ln\_tax_{it} = \alpha_0 + \alpha_1 Ln\_turn_{it} + \\ + \alpha_2 \times D_{it} \times Ln\_turn_{it} + \alpha_3 \times \\ \times \sum Contronl_{it} + \sum line + \sum year + \varepsilon_{it}. \quad (2)$$

Where I denote the individual, *t* denotes time; when $\alpha_2 < 0$, enterprises have tax burden stickiness, and the greater the absolute value, the stronger the stickiness. If the operating income rises, $D = 0$, the tax burden increases by α_1 percentage points for every one percentage point increase in operating income; if operating income declines, $D = 1$; for every one percentage

point reduction in operating income, the tax burden decreases by $\alpha_1 + \alpha_2$ percentage points.

Model (3) is constructed to examine the relationship between tax-cut policies and corporate tax burden stickiness:

$$Ln\_tax_{it} = \alpha_0 + \alpha_1 Ln\_turn_{it} + \alpha_2 \times$$
$$\times D_{it} \times Ln\_turn_{it} + \alpha_3 \times D_{it} \times Ln\_turn_{it} \times$$
$$\times Policy_{it} + \alpha_4 \times Policy_{it} + \alpha_5 \times \quad (3)$$
$$\times \sum Contronl_{it} + \sum line + \sum year + \varepsilon_{it}.$$

Among them, when $\alpha_3 < 0$, the tax-cut policies increase the tax burden stickiness of enterprises.

Model (4) Investigate the relationship between tax-cut policies, accounting conservatism, and corporate tax burden stickiness:

$$Ln\_tax_{it} = \alpha_0 + \alpha_1 Ln\_turn_{it} + \alpha_2 \times$$
$$\times D_{it} \times Ln\_turn_{it} + \alpha_3 \times D_{it} \times Ln\_turn_{it} \times$$
$$\times Policy_{it} + \alpha_4 \times D_{it} \times Ln\_turn_{it} \times$$
$$\times Policy_{it} \times Score_{it} + \alpha_5 \times Policy_{it} + \alpha_6 \times \quad (4)$$
$$\times CScore_{it} + \alpha_7 \times \sum Contronl_{it} +$$
$$+ \sum line + \sum year + \varepsilon_{it}.$$

Among them, when $\alpha_4 < 0$, the tax-cut policies increase enterprises' tax burden stickiness by reducing their accounting conservatism.

4. Results

Column (1) of Table 1 is a general regression result. It can be seen that the regression coefficient α_1 of *Ln_turn* is 0.634, which is significantly positive, indicating that when the business income scale expands by 1%, the total tax burden of enterprises increases by 0.634%. However, α_2 is significantly negative, with a value of −0.553, indicating that when the business income of enterprises decreases by 1%, the total tax burden decreases by only 0.081 % (α_1 % + α_2 %).

Column (2) shows the regression results of fixed effects. Considering that different industries and times may cause different changes in corporate tax burden, the industry effect and time effect are controlled, and the regression results are presented as Column (3). The significance and symbols of the regression coefficients α_1

and α_2 remain unchanged. It is not difficult to find that during the period of a fee reduction and fee reduction, the adjustment of tax burden cost with income fluctuation is hindered, and the stickiness of corporate tax burden exists objectively. Secondly, from the perspective of control variables, based on the regression results from (1) to (3), it is clear that the coefficient of gross margin on *Bl* is significantly positive. The coefficient of *Zm* is significantly negative, indicating that the smaller the density of capital resources and the greater the gross margin on sales, the heavier the tax burden of enterprises, and the remaining control variables are not significant.

Columns (4) to (6) of Table 1 describe the phased differences in the stickiness of corporate tax burden under the three stages of tax reduction and fee reduction.

First, Column (4) reflects the tax burden stickiness in the 2008–2015 structural tax reduction stage. The value of α_1 is 0.636, which has specific statistical significance. Whenever the scale of operating income expands by 1%, the total tax burden of enterprises increases by 0.636%. However, the α_2 coefficient is significantly negative, with a value of -0.586. In the case of the existence of tax burden stickiness, when the performance of enterprises declines, the space for the decline of the total tax burden of enterprises is compressed to 0.05%, and the tax burden of enterprises is still not reduced.

