

Review

A Review of the Impact Effect of Tax Credit Rating System on Enterprises in China

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Abstract: In order to promote the theoretical research and practical development of tax credit rating system, this paper summarizes the research status of the impact of tax credit rating system on enterprises in China. At present, scholars' research on the impact of China's tax credit rating system on enterprises mainly focuses on the impact of tax credit rating system on enterprise business activities, the impact of tax credit rating system on enterprise business performance, and the impact of tax credit rating system on capital market. Overall, scholars have conducted extensive research on the impact of tax credit rating system on enterprise business activities, while research on the impact of tax credit rating system on enterprise business performance is relatively weak. In particular, the research on the impact of the tax credit rating system on the capital market is relatively weak. Future research can focus on the impact of tax credit rating system on the M&A activities of listed companies, the impact of tax credit rating system on the dividend strategy of listed companies, the synergy between tax credit rating and third-party credit rating and the internal credit rating of commercial banks.

Keywords: Tax Credit Rating System; Enterprise Business Activities; Enterprise Business Performance; Capital Market; Impact Effect; Literature Review

1. Introduction

A tax credit rating refers to the classification assigned by the tax authorities to a taxpayer's tax credit standing over a specific period, based on the taxpayer's compliance with their tax obligations. China's tax credit rating system was launched in July 2003 with the promulgation of the *Interim Measures for the Administration of Tax Credit Rating Assessment*, which stipulated that the State Taxation Administration and local tax authorities should jointly assess tax credit ratings; However, a comprehensive tax credit evaluation system was not formed at that time, and there were problems such as a long evaluation cycle, an imperfect evaluation system, and incentives to be improved.

To standardize tax credit management, promote taxpayers' integrity and self-discipline, enhance tax compliance, and advance the development of the social credit system, the State Taxation Administration issued the *Administrative Measures for Tax Credit (Trial)* on 4 July 2014, which came into effect on 1 October 2014. To standardize the management of tax and social security contribution credit, promote integrity and self-discipline among taxpayers and contributors, enhance tax

compliance, and advance the development of the social credit system, on 16 May 2025, the State Taxation Administration issued the *Measures for the Administration of Tax and Social Security Contribution Credit*, which came into effect on 1 July 2025. In the tax credit rating system, the State Taxation Administration and local tax bureaus jointly collect information on corporate taxpayers. Based on the evaluation indicators and methods issued by the State Taxation Administration, they calculate the taxpayer's credit score and determine their credit rating (five levels: A, B, M, C and D). Among these, taxpayers who engage in dishonest conduct, such as making false declarations to fraudulently obtain tax incentives, shall be directly assigned a D rating. The scope of information disclosed by tax authorities includes Grade A credit taxpayers and major tax violation cases, and taxpayers may check their own credit ratings. Tax authorities implement different incentive and disciplinary measures for taxpayers of different grades.

Compared with traditional coercive tax administration, the tax administration model based on taxpayer credit ratings, which encourages taxpayers to pay taxes in good faith, is referred to as "flexible tax administration". The difference between the two lies in the following: coercive tax administration primarily relies on routine tax inspections and special tax audits to identify illegal or non-compliant behavior during the enterprise's tax payment process, and to impose administrative penalties; in other words, coercive tax administration exerts a "deterrent effect" by increasing the cost of tax evasion for enterprises; Flexible tax administration, on the other hand, primarily exerts a "rewarding effect" by offering policy incentives for honest tax compliance. This includes enhancing potential returns in business operations through measures such as fast-track administrative approvals, import and export facilitation, and access to fiscal funds, or reducing potential costs via land supply support, export tax rebate facilitation, and financing facilitation.

With the implementation of the tax credit rating system, the research results on the impact of the tax credit rating system on enterprises are constantly emerging. Clarifying this issue has important theoretical and practical significance for tax authorities to further improve the tax credit rating system. This paper will review the research status of the impact of China's tax credit rating system on enterprises, in order to further promote the theoretical research and practical development of the tax credit rating system.

The remaining part of this paper is structured as follows: Part 2 introduces the impact of tax credit rating system on enterprise business activities; Part 3 introduces the impact of tax credit rating system on enterprise business performance; Part 4 introduces the impact of tax credit rating system on capital market; Part 5 is a brief review.

