

# REPORT ON THE IMPLEMENTATION OF CHINA'S FISCAL POLICY IN 2024

## Overview

The year 2024 was a crucial year for achieving the objectives and tasks set forth in the 14<sup>th</sup> Five-Year Plan (2021-2025). Facing a complex and challenging environment with increasing external pressures and internal difficulties, all regions and departments, under the strong leadership of the Communist Party of China (CPC) Central Committee with Comrade Xi Jinping at its core, thoroughly implemented the guiding principles of the 20<sup>th</sup> CPC National Congress and the second and third plenary sessions of the 20<sup>th</sup> CPC Central Committee. In line with the decisions and plans of the CPC Central Committee and the State Council, they fully, accurately, and comprehensively implemented the new development philosophy, accelerated the establishment of a new development pattern, and made solid progress in advancing high-quality development. The country achieved its key development objectives for the year, taking new and steady steps toward Chinese modernization.

Finance departments at all levels adhered to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, resolutely implemented the decisions and plans of the CPC Central Committee and the State Council, and maintained a proactive fiscal policy with appropriately increased intensity and enhanced quality and efficiency. They have effectively implemented existing policies, introduced and rigorously implemented a package of incremental policies, strengthened budget execution and management, and reinforced macroeconomic policy coordination. These efforts boosted economic recovery and high-quality development.

**First, we intensified efforts to implement existing and incremental fiscal policies.** We maintained a high level of fiscal expenditure, with a deficit of 4.06 trillion yuan (\$555.44 billion) and total national general public budget expenditure exceeding 28 trillion yuan for the year. One trillion yuan worth of ultra-long-term special government bonds were issued, with strengthened oversight over the use of funds. We effectively utilized the funds raised through additional treasury bonds to support post-disaster recovery and enhance disaster prevention, mitigation, and relief capabilities. The issuance and utilization of local government special-purpose bonds were accelerated, supporting over 40,000 projects. We promptly introduced a package of incremental fiscal policy measures and expedited their implementation. We adjusted tax policies in line with the elimination of relevant standards for ordinary and non-ordinary housing. We issued special-purpose bonds to support land reserves and the purchase of commodity housing stock for use as government-subsidized housing. Additionally, we raised the standards for national scholarships and grants while expanding policy coverage, increased the cap on government-subsidized student loans, and lowered interest rates of such loans. Before the 2024 National Day, one-time living subsidies were provided to over 11 million individuals in need.

**Second, we took solid steps to promote high-quality development.** We actively supported development in science and technology, with substantial increase in central government spending on science and technology as well as basic research. We issued guidance on major preferential tax and fee policies for supporting the development of manufacturing, scientific and technological innovation, and corporate mergers and restructurings. Pilot programs were launched in selected cities for new technological transformation in manufacturing and the digital transformation of small and medium-sized enterprises (SMEs). We coordinated funding to support the development of high-standard

farmland and expanded the coverage of full-cost insurance and planting income insurance policies. These efforts achieved full nationwide coverage for the three major grain crops of rice, wheat, and corn, as well as gradual expansion of insurance coverage for soybean crops. We also advanced regional coordinated development and continued efforts to strengthen pollution prevention and control.

**Third, we actively supported initiatives to improve people's standards of living.** Transfer payments from the central government to local governments remained above 10 trillion yuan, with more financial resources channeled to lower-level governments, so that the "three priorities" of people's basic well-being, payment of salaries and normal government functioning at the primary level were ensured. We continued the implementation of temporary policies to reduce unemployment and work-related injury insurance premiums. Efforts were made to enhance the quality and equity of basic education, promote high-quality and inclusive preschool education, and support the balanced development of compulsory education and the distinctive development of regular senior high schools. The national living subsidy standards for financially disadvantaged primary and secondary school students were raised, and the management and oversight of the use of the nutritious meal subsidies were strengthened. We also increased the minimum basic pension standard for urban and rural residents, raised the per-capita government subsidies for basic public health services and basic medical insurance for urban and rural residents. Pensions and living subsidies for entitled groups were increased. Additionally, we supported emergency rescue and relief efforts for disaster-affected populations.

**Fourth, we made greater efforts to prevent and defuse risks in key areas.** Tapping into various resources through multiple channels, we implemented a package of measures to defuse debt risks. The local

government debt ceiling was raised by 6 trillion yuan to replace outstanding hidden debts. Approval and allocation for this program has been granted on a one-time basis, with its implementation to be carried out on a yearly basis. The quota for local government debt replacement came into effect the day after all statutory procedures had been completed. We supported the transformation and reform of local government financing platforms and worked to prevent and defuse major financial risks. We also leveraged a variety of instruments, including local government special-purpose bonds, special funds, and taxation policies, to help stem the downturn and restore stability in the real estate market.

**Fifth, we deepened fiscal and tax system reforms and strengthened fiscal management and oversight.** We implemented the guiding principles of the third plenary session of the 20<sup>th</sup> CPC Central Committee by formulating and executing a plan to deepen fiscal and tax system reforms. We initiated a reform to pilot zero-based budgeting at the Ministry of Finance and 15 other central government departments, aiming to break the rigid pattern of expenditures. A mechanism was established to provide incentives and constraints for transfer payments to promote high-quality development, guiding local governments in fostering industries and expanding revenue sources. We fully implemented pilot programs to replace the water resource fee with a nationwide tax. Special initiatives were launched to enhance fiscal and accounting oversight. The revision of the Accounting Law was completed. In accordance with the law, a special inspection was conducted on PwC's auditing of Evergrande Real Estate Group's projects.

**I. Overall fiscal operations remained stable, with annual budget targets largely achieved.**

In 2024, fiscal revenue experienced a restorative growth of 1.3 percent year-on-year. Finance departments at all levels enhanced the coordination

of fiscal resources and increased expenditures, ensuring robust funding for key areas such as social security and employment, education, agriculture, forestry and water, and science and technology. Budget execution was satisfactory.