Secondly, Column (5) describes the tax burden stickiness in the stage of business-to-vat reform in 2016–2017. The positive value of α_1 is 0.685. When the scale of operating income increases by 1%, the total tax burden of enterprises increases by 0.685%. At this time, α_2 is no longer significant, and the stickiness of the corporate tax burden no longer exists. This shows that the business-to-vat reform explicitly alleviates the pain of the corporate tax burden.

Thirdly, Column (6) is the tax burden stickiness of comprehensive tax reduction and fee reduction from 2018 to 2019, α_2 is significant, and the value is −0.780. When business volume declines, enterprises do not reduce tax burden costs but increase

tax burden costs, but the increase is less than the tax burden costs when business volume rises. It shows that the stickiness of the corporate tax burden is the strongest among the three periods of tax and fee reduction (Table 1).

Column (1) of Table 2 shows the full-time test results of tax burden stickiness under the influence of tax-cut policies. Columns (2) to (4) analyze the results of corporate tax burden stickiness under the impact of tax-cut policies during structural tax reduction, comprehensive tax reduction, and fee reduction.

It can be seen from Column (1) that α_1 is significantly positive, and the value is negative and statistically significant, α_2 (the coefficient of the interaction term $Ln\_turn \times D$) is significantly negative, and α_3 (the coefficient of the interaction term $Ln\_turn \times D \times Policy$) is significantly harmful. It shows that the tax-cut policies have effectively increased the tax burden stickiness of enterprises.

It can be found in columns (2) to (4) from Column (2), without the influence of structural tax-cut policies, a greater degree of stickiness of the tax burden on enterprises. Under the influence of structural tax-cut policies, the tax burden on enterprises is stickier.

From Column (3), implementing the comprehensive policy of replacing business tax with VAT has dramatically alleviated the stickiness of the corporate tax burden.

Table 1

Analysis of the tax burden stickiness effect of enterprises

Variable name	(1) normal regression	(2) fixed effects regression	(3) double fixed effect	(4) structural tax cuts	(5) business-to-vat reform	(6) comprehensive tax reduction and fee reduction
Ln_turn	0.634*** (50.47)	0.636*** (17.37)	0.627*** (16.89)	0.636*** (42.36)	0.685*** (22.49)	0.464*** (11.75)
Ln_turn×D	–0.553*** (–19.12)	–0.606*** (–7.82)	–0.614*** (–7.70)	–0.586*** (–16.84)	–0.043 (–0.56)	–0.780*** (–9.61)
Zm	–0.004*** (–4.64)	–0.003* (–1.71)	–0.003* (–1.67)	–0.002* (–1.74)	–0.004** (–2.30)	–0.007** (–2.43)
Roa	0.055*** (4.07)	0.050 (1.33)	0.052 (1.42)	0.045*** (3.26)	0.497*** (3.51)	0.269* (1.71)
Bl	0.269*** (9.47)	0.675*** (6.30)	0.679*** (6.38)	0.298*** (8.45)	0.100 (1.35)	0.299*** (4.57)
Rm	0.007*** (3.14)	0.008* (1.65)	0.007 (1.49)	0.005** (2.07)	0.005 (0.70)	–0.036*** (–2.82)
Lev	0.004 (0.74)	–0.001 (–0.10)	0.003 (0.51)	0.003 (0.68)	0.137* (1.88)	–0.096** (–1.96)
Size	0.021*** (5.69)	0.021 (1.51)	0.062*** (3.36)	0.024*** (5.07)	–0.003 (–0.29)	0.051*** (5.26)
Cz	0.001 (0.01)	–0.456 (–1.23)	0.180 (0.35)	0.262 (1.48)	–0.088 (–0.31)	–0.579* (–1.69)
Constant	–0.365*** (–7.29)	–0.4252** (–2.56)	–0.958*** (–4.10)	–0.404*** (–6.30)	–0.026 (–0.19)	–0.651*** (–4.60)
Observations	16128	16128	16128	10752	2688	2688
Industry fixed effect	No	No	Yes	Yes	Yes	Yes
Time fixed effect	No	No	Yes	Yes	Yes	Yes
Adjusted R²	0.151	0.151	0.156	0.163	0.220	0.093

Notes: Significant at *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. T value in parentheses.