2. The impact of the tax credit rating system on enterprise business activities

The research on the impact of tax credit rating system on enterprise business activities mainly involves the following eight themes: enterprise innovation, enterprise investment, enterprise financing, enterprise labor, enterprise resilience, enterprise tax payment, enterprise digital transformation, and other business activities.

2.1. The impact of tax credit rating system on enterprise innovation

The research on the impact of tax credit rating system on enterprise innovation mainly involves the following three topics: enterprise innovation input, enterprise innovation output and enterprise innovation efficiency.

Regarding enterprise innovation input, Zhang Yong (2021) found that: (1) Tax compliance promotes an increase in corporate R&D investment; compared with firms that did not receive an A-level tax credit rating, those that did exhibit higher levels of R&D funding and R&D personnel; (2) The positive impact of tax compliance on corporate R&D investment exhibits firm-specific heterogeneity; compared to state-owned enterprises, the positive effect of tax compliance on R&D investment is stronger in non-state-owned enterprises; (3) Further tests of mediating effects confirm that increasing tax rebates and enhancing firms' access to bank loans and commercial credit financing are key channels through which tax compliance promotes increased corporate R&D investment [1]. Ye Yongwei et al. (2021) utilized R&D expenditure data from A-share listed companies on the Shanghai and Shenzhen stock exchanges from 2010 to 2017. The study employed a PSM-DID model to estimate the "net effect" of incentive-based tax administration on corporate innovation investment. The results indicate that following the implementation of the tax credit rating system, innovation investment significantly increased among enterprises with an A tax credit rating, and this effect was more pronounced among enterprises with low media attention, non-state-owned enterprises, and high-tech enterprises. Further tests of the mechanism revealed that incentive-based tax administration exerts a positive effect on corporate innovation investment by increasing the scale of credit financing, while simultaneously exerting a negative effect by increasing market scrutiny pressure. However, since the positive effect far outweighs the negative impact, incentive-based tax administration demonstrates an "incentive effect" on corporate innovation investment [2].

Regarding enterprise innovation output and innovation efficiency, Sun Hongli & Lei Genqiang (2019) based on manually collected and organized tax credit rating data for listed companies and data on A-share listed companies from 2014 to 2016, analyzed the specific effects and mechanisms of a tax credit rating of "A" on corporate technological innovation. The study indicates that a tax credit rating of "A" has a significant positive effect on both corporate innovation output and innovation efficiency, and this effect is more pronounced in regions with weaker tax administration. Robustness tests, propensity score matching regression, and instrumental variable regression confirm the reliability of this conclusion. Mechanism analysis suggests that a tax credit rating of "A" promotes corporate technological innovation through channels such as external financing mechanisms, marketing mechanisms, and corporate governance mechanisms [3]. Bao Wenshuang & Li Qiyun (2022) examined the impact of the tax credit rating system on corporate innovation efficiency using data from listed companies from 2014 to 2021. The study found that: (1) Overall, listed companies with higher tax credit ratings invest more in innovation. This suggests that the tax credit rating system helps managers identify R&D opportunities, eases corporate financing constraints, reduces agency costs, and facilitates the implementation of corporate R&D investment decisions, thereby stimulating innovation activities and enhancing innovation efficiency; (2) The tax credit rating system has direct or indirect effects on the firm's information environment and business decisions. Specifically, the tax credit rating system positively influences firms' business decisions and their information environment, thereby stimulating innovation activities [4].

2.2. The impact of tax credit rating system on enterprise investment

The research on the impact of tax credit rating system on enterprise investment mainly involves the following three topics: enterprise investment efficiency, enterprise labor investment efficiency, and enterprise investment structure bias.