**1.Fiscal revenue maintained a restorative growth trend, in line with projected targets.**

In 2024, the national general public budget revenue reached 21.9702 trillion yuan, a 1.3-percent increase from the previous year. However, constrained by insufficient domestic demand, declining producer prices, and the lingering impact of tax reduction policies introduced in mid-2023, national general public budget revenue for January to September 2024 declined by 2.2 percent year-on-year. Following the implementation of a package of incremental policies adopted at the Sept 26 meeting of the Political Bureau of the CPC Central Committee, social confidence was effectively boosted, leading to an improvement in key economic indicators. As a result, fiscal revenue rebounded from negative growth, showing increases month by month and achieving moderate annual growth. Specifically, the central general public budget revenue reached 10.0436 trillion yuan, up 0.9 percent year-on-year, while local general public budget revenue at the provincial level amounted to 11.9266 trillion yuan, up 1.7 percent year-on-year.

In 2024, national tax revenue totaled 17.4972 trillion yuan, a 3.4-percent decrease from the previous year. By tax category, domestic value-added tax (VAT) fell by 3.8 percent, domestic consumption tax grew by 2.6 percent, import VAT and consumption tax declined by 1.6 percent, and personal income tax dropped by 1.7 percent. Non-tax revenue under the national general public budget reached 4.473 trillion yuan, up 25.4 percent year-on-year, primarily driven by the remittance of special proceeds from certain central departments and the revitalization of

State-owned resources and assets by local authorities, which contributed approximately 24 percentage points to the non-tax revenue growth.

## **2.Fiscal expenditures remained strong, ensuring robust funding for key areas.**

Finance departments at all levels strengthened resource coordination, increased spending intensity, and maintained substantial fiscal expenditure. In 2024, total general public budget expenditure reached 28.4612 trillion yuan, reflecting a 3.6-percent year-on-year increase. Among this, the central general public budget expenditure amounted to 4.072 trillion yuan, up 6.5 percent, while local general public budget expenditure reached 24.3892 trillion yuan, up 3.2 percent.

Efforts were made to optimize the expenditure structure and reinforce funding for key areas. Social security and employment expenditure totaled 4.2114 trillion yuan, up 5.6 percent year-on-year; education expenditure stood at 4.2076 trillion yuan, a 2-percent increase; agriculture, forestry, and water expenditure reached 2.7045 trillion yuan, growing by 12.4 percent; urban and rural community expenditure amounted to 2.1742 trillion yuan, up 5.9 percent; and science and technology expenditure rose by 5.7 percent to 1.1505 trillion yuan.

## **3.The principle that Party and government institutions must get used to keeping their belts tightened was effectively implemented to ensure the regulated and efficient use of fiscal funds.**

We firmly adhered to the principle of prudent spending management within Party and government institutions, ensuring strict budget compilation at the source and stringent budget allocation control. The zero-based budgeting concept was adopted to break rigid expenditure patterns and establish a budget distribution mechanism that allows for both increases and reductions, ensuring selective prioritization of

expenditure. We imposed strict control over general expenditure, actively revitalized idle assets and resources, and exercised frugality in all undertakings. Rigorous budgetary constraints were placed on "three public expenses" (official expenses on vehicle procurement and usage, overseas trips, and official receptions), with close watch on such expenditures. Quarterly assessments were conducted on the frugality of central departments, and departmental budget allocations will be based on results thereof to encourage cost-effective spending and prudent financial management. The government maintained a high-pressure oversight stance in fiscal and accounting supervision. Efforts were intensified to prevent and address issues such as unauthorized accounting, fund misappropriation, and illegal diversion of public funds. The frequency and intensity of public disclosure and disciplinary actions were increased to enhance the deterrent effect and uphold strict fiscal discipline.

## **II. We strengthened efforts to implement existing and incremental fiscal policies to support economic recovery and positive growth trajectory and social stability.**

We deployed a combination of fiscal policy tools, including ultra-long-term special government bonds, special-purpose bonds, and tax and fee incentives, to enhance the precision and effectiveness of macroeconomic regulation. In line with the plans made at the meeting of the Political Bureau of the CPC Central Committee on Sept 26, we implemented a package of incremental policies focused on risk mitigation, livelihood improvement, and development promotion to advance sustainable and healthy economic and social progress.

### **1. We accelerated implementation of existing fiscal policies.**

**First, we successfully issued 1 trillion yuan in ultra-long-term special government bonds.** Bond varieties were scientifically designed by

balancing project construction cycles and market demand to ensure funding adequacy while preventing capital idling and reducing financing costs. In strict compliance with the term structure approved by the State Council, we promptly disclosed issuance plans and worked with relevant departments, ensuring the smooth issuance of the 1 trillion yuan ultra-long-term special government bonds. Of the funds raised through the bonds, 700 billion yuan was allocated to support major national strategies and security capacity building in key areas, and the other 300 billion yuan was directed toward large-scale equipment upgrades and consumer goods trade-in initiatives. Supervision was strengthened over fund use through the establishment of a full lifecycle management system and dedicated accounting mechanisms.

**Second, we expedited the issuance and utilization of 4 trillion yuan in special-purpose bonds.** We guided local governments to accelerate bond issuance, with progress tracked and reported every 10 days. By Dec 25, 2024, all 4 trillion yuan in new special-purpose bonds — including 100 billion yuan carried over from 2023 — had been issued. Of this, 800 billion yuan was allocated to replenish local government funds to mitigate debt risks and settle overdue corporate payments. We gave full play to the role of special-purpose bonds in supporting major projects and promoting the expansion of effective investment, with over 40,000 projects supported by funds raised through these bonds and more than 350 billion yuan utilized as project capital nationwide, predominantly for transportation infrastructure under major national strategies.

**Third, we fully implemented preferential tax and fee policies.** Support for corporate technological innovation was enhanced through rigorous enforcement of policies such as additional tax deduction for R&D expenses, tax reductions or exemption for technology commercialization, and preferential tariff on imports used for scientific and technological innovation. We strengthened policy support for technological upgrading

of manufacturing enterprises and issued documents including the *Guidelines on Preferential Tax and Fee Policies to Support Scientific and Technological Innovation in China* to ensure direct access to these policies for entities pursuing innovation. Regional coordinated development was further promoted through tailored tax policies for development and opening-up platforms like Hengqin, Hetao and Qianhai in the Guangdong-Hong Kong-Macao Greater Bay Area, alongside an expanded "zero-tariff" product scope in the Hainan Free Trade Port.