From Column (4), the policy of comprehensive tax reduction and fee reduction will significantly increase the tax burden stickiness of enterprises. The possible reason is that in the face of different types of tax reduction policies, the impact on the behavior of enterprises is different, and the choice of accounting conservatism of enterprises is also different. The tax-cut policies of income tax are more likely to reduce the accounting conservatism of enterprises. It is easier to increase the tax burden stickiness of enterprises by increasing the optimistic expectations of enterprise management, increasing the difficulty of adjusting resource costs and

increasing the information asymmetry of the principal-agent layer (Table 2).

To study more fully, the central policies of the three stages of tax reduction and fee reduction period are sorted out in Table 3. Structural tax increases under certain circumstances and conditions during the structural tax reduction period.

The tax burden of enterprises also changes structurally with the policy. During the period of the business-to-vat reform, the reduction of the tax burden is distributed according to the bargaining power of enterprises. During the comprehensive tax reduction and fee reduction period, the corporate tax burden change

Table 2

Analysis of tax-cut policies and enterprise tax burden stickiness effect

Variable name	(1) main regression	(2) structural tax cuts	(3) business-to-vat reform	(4) comprehensive tax reduction and fee reduction
Ln_turn	0.630*** (49.40)	0.636*** (42.41)	0.690*** (22.61)	0.464*** (11.78)
Ln_turn×D	−0.305*** (−3.95)	−0.371*** (−4.27)	−0.557*** (−2.72)	−0.385** (−1.97)
Ln_turn×D×Policy	−2.041*** (−3.57)	−2.048*** (−2.69)	4.242*** (2.76)	−3.721** (−2.28)
Policy	−0.406 (−0.79)	−0.246 (−1.46)	0.208 (0.59)	−0.211 (−0.61)
Zm	−0.005*** (−4.97)	−0.002* (−1.85)	−0.004*** (−2.58)	−0.008*** (−2.59)
Roa	0.056*** (4.15)	0.047*** (3.38)	0.507*** (3.58)	0.269* (1.71)
Bl	0.276*** (9.71)	0.303*** (8.45)	0.125* (1.68)	0.316*** (4.76)
Rm	0.007*** (3.24)	0.005** (2.15)	0.006 (0.85)	−0.037*** (−2.93)
Lev	0.004 (0.83)	0.003 (0.64)	0.146** (2.00)	−0.096** (−1.96)
Size	0.027*** (7.13)	0.024*** (5.03)	−0.002 (−0.21)	0.049*** (5.05)
Cz	0.306 (0.61)	0.254 (1.43)	−0.034 (−0.12)	−0.606* (−1.77)
Constant	−0.407*** (−7.67)	−0.386*** (−5.80)	−0.098 (−0.70)	−0.627*** (−4.43)
Observations	16128	10752	2688	2688
Industry fixed effect	Yes	Yes	Yes	Yes
Time fixed effect	Yes	Yes	Yes	Yes
Adjusted R²	0.155	0.044	0.048	0.036

Notes: Significant at *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. T value in parentheses.

needs further investigation. The focus of tax arrangements in different tax and fee reduction periods is different. Compared with the transfer of turnover tax burden, the bearer of direct tax is enterprises.

The tax base of enterprise income tax is often affected by the subjective decision-making strategy of enterprises, which will cause the sticky effect of the tax burden (Table 3).

A full-time and phased regression analysis was conducted to test whether the macro tax-cut policies affect the tax burden stickiness of enterprises by reducing the accounting conservatism of enterprises. The results are shown in columns (1) to (4) of Table 4.

