

Decision on the Division of the Financial Revenue and Expenditure System for the Year 1951 (March 29, 1951)

(1) In order to consolidate the unified management and leadership of financial work and to adapt to the economic conditions and working conditions of various regions, a policy of unified leadership and hierarchical responsibility will be adopted for the national financial revenue and expenditure system starting from the year 1951. The system will be divided into three levels: (A) Central-level finance; (B) Finance at the level of large administrative regions; (C) Provincial (municipal) finance. The finances of bureaus and counties (cities) will be included in provincial finances. The financial budget for rural areas under the jurisdiction of counties (cities) will be independently budgeted and not included in provincial financial budgets.

Central-level finance is referred to as central finance, and finances below the level of large administrative regions are referred to as local finances.

(2) The division of financial revenue and expenditure systems at each level will be based on the following principles:

Local Financial Revenue and Expenditure: The Central People's Government Ministry of Finance will allocate a portion of the designated income and approved regional budgets to the finances of large administrative regions. Large administrative regions will, based on the central allocation of revenue and expenditure, divide their finances into the financial revenues and expenditures of large administrative regions and provinces (municipalities), taking into account the specific circumstances of each province (municipality). This will be reported to the State Council's Finance and Economic Committee for record.

The financial revenues and expenditures of provinces (municipalities) directly under the Central Government will be allocated and approved by the Central People's Government Ministry of Finance and implemented upon approval by the State Council's Finance and Economic Committee.

(3) The expenditures of financial systems at each level will be temporarily divided based on the current management situation as follows:

Defense Expenditure: This includes regular expenses for the army, navy, air force, defense construction expenses, combat expenses, military production expenses, and combat support expenses, all included in the central budget.

Investment and Operational Expenses for People's Economic Construction and Projects: Investment and operational expenses for state-owned enterprises and economic construction projects will, for the time being, be divided based on the management situation of the year 1950. Those originally managed by the central investment operator will have their investment or project expenses included in the central budget. Those managed by local investment operators will have their investment or project expenses included in the local budgets at all levels. Those entrusted by the central investment committee to local management will be included in the central budget, with local areas responsible only for management, supervision, receiving and forwarding, or verification. Detailed division methods will be separately stipulated.

Expenses for Social, Cultural, and Educational Programs:

(A) **Education Expenses:** Those included in the central budget are directly affiliated universities and colleges, various advanced scientific research institutes, primary and secondary schools, and ethnic colleges or branches. Those included in the budget of large administrative regions are universities

and colleges directly affiliated with large administrative regions, as well as primary and secondary schools and ethnic colleges or branches. Those included in the budget of provinces (municipalities) are independent colleges, vocational schools, comprehensive normal schools, primary and secondary schools directly affiliated with provinces (municipalities). All the above expenses are allocated according to the direct leadership relationship, separately listed in various level budgets. Training funds for cadres at all levels, social education expenses, according to the management situation, are listed in the budgets of the central government, large administrative regions, and provinces (municipalities). The expenses of general primary schools with simplified teachers will be borne by local additional funding.

(B) Cultural Expenses: Central broadcasting stations and local broadcasting stations engaged in international news reporting, various levels of organizations of Xinhua News Agency, state-owned film production companies, film management companies, Xinhua Bookstores, and cultural institutions, publishing houses, newspapers, theaters, etc., directly managed by the central government, are included in the central budget. Broadcasting stations between regions and provinces (municipalities), local newspapers, publishing houses, bookstores, theaters, cultural work groups, propaganda teams, and commemorative buildings at the district, province (municipality) level are, according to the management system, listed in the budgets of large administrative regions, provinces (municipalities).

(C) Health Care Expenses: Funds for pharmaceutical companies and newly received expenses for church hospitals and church schools are temporarily included in the central budget. Hospitals at various levels, medical teams, epidemic prevention teams, sanatoriums, according to the management system at various levels, are listed in the budgets of the central government, large administrative regions, and provinces (municipalities). County hospitals are funded by local additional expenses, and if insufficient, supplemented by provincial budgets. The expenses for the care of injured and sick personnel transferred from the military to local areas last year are temporarily included in the central budget and will be received and distributed by large administrative regions. In the future, without formal orders from the State Council or its Finance and Economic Committee, no more will be accepted. If local hospitals voluntarily admit injured and sick personnel from the military, funds will be received directly from the military by the local area, and should not be included in the budget.