**Fourth, we optimized the management and use of funds raised through additional treasury bonds issuance.** The utilization of funds raised through the additional treasury bonds issued in 2023 was rigorously supervised to ensure timely disbursement based on project progress and reserves. We made rational subsidy policies, with subsidies for post-disaster reconstruction and geological disaster prevention, as well as regions severely affected by disasters, moderately increased. We urged local finance departments to strengthen oversight on the issuance of local government bonds and closely monitor the fund use. We oversaw the establishment of an "online tracking + offline verification" mechanism at MOF's local regulatory bureaus nationwide to ensure scientific, regulated and secure use of funds.

## **2. We implemented a package of incremental fiscal policies.**

**First, we stepped up efforts to support local governments in mitigating debt risk.** Building on existing measures—including deferred repayment arrangements for implicit debts related to shantytown renovation maturing in 2029 or later, the revitalization of 400 billion yuan in local government debt quotas, and annual allocations for five years of 800 billion yuan in new special-purpose bonds from 2024 onward—the central government finance, with approval from the Standing Committee of the National People's Congress, further increased support for debt

conversion by introducing an additional 6 trillion yuan in local debt quotas for implicit debt replacement, allocating 2 trillion yuan each year from 2024 to 2026 the day after the statutory procedures are completed. With coordinated policy efforts, the total amount of implicit debts of local governments by the end of 2028 will be significantly reduced from 14.3 trillion yuan to 2.3 trillion yuan, saving approximately 600 billion yuan in interest cumulatively.

**Second, we enhanced support for key population groups.** We doubled the quotas for the National Scholarship for university students and raised funding standards for the National Scholarship, National Encouragement Scholarship, and National Grant for undergraduate and vocational students. The central government increased its financial support for postgraduate academic scholarships at central universities. We also elevated the National Grant standards for senior high school and secondary vocational school students while expanding the coverage of the National Grant for secondary vocational schools. We adjusted and improved the National Student Loan policy by raising the maximum annual loan limits from 16,000 yuan to 20,000 yuan for undergraduates and from 20,000 yuan to 25,000 yuan for postgraduate students. The loan interest rate was reduced from the Loan Prime Rate (LPR) minus 60 basis points to LPR minus 70 basis points. In 2024, approximately 95.5 billion yuan in student loans was disbursed. The upgraded scholarship and grant standards, expanded coverage, and enhanced loan terms benefited over 34 million students. Additionally, prior to the National Day holiday, we distributed one-time living subsidies totaling 9.45 billion yuan to disadvantaged groups, including individuals in extreme difficulties and orphans, to address their urgent livelihood needs.

**Third, we implemented measures to stem the downturn in the real estate market and restore its stability.** We allocated 70.78 billion yuan to support local governments in advancing affordable housing projects.

To bolster essential and upgraded housing demand, we adjusted and optimized the deed tax preferential policy by expanding the eligibility for the 1 percent preferential deed tax rate from homes with a floor area of 90 square meters to those with up to 140 square meters. Preferential policies for value-added tax and land value-added tax that are linked to the standards for ordinary and non-ordinary residential housing will be clarified and canceled. In cities where the ordinary housing standard was abolished, the exemption from land VAT was maintained for the sale of standard residential properties with a value-added rate not exceeding 20 percent. For Beijing, Shanghai, Guangzhou, and Shenzhen—which eliminated the ordinary/non-ordinary housing classification—a unified national VAT policy for personal home sales was adopted, exempting VAT for homes sold after two or more years of ownership. To alleviate financial pressure on developers, we optimized tax administration by lowering the minimum prepayment rate for land VAT across all regions by a uniform 0.5 percentage points. By the fourth quarter of 2024, the real estate sector recorded 2 percent growth in value-added output, while newly built commercial housing sales area and value both achieved positive year-on-year growth.

**Fourth, we studied and issued special treasury bonds to replenish core tier-1 capital for major state-owned commercial banks.** This initiative aimed to enhance their operational stability and credit issuance capacity, enabling them to better serve the development of the real economy.

### **III. We continued to coordinate efforts on both the supply and demand sides to achieve solid progress in high-quality development.**

We insisted on taking high-quality development as an important strategic approach that matters in the new era, continuously optimized fiscal policy instruments, strengthened financial guarantees for major national strategic

initiatives, and promoted both qualitative improvements and reasonable quantitative growth in the economy.

**1. We supported the expansion of domestic effective demand to foster a virtuous cycle between consumption and investment.**

**First, we advanced the utilization of ultra-long-term special treasury bonds to support large-scale equipment upgrades and consumer goods trade-in programs.** We allocated 300 billion yuan from ultra-long-term special treasury bonds and introduced fiscal interest discount policies for equipment renewal loans to facilitate upgrades in transportation and other sectors, as well as consumer goods replacements. Particular emphasis was placed on increasing subsidies for automobile scrappage and household appliance trade-ins, with clear negative lists established for fund usage to ensure direct benefits to consumers. Following policy implementation, total retail sales of consumer goods in Q4 grew by 3.8 percent year-on-year, accelerating by 1.1 percentage points from Q3. In 2024, investment in equipment and tool purchases increased by 15.7 percent, 9.1 percentage points higher than the previous year. Over 6.8 million vehicles and 62 million household appliances were replaced through trade-in programs, driving related product sales exceeding 1.3 trillion yuan.

**Second, we supported the launch of pilot initiatives to modernize commercial and logistical systems.** The central government finance provided fixed-amount subsidies to pilot cities, including approximately 400 million yuan for municipalities directly under the central government, 300 million yuan for provincial capitals and cities with independent planning status, and 200 million yuan for other prefecture-level cities, in a bid to support the creation of a group of modern commercial and logistical hub cities that coordinate urban and rural development, have strong radiating forces and resilient supply

chains, playing a due role in promoting consumption and ensuring livelihoods. Through competitive evaluation, 20 cities including Tianjin and Shanghai were selected in the first batch of supported cities. In 2024, 3.1 billion yuan in central subsidies was disbursed, funding 496 projects to modernize commercial and logistical systems, which catalyzed 25.4 billion yuan in investments. These efforts accelerated the development of cold-chain logistics for agricultural products and the transformation and upgrading of wholesale and retail industries.