To verify the difference in the effect of different taxes on the tax-cut policies on the tax burden stickiness of enterprises according to the reduction of accounting conservatism, the test of distinguishing taxes is carried out. The results are summarized in columns (5) and (6) of Table 4.

Firstly, the empirical results from Column (1) show that the coefficient α_1 is significantly positive, α_2 (the coefficient of $Ln\_turn \times D$), α_3 (the coefficient of $Ln\_turn \times D \times Policy$), and α_4 (the coefficient of $Ln\_turn \times D \times Policy \times Score$) are significantly negative. It shows that after the implementation of the macro tax-cut policies, micro-enterprises have made a pre-judgment on the changes in the

credit market and have chosen to reduce the accounting conservatism of enterprises, which has promoted the increase of optimistic expectations of enterprise management, the increase of the cost of adjusting resources and the deepening of the contradiction between principal-agent, thus deepening the asymmetry between the changes in tax risk cost, tax service cost, financial tax cost, and tax direct cost and business volume, increasing corporate tax burden stickiness.

Secondly, from the analysis results of columns (2) to (4), the structural tax-cut policies can also significantly strengthen the tax rigidity of enterprises through the reduction of accounting conservatism of enterprises. The coefficient of α_2 is significantly negative, and the coefficient of α_3 is positive. It passes the 5% significance level test, and the coefficient of α_4 is not statistically significant, indicating that implementing the comprehensive policy of replacing business tax with VAT has alleviated the pressure of enterprises' higher tax burden rigidity.

The comprehensive policy of replacing business tax with VAT significantly reduces enterprises' tax burden pain. In the stage of comprehensive tax reduction and fee reduction, the regression coefficients α_2, α_3 and α_4 are significantly negative, and α_3 and α_4 are the most significant absolute values of the three stages,

Table 3

Main policies in three phases

Phase name	The period	Types of taxes	Main policies
Structural tax cuts	2008–2015	Enterprise income tax	Unified domestic and foreign enterprise income tax; corporate income tax rate adjusted to 25%
		Tariff	Cut tariff rates on more than 730 imported goods
		VAT	Pilot scope of some industries
		Administrative fees	253 cancellations in 2012; 347 cancellations and exemptions in 2013; 99 cancellations, exemptions, or suspensions in 2015
Business-to-vat reform	2016–2017	VAT	Business-to-vat reform
		Administrative fees	18 exemptions in 2016; 43 cancellations, suspensions, or exemptions in 2017
Comprehensive tax reduction and fee reduction	2018–hitherto	Individual income tax	Individual income tax reform
		VAT	The tax rate was adjusted from 17% to 13%; the tax rate was adjusted from 11% to 9%

indicating that the comprehensive tax-cut policies can significantly affect the tendency of enterprises to choose to underestimate liabilities and overestimate assets. By reducing the accounting conservatism of enterprises, to obtain more financing, the management of enterprises is over-optimistic and unwilling to adjust costs, the supervision of shareholders on management is weakened, and the tax burden stickiness is increased. Again, from the regression results of Column (5) income tax and Column (6) VAT.

On the one hand, the tax-cut policies have effectively reduced the quality of corporate accounting information reports, reduced the requirements of corporate accounting conservatism, and increased the stickiness of the corporate income tax burden.

Table 4

Analysis of the tax-cut policies, accounting conservatism, and corporate tax burden stickiness effect