Regarding enterprise investment efficiency, Jin Yu et al. (2022) utilized a sample of Chinese companies listed on the Shanghai and Shenzhen A-share markets from 2014 to 2019 and employed tax credit rating data disclosed by the State Taxation Administration to characterize a flexible tax administration system, empirically examining the system's impact on corporate investment efficiency. The results indicate that flexible tax administration significantly enhances corporate investment efficiency, helping not only to alleviate underinvestment but also to curb overinvestment; the positive impact of flexible tax administration on investment efficiency is more pronounced among private enterprises and firms subject to less stringent tax enforcement; Mechanism tests reveal that a flexible tax administration system helps generate positive reputation effects and reduce agency costs. At the same time, flexible tax administration alleviates internal and external information asymmetries, enhances firms' credit financing capabilities, and thereby improves investment efficiency [5]. Wang Shu et al. (2025) found that, first, flexible tax administration can significantly improve firms' investment efficiency. Second, one of the transmission mechanisms for this effect is through increased corporate transparency, which in turn alleviates agency problems by aligning management objectives with corporate goals. Third, the impact of flexible tax administration on corporate investment efficiency varies across different types of enterprises; it effectively reduces the degree of underinvestment in small-scale, non-state-owned enterprises with growth potential and low local tax administration pressure, and it reduces the degree of overinvestment in highly profitable enterprises with a separation of management and ownership [6].

Regarding enterprise labor investment efficiency, Chen Ning & Fang Junxiong (2022) found that labor investment efficiency significantly improved in the year following a firm's receipt of an "A" tax credit rating, and this effect was observed in both the overinvestment and underinvestment groups. The more consecutive years a firm maintains an A tax credit rating, the more pronounced the improvement in labor investment efficiency, reflecting a cumulative effect not present in mandatory tax enforcement policies. Specifically, the primary mechanisms through which an A tax credit rating impacts a firm's labor investment efficiency are the alleviation of financing constraints, the reduction of agency costs, and the improvement of accounting information quality [7].

Regarding enterprise investment structure bias, Yan Huihui (2023) using data from A-share listed companies on the Shanghai and Shenzhen stock exchanges from 2009 to 2021, employed a multi-period difference-in-differences method to analyze the impact of tax credit rating disclosure on corporate investment structure bias and its underlying mechanisms. The study found that the disclosure of tax credit ratings can significantly steer corporate investment structures toward real economy investments, as evidenced by the fact that an "A" tax credit rating incentivizes firms to increase real economy investments while curbing investments in financial assets. Mechanism analysis indicates that the disclosure of tax credit ratings promotes a shift in corporate investment structures toward the real economy by increasing the scale of corporate credit financing, reducing earnings management, and narrowing the relative return gap between real economy and financial investments through the financing constraint channel, external supervision channel, and real economy investment cost channel. Further research indicates that in regions with weak tax enforcement, the disclosure of tax credit ratings can exert a greater incentive effect in promoting real investment, serving as a beneficial supplement to mandatory tax enforcement [8].

2.3. The impact of tax credit rating system on enterprise financing

The research on the impact of tax credit rating system on enterprise financing mainly involves the following four topics: enterprise financing constraints, enterprise debt financing, enterprise commercial credit financing, and enterprise leverage manipulation.

In terms of enterprise financing constraints, Sun Xuejiao et al. (2019) used A-share listed companies from 2009 to 2016 as samples and depicted flexible tax administration using the tax credit rating disclosure system of the State Taxation Administration, treating this as a natural experiment. They employed the PSM-DID method to isolate the "net effect" of flexible tax administration on corporate financing constraints. The study results show that after the disclosure of tax credit rating results, companies with high ratings experienced a significant reduction in financing constraints. Specifically, after the rating disclosure, these high-rated companies saw a significant decrease in the cost of credit capital and a significant increase in credit financing scale. Further analysis of the mechanism by which flexible tax administration exerts an "incentive effect" reveals that, unlike mandatory tax administration which exerts a "constraint effect" by reducing information asymmetry and through deterrence mechanisms, flexible tax administration alleviates corporate financing constraints by reducing information asymmetry and enhancing corporate reputation, thereby exerting an "incentive effect." Moreover, flexible tax administration can achieve a "complementary effect" to mandatory tax administration [9].