(D) Social Services Expenses: Disability pensions for disabled soldiers are listed in the budgets of the central and large administrative regions, and provinces (municipalities) may receive and forward them on behalf of others. Relief funds for unemployed workers, relief funds for major disasters, listed in the central budget. General relief expenses such as disaster relief and orphanages, relief for casualties in the anti-bandit campaign, allowances for old, weak, disabled, and retired personnel in political power, immigration expenses, are funded by local donations and the original relief fund, and if insufficient, supplemented by large administrative regions, provinces (municipalities) budgets respectively. Expenses for the preferential treatment of families of martyrs are resolved through mutual assistance by the masses, and if there is an insufficient part, it is funded by local additional internal expenses. Administrative management expenses: Central-level administrative expenses, diplomatic expenses, operational expenses, financial expenses, are all included in the central budget. However, to take care of the specific situation of grain transportation and tax collection in various regions, a portion may be allocated to large administrative regions or provinces (municipalities) for immediate resolution of expenses related to grain transportation and tax ticket printing. The expenses and special expenses of various levels of public security teams, judicial expenses, judicial operational expenses, prisoner grain, expenses of various levels of grain bureaus, salt bureaus, and

tax bureaus, subsidies for the families of supply system cadres, general printing financial expenses (including collection expenses), political operational expenses, are all according to the management system, separately listed in the budgets of the central government, large administrative regions, or provinces (municipalities). Land reform funds are included in the budget of large administrative regions. Subsidies for party and group organizations, including subsidies for the activities of party committees at all levels, mass organizations, and cultural groups, are listed in the budgets of the central government, large administrative regions, or provinces (municipalities) according to their organizational or management systems. Repayment of domestic and foreign debts, accumulation of financial stockpiles, will be centrally budgeted by the central government. Other expenses, according to the management system, are separately listed in the budgets of various levels.

(4) The revenue of financial systems at each level should be based on their income situation, and with reference to the distribution of the national budget, taking into account the weight, urgency, and characteristics of various expenditures, the following principles will be followed: Agricultural tax, customs duties, salt tax, income of state enterprises directly operated and managed by the central government, income from warehouse clearance, income from central-level administrative judicial fees (including income from land ownership certificate fees), income from domestic and foreign debt repayment, income from the national bank, and other income will all be listed as central income. Goods tax, industrial and commercial tax (including business tax, income tax, temporary business tax, vendor tax), stamp tax, transaction tax, deposit interest income tax, profits from the monopoly of tobacco and alcohol, etc., will be listed as the proportional retention income of both central and local governments, and the retention ratio will be separately stipulated. Slaughter tax, deed tax, real estate tax, special consumption tax, license tax, income from state enterprises operated below the level of large administrative regions, local administrative judicial fees, and other income will be assigned as the income of large administrative regions or provinces (municipalities). The surplus of the previous year's budget should be listed as the income of financial systems at all levels and included in the budget for the current year. After the final accounts, the actual surplus of the previous year, exceeding the budgeted amount, will be determined by the central government, and a portion will be retained locally. If it falls short of the budgeted amount, the central government will provide a subsidy. The division of the income of financial systems at all levels, in comparison with the budgets at all levels, if there are excesses or deficiencies, may be adjusted up or down according to their budgets.

(5) The taxes retained by various levels of financial systems will be allocated to the central treasury account or the local treasury account based on the daily income entry numbers, as stipulated by the treasury regulations.

(6) For agricultural tax revenue exceeding the task, 50% of the excess may be retained locally.

(7) Various taxes assigned or proportionally retained shall, except for agricultural tax which will be uniformly allocated by the grain bureau, be separately remitted to the central treasury or the local treasury, as stipulated. All central tax payments will be disbursed by the Central People's Government Ministry of Finance and shall not be used by local areas. Local tax payments will be disbursed by the local area.

(8) All levels of people's governments must comply with regulations for all types of revenue. Ensure the completion of tasks. It must be collected according to law and not arbitrarily increased or decreased. Without the approval of the central government, new tax items shall not be arbitrarily added. All income of various levels of collection agencies must be disbursed in accordance with the regulations of the treasury regulations, and reported step by step. All expenditures of all levels of

people's governments must be executed in accordance with the budget regulations, and must not be changed arbitrarily.