Variable name	(1)	(2)	(3)	(4)	(5)	(6)
	main regression	structural tax cuts	business-to-vat reform	comprehensive tax reduction and fee reduction	enterprise income tax	VAT
Ln_turn	0.627*** (49.27)	0.633*** (42.26)	0.690*** (22.60)	0.461*** (11.80)	0.311*** (23.57)	–0.338*** (–21.10)
Ln_turn×D	–0.467*** (–6.36)	–0.299*** (–3.43)	–0.508** (–2.28)	–0.476** (–2.44)	–0.344*** (–4.52)	0.277*** (2.99)
Policy	–0.123 (–0.88)	–0.261 (–1.55)	0.186 (0.52)	–0.161 (–0.47)	–0.149 (–1.03)	0.021 (0.12)
Ln_turn×D×Policy	–1.710*** (–2.68)	–3.630*** (–4.57)	4.053** (2.57)	–4.143** (–2.55)	–1.655** (–2.51)	–1.825** (–2.27)
CScore	0.005 (1.46)	0.005 (1.23)	–0.012 (–0.51)	0.018 (1.54)	0.006* (1.69)	0.002 (0.37)
Ln_turn×D×Policy×Score	–3.449*** (–8.12)	–3.520*** (–7.03)	0.647 (0.56)	–7.778*** (–5.66)	–1.560*** (–3.54)	1.548*** (2.89)
Zm	–0.004*** (–4.47)	–0.002* (–1.81)	–0.004** (–2.54)	–0.009*** (–2.86)	0.004*** (3.91)	0.001 (0.90)
Roa	0.061*** (4.55)	0.054*** (3.93)	0.508*** (3.59)	0.230 (1.47)	0.019 (1.32)	0.012 (0.69)
Bl	0.281*** (9.74)	0.296*** (8.27)	0.124* (1.66)	0.309*** (4.68)	–0.140*** (–4.68)	–0.160*** (–4.41)
Rm	0.005** (2.29)	0.004 (1.50)	0.006 (0.85)	–0.032** (–2.49)	0.002 (0.62)	–0.005* (–1.75)
Lev	0.002 (0.54)	0.002 (0.52)	0.146** (2.00)	–0.133*** (–2.74)	0.003 (0.60)	0.008 (1.42)
Size	0.025*** (6.48)	0.022*** (4.59)	–0.002 (–0.18)	0.054*** (5.54)	–0.047*** (–11.95)	–0.013*** (–2.77)
Cz	0.035 (0.25)	0.239 (1.35)	–0.026 (–0.09)	–0.644* (–1.89)	0.130 (0.91)	0.287* (1.65)
Constant	–0.385*** (–7.05)	–0.352*** (–5.30)	–0.102 (–0.73)	–0.670*** (–4.74)	0.596*** (10.53)	0.161** (2.34)
Observations	16128	10752	2688	2688	16128	16128
Industry fixed effect	Yes	Yes	Yes	Yes	Yes	Yes
Time fixed effect	Yes	Yes	Yes	Yes	Yes	Yes
Adjusted R²	0.156	0.167	0.223	0.103	0.103	0.046

Notes: Significant at *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. T value in parentheses.

On the other hand, under the impact of tax-cut policies, the tax burden stickiness of VAT disappears. This may be because the corporate income tax base is more subjective, and the reduction of accounting conservatism under the tax-cut policies has a more significant impact on the decision-making of corporate income tax burden, a greater degree of stickiness of the tax burden on enterprises (Table 4).

To distinguish ownership types and industries, listed companies are divided into six sample groups: private enterprises, state-owned enterprises, service industries, high-tech manufacturing industries, and non-high-tech manufacturing industries. The results are summarized in columns (1) to (5) of Table 5.

From the perspective of ownership types, from the regression coefficient α_2 of columns (1) and (2), the tax burden stickiness of state-owned enterprises is more robust than that of non-state-owned enterprises, which may be due to the agency problems within state-owned enterprises and the self-interest of management. From the regression coefficient α_3, the value of state-owned enterprises is positive, and the value of private enterprises is negative, indicating that the tax-cut policies significantly inhibit the tax burden stickiness of state-owned enterprises, but increases the tax burden stickiness of private enterprises.