**Third, we further advanced the county-level commercial development initiative.** We continued to allocate 2.79 billion yuan to strengthen the role of “county hubs and township nodes” in improving rural commercial networks, boosting both rural consumption and farmer incomes. In 2024, rural retail sales reached 6.7 trillion yuan, marking a 4.3 percent year-on-year growth and outpacing urban areas by 0.9 percentage points.

**Fourth, we initiated pilot programs to address infrastructure gaps in county-level EV charging and battery-swapping facilities.** The first batch of 67 pilot counties was selected to make rural areas more NEV-friendly and unlock NEV consumption potential. In 2024, China’s NEV sector maintained strong momentum, with annual sales reaching 12.866 million units, a 35.5 percent increase year-on-year, accounting for over 40 percent of total domestic vehicle sales for the first time.

**Fifth, we leveraged the catalytic and multiplier effect of government investment.** We coordinated the use of local government special-purpose bonds, ultra-long-term special treasury bonds, and additional treasury bonds issued in 2023 to scale up investments in key sectors and drive and expand effective social investment. 700 billion yuan from the central

budget was allocated to address weak links in economic and social development, prioritizing scientific and technological innovation, new infrastructure, carbon reduction, and livelihood improvements.

## **2. We deepened the implementation of the innovation-driven development strategy to accelerate the modernization of industrial systems.**

**First, we pushed to accelerate the realization of high-level technological self-reliance.** Scientific and technological development was prioritized in fiscal expenditure, with funding structures optimized to focus on basic research, applied basic research, and national strategic scientific tasks. We supported the launch of the Sci-Tech Innovation 2030 Agenda and strengthened national strategic scientific capabilities by backing national laboratories, research institutions, leading research universities, and top-tier technology enterprises.

**Second, we worked to reinforce the central role of business in technological innovation.** Tax and fee incentives for corporate innovation were fully implemented to invigorate market entities. The second batch of pilot cities for SME digital transformation, including Zhongshan in Guangdong in south China and Wuxi in Jiangsu, East China, was selected through competitive evaluation, with 2.765 billion yuan allocated cumulatively. We explored and established an innovative government procurement for collaborative innovation system to facilitate technology commercialization and launched a special credit guarantee program for technological innovation. The maximum guarantee limit per enterprise was raised from 10 million yuan to 30 million yuan under the National Financing Guarantee Fund, amplifying financial support for innovation-driven SMEs.

**Third, we stepped up efforts to accelerate industrial restructuring and upgrading.** Guided by funds such as the Manufacturing Transformation and Upgrading Fund, Advanced Manufacturing Industry Investment Fund, and National SME Development Fund, we channeled over 2 trillion yuan in social capital into strategic sectors including integrated circuits, artificial intelligence, new materials, and next-generation information technologies, with intensified support for choke point areas. A pilot program for new-type technological upgrades in manufacturing was launched, with 3 billion yuan allocated to 20 cities as the first group selected through competitive review. The initiative supported digital, intelligent, and green technology upgrades in traditional manufacturing, driving a 9.2 percent year-on-year increase in industrial technological transformation investment nationwide in 2024. Efforts were also made to optimize the insurance compensation policy for the first (set of) major technical equipment and the first batch of new materials.

**3. We coordinated efforts to promote carbon reduction, pollution control, green expansion, and economic growth, thereby helping to continuously improve the quality of the ecological environment.**

**First, we intensified the battle against pollution.** We supported the Blue Sky Protection Campaign by allocating 34 billion yuan for air pollution prevention and control, supporting key initiatives such as clean winter heating in northern regions and coordinated management of PM2.5 control and ozone layer protection. In 2024, the average PM2.5 concentration in cities at the prefecture level and above nationwide decreased to 29.3 micrograms per cubic meter, a 2.7 percent year-on-year reduction, while the proportion of days with good air quality reached 87.2 percent, up 1.7 percentage points from the previous year. We disbursed 26.7 billion yuan for the Clean Water Protection Campaign, a 3.9 percent increase over 2023, prioritizing the Yangtze River and Yellow River basins to enhance water pollution treatment, ecological

restoration, and water resource conservation. We innovated cross-regional ecological compensation mechanisms for major river systems, establishing seven new inter-provincial mechanisms across nine provinces to deepen and broaden collaborative governance. These efforts raised the proportion of surface water with good quality to 90.4 percent nationwide in 2024, surpassing the 90 percent threshold for the first time. We allocated 4.4 billion yuan for the Clean Soil Protection Campaign, ensuring effective risk management and the safe utilization of key construction land. The soil environment of agricultural land remained stable.

**Second, we systematically advanced ecosystem protection and restoration.** We newly established a special fund for the Three-North Shelterbelt Forest Program and allocated 12 billion yuan to support integrated protection and restoration of forests, grasslands, wetlands, and deserts, consolidate achievements in desertification control, and provide compensation for closed-off protection of desertified land. We allocated 12.95 billion yuan to accelerate the integrated conservation and restoration of mountains, rivers, forests, farmlands, lakes, grasslands, and deserts. Additionally, 4.25 billion yuan was allocated to support local efforts in implementing pilot projects of ecological restoration in abandoned mines, enabling the restoration of damaged mountainsides and surface vegetation. To enhance the quality of the marine ecological environment, a total of 4 billion yuan was allocated to coastal cities for marine ecological conservation and restoration projects. Furthermore, we allocated 95.465 billion yuan to promote the establishment of a national park-based nature reserve system, carry out large-scale land greening initiatives in a scientific manner, and strengthen forest resource conservation and wildlife protection, in a bid to support the ecological protection and restoration of forests and grasslands on all fronts.