In terms of enterprise debt financing, Liu Jinghuan et al. (2022) studied small and medium-sized listed companies on the SME board from 2011 to 2019. Using a quasi-natural experiment based on tax credit ratings, they empirically examined the impact of honest tax payment on SME debt financing and explored its underlying mechanisms. The study found that honest tax payment significantly promotes SME debt financing, with the effect operating through alleviating information asymmetry between banks and enterprises, enhancing corporate reputation, and strengthening corporate governance, thereby improving SMEs' debt financing capacity. Moreover, the impact of honest tax payment on SME debt financing is more pronounced in cities with low tax administration levels, in non-state-owned enterprises, and among small-scale enterprises [10]. In addition, Wang Yiying & Zhao Huxiao (2025) used A-share listed companies from 2015 to 2021 as samples to study the relationship between changes in tax credit ratings and corporate debt maturity structure. The results show that an improvement in corporate tax credit ratings can extend debt maturity, while a decline in ratings significantly shortens corporate debt maturity. Mechanism tests indicate that changes in tax credit ratings can affect creditors' credit maturity decisions based on client competition effects and agency cost effects by altering corporate profitability and agency costs. Further analysis of the debt seniority structure shows that an upgrade in ratings does not significantly affect the proportion of corporate credit loans versus guaranteed loans, whereas a downgrade significantly increases the proportion of guaranteed loans and decreases the proportion of credit loans. Heterogeneity tests indicate that the impact of changes in tax credit ratings on corporate debt maturity structure is more pronounced in companies with lower management shareholding. For companies with different ownership types and in different legal environments, the positive effects of rating upgrades are more significant for state-owned enterprises and companies in better legal environments, while the negative effects of rating downgrades are more pronounced for non-state-owned enterprises and companies in poorer legal environments [11].

In terms of enterprise commercial credit financing, Wang Yanan et al. (2023) utilized data from Chinese A-share listed companies from 2014 to 2019 and cross-referenced it with the list of A-level

tax credit enterprises from the State Administration of Taxation to examine the impact of the tax credit rating system on corporate commercial credit financing. The empirical study found that after the disclosure of tax credit rating results, the scale of commercial credit financing for A-level tax credit enterprises significantly increased. Specifically, following the rating disclosure, both accounts payable and advance receipts of A-level tax credit enterprises rose significantly, indicating that the tax credit rating system has an "incentive effect" on corporate commercial credit financing. Heterogeneity analysis revealed that this effect was more evident in companies with higher financing constraints, non-state-controlled enterprises, and regions with weaker commercial credit environments. Mechanism analysis showed that the tax credit rating system significantly reduces business risks, enhances corporate reputation, and improves corporate information transparency [12].

Regarding enterprise leverage manipulation, Jia Junxue et al. (2025) conducted an empirical analysis using data from A-share listed companies on the Shanghai and Shenzhen Stock Exchanges from 2009 to 2023 and applied the difference-in-differences method. The study shows that the disclosure policy of tax credit ratings effectively curbs corporate leverage manipulation, mainly by mitigating information asymmetry between creditors and firms, thereby increasing the costs and reducing the benefits of leverage manipulation. Compared with other firms, this policy has a more pronounced restraining effect on leverage manipulation in non-state-owned enterprises, companies with high external financing needs, firms facing greater short-term debt repayment pressure, and companies with high book leverage ratios [13].

2.4. The impact of tax credit rating system on enterprise labor

The research on the impact of tax credit rating system on enterprise labor mainly involves the following two themes: enterprise labor employment and enterprise labor income share.

Regarding enterprise labor employment, Yan Huihui (2023) used data from A-share listed companies from 2011 to 2021 and applied a multi-period difference-in-differences method to empirically analyze the impact of tax credit rating disclosure on corporate labor employment and its mechanisms. The study found that tax credit rating disclosure significantly increased the scale of corporate labor employment, with this effect being more pronounced in non-state-owned enterprises, small and medium-sized enterprises, as well as in companies audited by non-Big Four firms and not followed by analysts. Mechanism analysis indicates that tax credit rating disclosure increases corporate labor employment by alleviating external financing constraints and reducing internal fund dissipation caused by agency problems. In terms of employee composition, tax credit rating disclosure led companies to hire more production and skilled employees [14].