The possible reason is that the tax-cut policies increase the optimistic expectations of the management of non-state-owned enterprises, which in turn increases the related tax burden costs, thereby increasing the tax burden stickiness of private enterprises; from the regression coefficient α_4, it is significantly negative, indicating that both state-owned enterprises and private enterprises tax reduction policies have prompted enterprises to make decisions to reduce accounting conservatism, which in turn has increased the optimistic expectations of enterprise management, increased the difficulty of adjustment costs and reduced the supervision of shareholders, increased the tax burden stickiness of enterprises, and private enterprises have a more vital subjective willingness to reduce accounting conservatism.

This may be based on the fact that private enterprises believe that tax reduction policies can improve enterprises' financing environment, reduce enterprises' financing costs, reduce the quality of their accounting information report, and to an unavoidable extent, damage the interests of creditors. Out of doubt about the authenticity of corporate financial information, creditors will further reduce investment, and the financing environment faced by enterprises will deteriorate.

Due to the increase of management's optimistic expectations, the difficulty of adjustment costs, and the increase of agency conflicts brought by tax reduction policies, the stickiness of the corporate tax burden will eventually increase.

Firstly, the coefficient α_2 of the interaction term $Ln\_turn \times D$ is significantly negative, indicating tax burden stickiness in the service, high-tech, and non-high-tech manufacturing industries. The tax burden stickiness of the non-high-tech manufacturing industry is the largest, and the stickiness of the high-tech manufacturing industry is the smallest. The cost management level of the non-high-tech manufacturing industry is low, and the efficiency of internal resource allocation could be better than that of the high-tech manufacturing industry.

Secondly, as long as the coefficient α_3 of the interaction term $Ln\_turn \times D \times Policy$ of the non-high-tech manufacturing industry is significantly negative, it shows that the tax reduction and fee reduction policy has significantly increased the tax burden stickiness of enterprises. It may be because when there are no tax-cut policies, the financing problem of the non-high-tech manufacturing industry is more serious. The tax-cut policies increase the optimistic expectation of the non-high-tech manufacturing industry to improve financing problems.

Thirdly, the coefficient α_4 of the interaction term $Ln\_turn \times D \times Policy \times Score$ is significantly harmful. The absolute value of the manufacturing industry is greater than that of the service industry. The value

of the high-tech manufacturing industry is greater than that of the non-high-tech manufacturing industry, indicating that the high-tech manufacturing industry is facing the impact of tax reduction policies and reducing the quality of accounting information.

The possible reason is that the capital-intensive high-tech manufacturing industry has less competition, the choice of accounting policy robustness is more comprehensive, and the high-tech manufacturing industry is booming. Managers are more optimistic about the market prospects in the face of the country's large-scale tax cuts and profit concession policies. Even in the face of declining performance, the optimistic attitude of managers of enterprises will still make enterprises reduce costs and not reduce costs to a lesser extent, resulting in tax burden stickiness (Table 5).

Table 5

Heterogeneity analysis of the tax-cut policies, accounting conservatism, and corporate tax burden stickiness