**Third, steady progress was made in advancing carbon peaking and carbon neutrality.** We conducted research to establish a fiscal and taxation system aligned with the dual carbon goals of achieving carbon peaking before 2030 and carbon neutrality before 2060. Funding was increased through multiple channels to keep advancing the low-carbon transformation of key industries, and the consolidation and enhancement of carbon sink capabilities and other crucial areas. We established a dedicated fund for the disposal of waste electrical and electronic products, allocating 7.5 billion yuan in 2024 to promote standardized and environmentally sound dismantling of over 90 million units. By leveraging the leading role of government investment funds such as the National Green Development Fund, we guided non-governmental capital to increase investments in clean energy, green transportation, and other key areas. Efforts were made to expedite the development of a national carbon market, channeling more production factors to green and low-carbon fields.

**Fourth, support for comprehensive green transition was elevated to a new level.** We implemented priority procurement and mandatory procurement policies for energy-saving and eco-labeled products, with green procurement accounting for nearly 85% of total government purchases in relevant categories. The policy of promoting green building materials to enhance construction quality was expanded from 51 cities (and municipal districts) to 101 cities (and municipal districts), while the range of certified green building materials increased from 75 to 108 types, leading the green and low-carbon transformation of the construction industry.

**4. We enhanced efforts to promote new urbanization and regional coordinated development, and the economic vitality was further boosted.**

**First, we improved fiscal and tax support policies for major regional strategies and coordinated regional development strategies.** By comprehensively leveraging policy tools such as transfer payments, government bonds, and tax measures, we advanced the implementation of major national strategies, including the coordinated development of the Beijing-Tianjin-Hebei region, the Guangdong-Hong Kong-Macao Greater Bay Area development, the integrated development of the Yangtze River Delta, the high-quality development of the Yangtze River Economic Belt, and the ecological conservation of the Yellow River Basin. These efforts fostered a regional economic framework characterized by complementary advantages and high-quality growth. We introduced fiscal and tax policies to drive the comprehensive revitalization of Northeast China in the new era and intensified support for key regions such as revolutionary base areas, border regions, and other regions in need of special attention.

**Second, we continued supporting the policy of granting urban residency to eligible migrants from rural areas.** In 2024, the central government allocated 40 billion yuan of incentive funding for local governments to enhance their financial capacity to carry out the policy. This ensured that rural migrants received equal access to basic public services as local registered residents.

**Third, we steadily advanced the urban renewal campaign.** The first batch of 15 cities received funding support in 2024 after going through competitive selection, where mega cities, super-large cities, and major cities along the Yangtze River Economic Belt were prioritized. The central government allocated 3 billion yuan in subsidies to support projects including underground pipeline network renewal and upgrading, the comprehensive construction and upgrading of sewage treatment plants and sewage pipeline networks, improvements for municipal infrastructure, and the renovations of old urban residential communities.

## **5. We prioritized agricultural and rural development to advance all-round rural vitalization**

**First, we consolidated and expanded achievements in poverty alleviation.** We maintained the overall stability of fiscal support policies during the transition period and strengthened funding guarantees for consolidating poverty eradication outcomes through multiple channels. The central government allocated 177 billion yuan in rural revitalization subsidy funds, an increase of 2 billion yuan from the previous year, with more funding channeled to key areas such as counties receiving national assistance in pursuing rural revitalization. We urged and guided local governments to stabilize the proportion of central funds used for industrial development, and supported skills training and work-relief programs for individuals lifted out of poverty and those monitored for being at risk of returning to poverty, promoting sustained income growth for people that have shaken off poverty. The regular supervision mechanism for projects under government funding was improved, and rigorous performance evaluations of rural revitalization funds were conducted, with evaluation results put to good use. In 2024, over 33 million people lifted out of poverty secured employment, exceeding the target of the year, while per capita disposable income of rural residents in formerly impoverished areas maintained relatively rapid growth.

**Second, we facilitated efforts to accelerate the development of rural industries.** We promoted the integrated development of agricultural industries by prioritizing support for 50 new national modern agricultural industrial parks, 40 industrial clusters with special features and competitive advantages and 200 towns with strong agricultural industries, while continuing funding for existing projects. Leveraging government procurement, we guided the "832 Platform" to collaborate with formerly impoverished regions in establishing a "platform + government + enterprise" production-marketing model, driving the upgrading of rural

specialty industries in the regions. In 2024, budget units at all levels procured 10.693 billion yuan worth of agricultural products from formerly impoverished regions, leading to income increase for millions of rural households.

**Third, we advanced rural construction and governance in a solid and orderly manner.** We promoted agricultural green development and improvements to rural living environments, and supported the adoption of thick high-strength mulch films and fully biodegradable mulch films, as well as the comprehensive utilization of crop straw. Local governments were guided to implement rural toilet renovation tailored to local conditions. Funding for water conservancy infrastructure was strengthened, with focus on the management of small and medium-sized rivers and key mountain torrent gullies, and construction of small-scale water diversion projects, to progressively enhance the basin-wide flood control system. We deepened our efforts to promote comprehensive rural reforms, implemented fiscal incentive policies for rural public welfare projects, and ensured stable funding for operations of village-level organizations with government budgetary funds as the main source.

**Fourth, we enhanced support for the protection and development of traditional villages.** Through competitive evaluation, 35 new demonstration counties were selected in 2024. The central government allocated 1.5 billion yuan in subsidies to provide fixed-amount support to these counties, driving the concentrated and interconnected protection and utilization of traditional villages and the building of a beautiful countryside.

## **6. We coordinated development and security, and enhanced capacity of safeguarding food and energy security**

**We further consolidated the foundation of food security.**

**First, we focused on farmland management to boost crop production.** We allocated 121.485 billion yuan to keep the subsidy policy for cultivated land fertility protection in place and significantly increase central government subsidies for newly cultivated high-standard farmland. Pilot programs for comprehensive use of saline-alkali lands were supported in selected provinces. In Northeast China, we deepened pilot initiatives for black soil conservation and utilization and promoted conservation tillage practices. We also supported implementation of region-specific fallowing and crop rotation.

**Second, we strengthened support for the development of agricultural science, technology, and equipment.** The seed industry vitalization initiative was intensified, and a new round of subsidies for agricultural machinery purchase and use was rolled out, achieving a comprehensive mechanization rate of over 75% for crop cultivation and harvest in 2024. Subsidies for wheat "one spray with three protections" (a single application of mixed pesticides and fungicides can achieve pest control, disease prevention, and protection against heat stress) and centralized seedling cultivation facilities were implemented.