Regarding enterprise labor income share, Cheng Mingwang et al. (2024) used A-share listed companies from 2011 to 2020 as their research sample to investigate the impact of the tax credit rating system on the labor income share of enterprises and its mechanisms. The study found that the tax credit rating system significantly increased the labor income share of enterprises. Mechanism analysis indicated that the tax credit rating system affects the labor income share by alleviating corporate financing constraints and adjusting corporate employment decisions. Heterogeneity analysis revealed that the promotion effect of the tax credit rating system on the labor income share is more significant for non-state-owned enterprises, firms with higher information asymmetry, and ordinary employees [15].

2.5. *The impact of tax credit rating system on enterprise resilience*

In terms of research on the impact of tax credit rating system on enterprise resilience, Zhao Yanfeng and Li Yifan (2025) used data on Shanghai and Shenzhen A-share listed firms from 2007 to 2022 and constructed a multi-period difference-in-differences (DID) model to examine the mechanisms and economic consequences of tax credit ratings affecting corporate resilience. They reached the following conclusions: tax credit ratings enhance corporate resilience, a finding supported by a series of robustness and endogeneity tests. In terms of underlying mechanisms, tax credit ratings improve corporate resilience through resource effects, synergistic governance effects, and decision-making optimization effects. The above impact exhibits heterogeneity. Specifically, the resilience-enhancing effect of tax credit ratings is more pronounced in macro environments characterized by weak regional tax enforcement and high economic policy uncertainty, as well as among firms with lower maturity, myopic executives, and higher operational risk [16]. Xu Rong and Li Xuefeng (2025), based on data from Shanghai and Shenzhen A-share listed firms from 2008 to 2023, employed the quasi-natural experiment of tax credit rating assessments and constructed a multi-period difference-in-differences (DID) model to investigate the policy effects and mechanisms of flexible tax enforcement on corporate resilience. The study finds that flexible tax enforcement significantly enhances corporate resilience. Following the implementation of the tax credit rating system, firms that received an A rating exhibited a notable increase in resilience. The dual mechanisms underlying this effect are as follows: first, it enhances firms' reputation in the supply chain, thereby improving supply chain stability and reducing supply chain concentration. Second, at the internal governance level, it effectively reduces excess executive compensation and excess perquisite consumption. Heterogeneity analysis reveals asymmetry in the policy effect. In terms of ownership nature, firm size, and lifecycle, the resilience-enhancing effect is more pronounced for private, small-scale, and growth-stage firms. Regarding the information environment, the reputation compensation effect makes the policy more effective in enhancing resilience for firms with lower analyst coverage. The Golden Tax Project Phase III and flexible tax enforcement form a "rigid-flexible" policy synergy. Moreover, economic policy uncertainty strengthens the resilience-enhancing effect of flexible tax enforcement [17].

Furthermore, Yang Ziyi and Zhang Qihui (2025) constructed a multi-period difference-in-differences (DID) model based on data from A-share listed firms from 2011 to 2023 to investigate the effects and mechanisms of tax credit ratings on supply chain resilience. The study finds that a favorable tax credit rating significantly enhances supply chain resilience. This positive effect is more pronounced for firms facing higher environmental uncertainty, greater market competition, smaller tax payment scales, or those located in regions with weaker legal environments. Mechanism analysis reveals that tax credit ratings enhance supply chain resilience by reducing transaction costs in the supply chain, improving corporate reputation, and strengthening firms' financing capacity [18].

2.6. *The impact of tax credit rating system on enterprise tax payment*

The research on the impact of tax credit rating system on enterprise tax payment mainly involves the following three topics: enterprise tax compliance, enterprise tax burden level, and enterprise tax avoidance.

In terms of enterprise tax compliance, Tao Dongjie et al. (2019) incorporated tax credit rating disclosure into the Allingham-Sandmo tax evasion model. Their analysis indicates that tax credit

rating disclosure mitigates information asymmetry and enhances the role of tax credit in reducing corporate financing costs, thereby incentivizing firms to improve tax compliance. Furthermore, using data on Chinese A-share listed firms from 2009 to 2016 and a fuzzy difference-in-differences method, the study finds that tax credit rating disclosure significantly improves corporate tax compliance, and this effect is more pronounced for firms with higher historical levels of tax evasion [19]. In addition, Yang Yuping (2022) provides empirical evidence that the disclosure of the A-level tax credit rating list significantly enhances tax compliance among non-A-rated firms within the same industry, indicating a positive industry spillover effect. This effect facilitates the exemplary role of A-rated firms. Mechanism analysis reveals that this spillover effect stems from information exchange and operates primarily through competition among firms, suggesting that a favorable tax credit rating has become an important source of competitive advantage for firms. Moreover, this spillover effect is more significant among large-scale firms and local firms [20].