Variable name	(1) private enterprises	(2) state-owned enterprises	(3) service industries	(4) high-tech manufacturing industry	(5) non-high-tech manufacturing industry
Ln_turn	0.624*** (34.06)	0.628*** (35.04)	0.656*** (29.89)	0.544*** (17.11)	0.637*** (37.24)
Ln_turn×D	–0.267*** (–2.62)	–0.841*** (–7.59)	–0.447*** (–2.62)	–0.370** (–1.96)	–0.497*** (–5.13)
Policy	–0.031 (–0.13)	–0.045 (–0.25)	0.120 (0.50)	–0.724** (–2.03)	–0.034 (–0.18)
Ln_turn×D×Policy	–4.700*** (–5.43)	3.636*** (3.67)	–0.404 (–0.26)	–1.780 (–0.90)	–1.697** (–2.14)
CScore	0.004 (0.56)	0.007 (1.64)	–0.012 (–1.22)	0.028 (1.11)	0.006 (1.61)
Ln_turn×D×Policy×Score	–4.453*** (–7.64)	–1.983*** (–3.10)	–2.540*** (–2.79)	–5.069*** (–4.42)	–2.842*** (–5.21)
Zm	–0.003** (–2.52)	–0.006*** (–4.39)	–0.004*** (–3.09)	–0.001 (–0.43)	–0.005*** (–3.41)
Roa	0.055*** (3.29)	0.061** (2.46)	0.001 (0.07)	0.087*** (4.29)	0.191*** (4.18)
Bl	0.205*** (4.59)	0.348*** (9.06)	0.309*** (7.27)	0.199*** (3.17)	0.305*** (6.74)
Rm	0.004 (1.25)	0.005* (1.65)	–0.003 (–0.61)	0.005 (0.99)	0.007** (2.39)
Lev	0.004 (0.65)	–0.001 (–0.13)	0.007 (1.29)	–0.003 (–0.29)	0.006 (0.52)
Size	0.032*** (4.84)	0.022*** (4.46)	0.017*** (2.67)	0.039*** (3.50)	0.024*** (4.68)
Cz	–0.152 (–0.59)	0.180 (1.11)	0.024 (0.11)	0.592 (1.53)	–0.081 (–0.44)
Constant	–0.446*** (–4.76)	–0.375*** (–5.42)	–0.299*** (–3.30)	–0.495*** (–3.19)	–0.368*** (–5.09)
Observations	6792	9336	3371	2811	9946
Industry fixed effect	Yes	Yes	Yes	Yes	Yes
Time fixed effect	Yes	Yes	Yes	Yes	Yes
Adjusted R²	0.171	0.144	0.138	0.210	0.155

Notes: Significant at *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. T value in parentheses.

This paper has carried out the following stability tests: one is to replace the explained variable; second, change the time dimension; third, change the regression method.

Column (1) in Table 6 describes the calculation method for replacing the core explained variable. Referring to the study of Gan et al. [4], it is mentioned that the calculation method of the tax burden is to pay various tax burdens-return the tax burden received. The regression coefficient α_1 is significantly positive, and the coefficients α_2, α_3, and α_4 are significantly negative, indicating that by relaxing the accounting conservatism of enterprises, the tax-cut policies enhance the tax burden of enterprises. The degree of pain is very robust.

The description of Column (2) in Table 6 is a test method to narrow the time dimension. The sample data from

Table 6

Stability test of tax-cut policies, accounting conservatism, and corporate tax burden stickiness

Names of variables	(1) replace the explained variable	(2) change the time dimension	(3) change the regression method
Ln_turn	0.229*** (15.66)	0.626*** (47.09)	0.677*** (82.51)
Ln_turn×D	−0.326*** (−3.86)	−0.460*** (−5.97)	−0.495*** (−10.46)
Policy	−0.174 (−1.08)	−0.132 (−0.86)	−0.041 (−0.45)
Ln_turn×D×Policy	−1.718** (−2.34)	−1.770*** (−2.65)	−0.144 (−0.35)
CScore	0.005 (1.33)	0.005 (1.39)	0.004* (1.93)
Ln_turn×D×Policy×Score	−2.300*** (−4.71)	−3.464*** (−7.80)	−1.754*** (−6.40)
Zm	0.003*** (2.77)	−0.005*** (−4.64)	−0.002*** (−3.00)
Roa	0.021 (1.33)	0.095*** (5.58)	0.035*** (4.03)
Bl	−0.052 (−1.57)	0.309*** (9.81)	0.069*** (3.72)
Rm	−0.002 (−0.97)	0.006** (2.35)	0.001 (0.45)
Lev	−0.001 (−0.19)	0.010* (1.73)	0.004 (1.27)
Size	−0.043*** (−9.89)	0.027*** (6.39)	0.005* (1.82)
Cz	0.232 (1.46)	0.048 (0.32)	0.036 (0.40)
Constant	0.531*** (8.46)	−0.438*** (−7.28)	−0.069** (−1.97)
Observations	16128	14784	16128
Industry fixed effect	Yes	Yes	Yes
Time fixed effect	Yes	Yes	Yes
Adjusted R²	0.087	0.157	–

Notes: Significant at *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. T value in parentheses.