**Third, we enhanced support for agricultural disaster prevention, mitigation, and relief.** In 2024, 16.949 billion yuan was allocated to address the impacts of flooding, droughts, and major crop pest infestations, ensuring timely responses to emergencies.

**Fourth, we ensured secure and effective supply of key agricultural products.** Subsidies were provided for strip intercropping of soybeans and corn and expanded rapeseed cultivation. Nationwide campaigns to boost per-unit yields of grain and oil crops among large-scale growers were supported. Improved seed varieties and cultivation techniques for sugarcane and natural rubber were promoted. Production capacity in

major dairy-producing counties was upgraded, and supply of pork, beef, mutton, and aquatic products was ensured.

**Fifth, we advanced the establishment of business operation system for modern agriculture.** Eligible rural collective economic organizations were supported to provide specialized agricultural services, integrating small household farming into modern agricultural development.

**Sixth, we ensured the incomes of grain growers.** Minimum purchase prices for wheat and early-season rice were appropriately raised, while subsidies for corn, soybean, and rice producers continued. Full-cost insurance and income insurance policies for three major grain crops (rice, wheat, corn) were fully implemented, with such insurance coverage expanded for soybeans in an orderly manner. In 2024, 54.7 billion yuan was allocated from the central budgetary funding as agricultural insurance premium subsidies, making the total funding in this area reach 152.1 billion yuan and providing over 5 trillion yuan in protection against risk for 147 million farming households.

**Seventh, we refined the benefit compensation mechanism for major grain-producing areas.** Rewards for large grain-producing counties increased for the 19th consecutive year, and a cross-provincial horizontal compensation mechanism between grain-producing and grain-consuming regions was established. Energy resource security was effectively safeguarded. We vigorously supported the exploration and utilization of unconventional natural gas resources, including coalbed methane, shale gas, and tight gas. The central government continued to allocate special funds for clean energy development, incentivizing local governments and centrally-administered State-owned enterprises to scale up unconventional gas utilization under the principles of "more consumption, more subsidies" and "more consumption in winter, more subsidies",

which drove the share of unconventional gas in domestic natural gas supply to nearly 40%.

We advanced the establishment of energy reserve systems by scientifically determining reserve categories and expanding reserve capacities, and guided relevant enterprises to increase investments and enhance energy reserve capabilities.

**7.We accelerated the cultivation of new drivers for foreign trade and effectively consolidated the foundation of foreign trade and foreign investment.**

**First, we actively leveraged the regulating role of tariffs.** We implemented annual tariff adjustments, and starting from January 1, 2024, applied provisional import tariffs lower than the most-favored-nation rates on 1,010 items. Import duties on domestically scarce resources, as well as key equipment and components, such as low-arsenic fluorspar and gas diffusion layers for fuel cells, were reduced to accelerate innovation and development in advanced manufacturing. Additionally, zero tariffs were introduced for certain anti-cancer drugs, orphan drugs and related raw materials to safeguard public health. Beginning on December 1, 2024, we granted zero-tariff treatment to all tariff lines for 43 least developed countries with which we have diplomatic relations, making China the first major developing country and major global economy to implement this measure. Furthermore, we applied conventional tariff rates to certain imports originating from Nicaragua, Ecuador, Serbia and Honduras to promote foreign trade development.

**Second, we ensured the effective implementation of export tax rebates.** Export tax rebate policies were precisely executed, with the vast majority of products, except for those classified as high-energy-consuming, high-pollution, or resource-intensive, receiving full tax refunds based on the applicable tax rate. The departure port tax

rebate policy was further improved, extending its application to key hubs, major sources of goods, and border ports along the China-Europe Railway Express and the New International Land-Sea Trade Corridor. Cities such as Zhengzhou, Chongqing, and Chengdu were newly designated as departure ports for this policy, while Erenhot, Manzhouli, and Mohan were added as exit ports, with scope of the policy expanded for major coastal ports.

**Third, we launched a pilot program for offshore trade stamp duty exemptions.** From April 1, 2024, to March 31, 2025, enterprises registered in the China (Shanghai) Pilot Free Trade Zone and the Lin-gang Special Area that engage in offshore intermediary trade will be exempt from stamp duty on sales contracts. This measure aims to support the development of offshore trade within free trade zones.

#### **IV. We adhered to ensuring and improving people's well-being to strengthen their sense of gain, happiness, and security.**

We remained committed to enhancing people's well-being in pursuing high-quality development, acting within our capability while striving to do our best. We continued our work on strengthening inclusive public services to meet people's essential needs and secure their basic living standards, and ensured their access to childcare, education, employment, medical services, elderly care, housing, and social assistance, with constant efforts to promote all-around improvement in people's lives.

##### **1. We maintained efforts to promote overall stability in employment.**

**First, we strengthened financial support for employment.** In 2024, the central government finance allocated 66.74 billion yuan for employment subsidies to assist local governments in implementing employment and entrepreneurship support policies, such as social insurance subsidies, vocational training subsidies, and subsidies for public welfare jobs. We

continued to advance demonstration projects aimed at enhancing public employment services, boosting overall employment service capacity nationwide. Over 12 million new urban jobs were created throughout the year.

**Second, we intensified efforts to support enterprises and stabilize employment.** We extended the reduction of the premiums of unemployment insurance and work-related injury insurance, and also continued time-limited policies to stabilize employment, such as returning unemployment insurance funds to enterprises, and the advance release of internship subsidies. We leveraged the role of government-backed financing guarantees in stabilizing employment by providing credit enhancement to ease the difficulties and high costs of financing faced by small and micro enterprises, thereby supporting their efforts in stabilizing and expanding employment. By the end of 2024, the National Financing Guarantee Fund had cumulatively undertaken 5.39 trillion yuan in re-guarantee business, benefiting over 46 million people.