In terms of enterprise tax burden, Guo Ling (2022) finds that receiving an A-level tax credit rating reduces firms' overall tax burden, primarily by lowering the income tax burden, while its impact on turnover tax burden and value-added tax (VAT) burden is not significant. Heterogeneity analysis indicates that the tax-reduction effect of the tax credit rating policy on A-rated firms exhibits significant heterogeneity, being more pronounced during the dual "punishment and incentive" phase, in key industries, among non-state-owned enterprises, and in regions with stronger tax enforcement. Regarding the underlying mechanisms, an A-level tax credit rating enhances corporate tax compliance, promoting the principle of "collecting all taxes due." Simultaneously, it grants sufficient policy incentives in areas such as taxation and financing, facilitating the principle of "enjoying all benefits entitled." The interplay of these two mechanisms reduces firms' overall tax burden [21].

In terms of enterprise tax avoidance, Wang Sanfa and Zhong Tingyong (2023) show that tax credit ratings significantly reduce corporate tax avoidance through the "reputation effect" and "governance effect," indicating that tax credit ratings play a governance role in regulating corporate tax behavior, and that firms with higher ratings are "worthy of their reputation" rather than "unworthy of their reputation." Further analysis reveals that the inhibiting effect of tax credit ratings on corporate tax avoidance is mainly concentrated in non-state-owned enterprises, key industries, and periods of strict tax avoidance regulation [22]. In addition, Zhou Zejiang et al. (2025) examine the tax avoidance governance effect of tax credit ratings from the perspective of firms establishing low-tax subsidiaries in other regions. The study finds that after a group parent company receives an A-level tax credit rating, the proportion of its low-tax subsidiaries established in other regions decreases significantly. Mechanism analysis indicates that tax credit ratings exert their tax avoidance governance effect primarily by providing preferential treatment and convenience to firms while increasing their reputational risk. Heterogeneity analysis shows that the tax avoidance governance effect of tax credit ratings is more pronounced in sample groups characterized by low levels of regional social trust, low industry economic status, and high product uniqueness [23].

2.7. The impact of tax credit rating system on the digital transformation of enterprise

In terms of research on the impact of tax credit rating system on the digital transformation of enterprise, Pang Yumeng and Zhang Jianbo (2024) employ sample data from Chinese Shanghai and Shenzhen A-share listed firms from 2012 to 2021 to empirically examine the effects and mechanisms

of flexible tax enforcement on corporate digital transformation. The study finds that tax credit rating disclosure significantly promotes corporate digital transformation, and this positive effect exhibits heterogeneity across different types of firms, with the policy incentive effect on digital transformation being more pronounced in non-state-owned enterprises and labor-intensive firms. Mechanism analysis reveals that an A-level tax credit rating enhances corporate digital transformation by alleviating firms' financing constraints and promoting their R&D investment [24]. In addition, Song Jianbo and Lu Sinuo (2024) find that flexible tax enforcement imposes higher requirements on firms' digital capabilities while simultaneously reducing the costs and risks associated with digital transformation, thereby promoting corporate digital transformation. Flexible tax enforcement drives corporate digital transformation primarily through two mechanisms: alleviating firms' financing constraints via the reputation mechanism, and promoting firms' digital technology innovation via the incentive mechanism. Meanwhile, the promoting effect of flexible tax enforcement on corporate digital transformation is more pronounced in state-owned enterprises and firms with higher maturity [25].

2.8. The impact of tax credit rating system on other business activities of enterprise

The research on the impact of tax credit rating system on other business activities of enterprise mainly involves the following three topics: enterprise audit fees, enterprise social security payment compliance, and enterprise uncertainty perception.