2009 to 2018 are selected. Under the impact of tax reduction policies, by reducing the reporting quality of accounting information, corporate tax burden stickiness is still widespread in China's listed companies. The results of this study are pretty robust.

Column (3) in Table 6 shows the test results of changing the regression method. To avoid the median regression being carried out to interfere with outliers in the empirical analysis, it can be seen that the coefficient of α_1 is positive and statistically significant (Table 6).

The regression coefficients of α_2, α_3, and α_4 are negative and pass the significance test, which confirms that the tax-cut policies can effectively enhance the stickiness of corporate tax burden. In summary, the empirical results of this paper are very robust.

5. Discussion

The discussion section of this study presents essential findings on the relationship between tax-cut policies, accounting conservatism, and corporate tax burden stickiness. Our results verify the research hypothesis that tax-cut policies increase corporate tax burden stickiness through decreased accounting conservatism.

Specifically, our findings suggest that macro tax-cut policies weaken accounting conservatism in micro-enterprises, leading to various costs such as increased tax risk, service, financial, direct, and business volume asymmetry, ultimately contributing to the increased stickiness of the corporate tax burden. Structural and comprehensive tax-cut policies can significantly reinforce the tax rigidity of enterprises during the differentiation stage by decreasing accounting conservatism. It is also worth noting that VAT replacing business tax significantly inhibits tax burden stickiness.

Furthermore, we find that tax-cut policies reduce the quality of corporate accounting information reporting, which leads to an increase in corporate income tax burden stickiness while having no impact on VAT's tax burden stickiness. Tax-cut policies decrease the accounting conservatism of both state-owned and private enterprises, with private enterprises being more willing to reduce their accounting conservatism.

Finally, we observe that the high-tech manufacturing industry experiences the most significant reduction in accounting information quality, which affects tax burden stickiness under the influence of tax-cut policies.

Our study highlights that tax cost embodies enterprise resource input, occupation, and consumption, closely relating to enterprise management decision-making, management cost level, and market risk judgment ability. As such, enterprises must establish a long-term dynamic tax cost management mechanism that classifies and controls corporate tax costs based on different criteria, adjusts costs promptly according to the market environment, and enhances the ability to resist risks in a circular economy.

This paper contributes to the literature on corporate tax burden stickiness in three main ways.

Firstly, we adopt a novel perspective by investigating enterprises' overall tax burden stickiness, analyzing, and comparing the stickiness of value-added and income tax.

Secondly, our study considers various stages of tax reduction policies, including structural tax reduction, VAT reform, and sweeping tax cuts and fee reductions. This leads to a comprehensive understanding of corporate tax burden stickiness.

Lastly, we identify the transmission mechanism between macro-level tax reduction policies and micro-level enterprise tax burden stickiness. This contributes to a better understanding the interaction between macroeconomic policy and micro-enterprise behavior.

6. Conclusions

This study explores the relationship between tax-cut policies, accounting conservatism, and corporate tax burden stickiness using data from listed enterprises between 2008 and 2019.

Our results verify the research hypothesis that tax-cut policies increase cor-

porate tax burden stickiness through decreased accounting conservatism.

The research concludes that a reduction in accounting conservatism caused by macro tax-cut policies results in an increased stickiness of the corporate tax burden. Structural and comprehensive tax-cut policies can enhance the tax rigidity of enterprises during the differentiation stage.

Furthermore, it found that tax-cut policies negatively affect the quality of corporate accounting information reporting. Therefore, enterprises should establish a long-term dynamic tax cost management mechanism to mitigate risks.

The study recommends increasing transparent enterprise information construction, such as accounting conservatism, to suppress tax burden stickiness due to macroeconomic policies.

Using comparative studies, future research could investigate the impact of different tax systems and government regulations on tax burden stickiness.

In addition, researchers could use other measures of accounting conservatism, such as earnings smoothing, to explore further the relationship between tax-cut policies, accounting conservatism, and corporate tax burden stickiness.

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Для цитирования

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