**Third, we ensured the employment of key groups.** We continued, integrated, and optimized the policies on one-time employment subsidy and one-time job expansion incentives to broaden employment channels for young people such as college graduates. We supported the implementation of the "San Zhi Yi Fu (Three Supports and One Assistance)" program for college graduates, with 1.85 billion yuan allocated from the central budget to encourage and guide them toward grassroots employment. We also strengthened employment assistance for underprivileged people, such as people with disabilities, members of zero-employment families and other groups in difficulty.

**Fourth, we intensified support for work-based training.** We supported the high-quality implementation of vocational skills training, lowered the

eligibility threshold of subsidies to enhance workforce skills, and broke ground on more national-level training bases for high-caliber talents, as well as skill master studios, in a bid to improve workers' skills and ease structural employment problems.

**Fifth, we implemented an interest subsidy policy for guaranteed start-up loans.** For eligible key groups such as college graduates, as well as small and micro enterprises that hire them, loans can be guaranteed by local start-up loan guarantee funds or government-backed financing guarantee institutions, with interest subsidies provided by financial authorities. In 2024, the central government finance allocated 7.99 billion yuan in incentive and subsidy funds for guaranteed start-up loans to support the expansion of loan coverage and scale.

## **2. We made steady progress in building a high-quality education system.**

**First, we ensured stable growth in education funding.** We continued to prioritize education as a strategic national investment, giving it preferential guarantee and focused support. The national general public budget for education expenditure in 2024 was 4.2076 trillion yuan, including 166.1 billion yuan in central government education spending, an increase of 5.7 percent year-on-year, driving local governments to further increase their investments.

**Second, we consolidated and improved the guarantee mechanism for compulsory education funds.** Starting from the spring semester of 2024, the national basic standard of living allowances for boarders from low-income families was raised from 1,000 yuan to 1,250 yuan per student per year in primary schools and from 1,250 yuan to 1,500 yuan in junior middle schools. The living allowance standard for non-boarders

students from low-income families continued to be set at 50 percent of the national basic standard for boarding students, benefiting approximately 20 million students.

**Third, we optimized the allocation of basic education resources across regions.** We supported and guided local governments in adapting to changes in the school-age population and in expanding affordable preschool education resources through multiple channels. We also advanced efforts to improve weak links and enhance capabilities in compulsory education, continued upgrading basic infrastructure in county-level high schools, and accelerated the expansion of high-quality basic education resources.

**Fourth, we facilitated high-quality development of vocational education.** A differentiated per-student funding system based on major categories of vocational education was introduced. The first round of performance evaluations for the Performance Management of High-level Higher Vocational Schools and Professional Construction Programs with Chinese Characteristics was completed. We supported local governments in increasing per-student funding levels for vocational institutions, improving school conditions, deepening industry-education integration and school-enterprise cooperation, and strengthening the cultivation and training of dual-qualified teachers in vocational education.

**Fifth, we supported efforts to accelerate the development of higher education.** We advanced the construction of world-class universities and leading disciplines with Chinese characteristics, completing first round of the re-evaluation of disciplines under the Double First-Class Initiative. We advanced the training of clinical medical professionals, deepened the reform of engineering master's and doctoral programs, and enhanced the quality of independent talent cultivation. We also supported the launch of

initiatives to make breakthroughs in basic and interdisciplinary disciplines, and promoted the improvement of policies supporting the construction of university dormitories. We encouraged local governments to reform and refine the budget allocation system for local universities.

### **3. We promoted the further improvement of modern public cultural services.**

**First, we carried out extensive public cultural programs.** We allocated 15.59 billion yuan worth of central government allowance funds to support the development of local public cultural service systems, promoting and strengthening cultural advancement at the grassroots level, addressing shortcomings in public cultural services, and further narrowing the gap in public cultural services between urban and rural areas as well as between different regions, so as to protect the people's basic cultural rights and interests.

**Second, we enhanced the effectiveness of public cultural services.** Transfer payments totaling 5.82 billion yuan were provided to support free public access to over 50,000 grassroots public cultural facilities nationwide, including museums, memorial halls, public libraries, art galleries, and cultural centers (stations), strengthening the shared development and utilization of grassroots public cultural resources.

**Third, we made efforts to focus on stimulating cultural innovation and creativity.** We supported the efforts to improve the quality of artistic works and expand the supply of high-quality public cultural services. We allocated 2.766 billion yuan for various types of literary and artistic creation, continuously improved the guidance and incentive mechanisms, and strengthened the guidance and support for artistic creation and production, especially for works with realistic themes. We strengthened

the development of grassroots cultural workers, supported the training of high-caliber cultural professionals, and cultivated a large pool of outstanding cultural talent.

**Fourth, we supported the efforts of building China into a leading sports nation.** A total of 3.292 billion yuan from the central government's lottery public welfare fund was allocated to support sports development, along with 1.18 billion yuan in subsidies for public sports venues to ensure free or low-cost access for the public. We helped local governments develop grassroots sports organizations and teams, improve public sports facilities, and train reserve sports talent, enhancing the level of public services and optimizing the utilization of sports facilities.

**Fifth, we advanced the implementation of the national cultural digitization strategy.** We continued efforts to promote the construction of the national cultural big data system, the nationwide smart library network, and public cultural cloud platforms. A total of 1.5 billion yuan from the state-owned capital operation budget was allocated to strengthen and optimize central state-owned cultural enterprises. We facilitated the standardized operation of the China Culture Industry Investment Fund in its second phase, driving the high-quality development of the cultural industry.

#### **4. We further strengthened the social security system.**

**First, the pension security system was further improved.** The basic pension for retirees was raised by an average of 3 percent nationwide, and the minimum basic pension standard for urban and rural residents was further increased. The central government finance allocated approximately 1.1 trillion yuan in subsidies to support the timely and full payment of basic pensions across the country. We thoroughly promoted

the national pooling of basic pension insurance, with a total redistribution fund of 253.3 billion yuan to support the stable operation of local pension funds. We also actively promoted the development of a multi-tiered and multi-pillar pension insurance system, and implemented the personal pension scheme nationwide, strengthening the third pillar of pension insurance.