In terms of enterprise audit fees, Li Shihui et al. (2022) use data from A-share listed companies from 2014 to 2019 to examine the impact of non-mandatory tax enforcement on corporate audit fees. After tax credit rating disclosures, audit fees for A-rated firms decrease significantly. This reduction is even greater for firms that have held an A rating for three or more consecutive years. Mechanism analysis suggests that tax credit ratings lower audit fees by enhancing reputation and reducing agency costs. Further research shows that this inhibitory effect is more pronounced in non-state-owned enterprises, in industries with intense market competition, in settings with lower auditor professional competence, and in weaker legal environments [26].

In terms of enterprise social security payment compliance, Yin Ling et al. (2024) use data from Chinese A-share listed companies from 2011 to 2021 to study how the tax credit rating system affects compliance with social security contributions. They treat the implementation of this rating system as a quasi-natural experiment. Their findings show that the system significantly improves corporate compliance, as flexible tax enforcement prompts firms to make compliant social security payments. Further analysis reveals that the tax credit rating system increases media attention on firms, which in turn improves compliance. Flexible tax enforcement has a larger positive effect in regions where tax authorities fully collect social security fees, as well as among non-state-owned, large-scale, and capital-intensive firms [27].

In terms of enterprise uncertainty perception, Du Yuqing et al. (2025) find that flexible tax enforcement significantly reduces corporate uncertainty perception. Mechanism tests reveal that flexible tax enforcement policies reduce uncertainty perception by exerting "resource effects" and "information effects." Heterogeneity tests at the firm level show that the positive effect of flexible tax enforcement on uncertainty perception is more pronounced in non-state-owned enterprises and small-to-medium-sized firms. Heterogeneity tests at the external environment level indicate that this

positive effect is stronger in firms operating in regions with lower levels of financial technology, better business environments, and higher levels of industry competition [28].

3. The impact of tax credit rating system on enterprise business performance

The research on the impact of the tax credit rating system on enterprise business performance mainly involves the following four topics: enterprise total factor productivity, enterprise value, enterprise high-quality development, enterprise ESG performance.

In terms of enterprise total factor productivity, Ji Yunyang & Gao Yue (2020) find that the implementation of the corporate tax credit rating system significantly enhances corporate total factor productivity, with this effect being more pronounced in non-state-owned enterprises and firms facing greater financing constraints. Further analysis suggests that this positive effect is primarily achieved by alleviating financing constraints, improving investment efficiency, and exerting corporate governance effects [29].

In terms of enterprise value, Li Xun et al. (2022) use A-share listed companies from the first quarter of 2009 to the first quarter of 2016 as a sample, treating the tax credit rating disclosure system as a quasi-natural experiment. Employing a difference-in-differences approach, they investigate the net effect of tax credit rating disclosure on firm value and analyze the mechanisms using a mediation effect model. Empirical results demonstrate that following the public disclosure of A-level tax credit firms, the value of A-rated companies increases significantly. The mediation effect indicates that tax credit rating disclosure enhances firm value both directly and indirectly by alleviating financing constraints. However, it does not increase firm value by improving stock liquidity [30].

In terms of high-quality development of enterprise, Kuang Haoyu (2025) uses sample data from Shanghai and Shenzhen A-share listed companies from 2014 to 2021 to systematically examine the impact and mechanisms of flexible tax enforcement on promoting high-quality development of firms. The study finds that flexible tax enforcement significantly enhances corporate total factor productivity. Heterogeneity analysis reveals that this effect is more pronounced in firms facing severe financing constraints, possessing weaker bargaining power, and being small-to-medium-sized, reflecting a certain degree of “supporting the weak and assisting the distressed.” Mechanism validation indicates that flexible tax enforcement promotes high-quality development by improving supply chain efficiency and incentivizing increased R&D investment [31].

In terms of enterprise ESG performance, Yao Fengmin (2025) uses data from A-share listed companies from 2011 to 2022 and employs a multi-period difference-in-differences method to empirically test the impact of tax credit rating disclosure, as a form of flexible tax enforcement, on corporate ESG performance and its mechanisms. The study finds that tax credit rating disclosure significantly improves corporate ESG performance—a conclusion that remains robust after a series of tests, including parallel trend tests, placebo tests, PSM-DID, the inclusion of fixed effects, and changes in standard error clustering methods. Mechanism analysis reveals that tax credit rating disclosure primarily improves ESG performance by alleviating financing constraints, enhancing internal control quality, and promoting green innovation. Furthermore, the positive effect of tax credit rating disclosure is more pronounced for non-state-owned enterprises, heavily polluting firms, and firms with higher analyst coverage [32].

4. The impact of tax credit rating system on the capital market

The research on the impact of tax credit rating system on capital market mainly involves the following three themes: stock price crash risk, capital market information efficiency and stock price synchronicity.

In terms of stock price crash risk, Li Jianjun & Fan Yuanyuan (2021) find that after the disclosure of tax credit ratings, firms with high ratings experience a significant reduction in stock price crash risk. Tax credit rating disclosure reduces crash risk by exerting a monitoring effect, enhancing corporate information transparency, and curbing managerial opportunism. Simultaneously, it exerts a reputational insurance effect, boosting investor confidence and preventing panic selling when negative news about the firm emerges. The study also indicates that the mitigating effect of a high tax reputation on stock price crash risk is more significant for private enterprises and firms located in regions with weaker tax enforcement [33]. In addition, Zhao Yanfeng & Li Yifan (2025) use data from Shanghai and Shenzhen A-share listed companies from 2007 to 2022 to construct a multi-period difference-in-differences model to examine the mechanisms and economic consequences of tax credit ratings affecting corporate resilience. Their analysis of economic consequences shows that the improvement in corporate resilience resulting from tax credit ratings can reduce stock price crash risk [16].

In terms of capital market information efficiency, He Huihua & Fang Junxiong (2024) use a sample of Shanghai and Shenzhen A-share listed companies from 2014 to 2018 to examine the impact of the tax credit rating system on capital market information efficiency from the perspective of stock price informativeness. The study finds that firms rated A for tax credit have higher stock liquidity and smaller bid-ask spreads, indicating higher stock price informativeness. This conclusion remains robust after a series of rigorous tests. Further research reveals that improvements in internal and external information environments—specifically better accounting earnings quality and greater analyst coverage—are two important channels through which tax credit ratings affect stock price informativeness. The impact of the tax credit rating system on stock price informativeness is more significant in regions with stronger tax enforcement [34].

In terms of stock price synchronicity, Wu Long et al. (2023) find that tax credit rating disclosure significantly reduces stock price synchronicity and increases the firm-specific information content embedded in stock prices. Further analysis reveals that the reducing effect of tax credit rating disclosure on stock price synchronicity is more pronounced in firms with lower financial reporting quality and lower institutional investor ownership, indicating that the effect is stronger when corporate information transparency is low. Compared to state-owned enterprises, the impact of tax credit rating disclosure on stock price synchronicity is significant in non-state-owned enterprises [35].

5. Brief Review

At present, scholars' research on the impact of China's tax credit rating system on enterprises mainly focuses on the impact of tax credit rating system on enterprise business activities, the impact of tax credit rating system on enterprise business performance, and the impact of tax credit rating system on capital market.

In the research of the impact of the tax credit rating system on enterprise business activities, scholars mainly discuss the impact of the tax credit rating system on enterprise innovation, enterprise investment, enterprise financing, enterprise labor, enterprise resilience, enterprise taxation, enterprise digital transformation, and other business activities of enterprises.

In the research of the impact of tax credit rating system on enterprise business performance, scholars mainly discuss the impact of tax credit rating system on total factor productivity, enterprise value, high-quality development and ESG performance of enterprises.

In the research of the impact of tax credit rating system on capital market, scholars mainly discuss the impact of tax credit rating system on stock price crash risk, capital market information efficiency and stock price synchronicity.

In summary, scholars have rich research on the impact of tax credit rating system on enterprise business activities, and the research on the impact of tax credit rating system on enterprise business performance is relatively weak. In particular, the research on the impact of the tax credit rating system on the capital market is relatively weak. Future research can focus on the impact of tax credit rating system on the M&A activities of listed companies, the impact of tax credit rating system on the dividend strategy of listed companies, the synergy between tax credit rating and third-party credit rating and the internal credit rating of commercial banks.

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