**Second, the social assistance system was gradually improved.** We allocated 156.68 billion yuan in assistance funds for people in difficulty, supporting local governments in coordinating efforts to provide low-income people, those in extreme difficulty, and orphans with subsistence and assistance to guarantee their basic needs of life. Basic elderly care services for disadvantaged elderly individuals with disabilities were also strengthened. A unified national mechanism for determining and adjusting subsistence allowance standards was established to guide local governments in determining and adjusting such standards reasonably. In 2024, the average urban and rural subsistence allowance standards increased by 3.9 percent and 5.9 percent, respectively. A total of 4.16 billion yuan was dedicated to renovating dilapidated houses for low-income rural groups and other key target groups in rural areas, ensuring their basic housing safety.

**Third, services for veterans were effectively guaranteed.** The central government finance allocated 65.98 billion yuan in subsidies for entitled groups, further increasing pension and living allowance standards, and ensuring that these benefits were delivered in full and on time. A total of 2.38 billion yuan in medical security funds went to entitled groups, helping them address special medical needs. We continued to carry out programs with the support of the central special public welfare lottery fund to enhance the capacity of hospitals to better meet the medical and care needs of disabled veterans and other entitled individuals.

**Fourth, childcare and elderly care services achieved effective and sustainable development.** We continued to implement the central government-supported demonstration projects for the development of inclusive childcare services. In 2024, 15 prefecture-level cities were selected through competitive review as the second group to launch the demonstration projects, with the central government subsidizing 100 million yuan for each demonstration project on a biennial basis, to guide local governments to explore a high-quality development path for inclusive childcare services. Additionally, we allocated 4.14 billion yuan to support local elderly welfare initiatives, including upgrading elderly care facility equipment and training nursing staff, as well as other social welfare programs, according to the regulations, for the disabled and children, and public benefit work. We allocated 1.2 billion yuan to support relevant regions in building in-home nursing beds for eligible elderly people with financial difficulties and disabilities, providing home nursing services and other on-site services, and developing meal assistance services for the elderly in light of local conditions.

## **5. We promoted orderly development of health and medical services.**

**First, we worked to continuously enhance the quality and effectiveness of public health services.** In 2024, the central government finance allocated 76.55 billion yuan in allowances for basic public health services, raising the per-capita fiscal allowance standard for basic public health services to 94 yuan per person per year, an increase of 5 yuan from 2023. Additionally, we allocated 20.88 billion yuan in allowances for major public health services, supporting the National Immunization Program, strengthening the prevention and control of major infectious diseases, and improving mental health and chronic non-communicable disease management to safeguard public health.

**Second, we continued to strengthen the construction of the healthcare system.** In 2024, the central government allocated 11.73 billion yuan in subsidies to advance comprehensive reforms in public hospitals, including modernization of management systems and compensation mechanisms. We continued to support demonstration projects for reform and high-quality development of public hospitals. The third batch of 20 prefecture-level cities was selected in 2024, with each city receiving 500 million yuan in funds from the central government over three years to help replicate the public hospital reform in Sanming city, Fujian province. Further allocations of subsidy funds included 9.11 billion yuan to consolidate the achievements of the reform of the essential drug system, 10.89 billion yuan to enhance the capacity of healthcare institutions and support the capacity building of county-level healthcare institutions and disease prevention and control agencies, and 7.2 billion yuan to support the training of healthcare talents and promote the implementation of programs such as standardized training for resident doctors and training for urgently needed talents.

**Third, we supported the consolidation and enhancement of basic medical insurance.** In 2024, the central government allocated 397.4 billion yuan as assistance funds for urban and rural residents' medical insurance, raising the fiscal subsidy standard by 30 yuan to 670 yuan per person annually. Finance departments at all levels continued to allocate medical assistance funds to subsidize premiums for low-income groups and provide additional aid for out-of-pocket expenses after insurance reimbursement. We supported initiatives such as dynamic adjustments to the national drug reimbursement list, payment method reforms, cross-provincial direct settlement of medical expenses, and supervision of medical insurance funds.

## **6. Emergency disaster relief.**

We supported the efforts to strengthen the central government's capacity for building up emergency rescue and disaster relief material reserves, advanced the integration and reform of the national comprehensive firefighting and rescue teams, and enhanced deployment of aerial rescue forces. We made all out efforts to ensure quick response to major natural disasters, and disbursed the relief funds immediately. Following disasters such as the dike breach at Dongting Lake in Yueyang, Hunan province; flash floods and mudslides in Ya'an, Sichuan province; torrential rains and subsequent bridge collapses in Shangluo, Shaanxi province, and the Super Typhoon Yagi, central relief funds were allocated within 24 hours to effectively support emergency response efforts. In addition, we made early planning and arrangements for distribution of winter and spring assistance to disaster-affected populations, with temporary relief funds allocated in advance to ensure that they would maintain basic living conditions and spend a warm winter.

**V. We helped address risks associated with local government debt and consistently enhanced local government debt management.**

We worked to ensure better coordination between development and security. We adopted multiple channels to mobilize resources for debt resolution, and formulated and implemented the most robust debt resolution package in recent years, shifting the focus of debt resolution from emergency responses to proactive solutions, from addressing individual risks to overall risk elimination, from dual-track management of hidden and statutory debts to a transparent and standardized approach for all debts, and from single-focus on risk prevention to a balanced approach, prioritizing both risk containment and economic development.

**1. We intensified efforts to implement incremental debt relief policies and prudently addressed hidden debt.**

On one hand, we seized the crucial moment to accelerate policy

implementation and maximize its effectiveness. In 2024, a local government debt ceiling of 2 trillion yuan was allocated to support local governments in replacing existing hidden debts. A special budget of 800 billion yuan in new local government special-purpose bonds was arranged to supplement government funds for debt relief purposes. In addition, 400 billion yuan was allocated to support local governments in managing debt limits, facilitating investments in qualifying government projects and clearing government arrears to enterprises. On the other hand, we strengthened management and ensured strict accountability to prevent policy execution from deviating. We urged local governments to optimize bond issuance according to their specific situations, ensuring the smooth and orderly resolution of existing hidden debts and improving the effectiveness of bond fund utilization. We provided guidance to help local governments allocate capital, resources and assets, efficiently implement and refine debt relief plans and policies to better realize the intended policy effects.

## **2. We standardized local government debt financing, and resolutely curbed the growth of hidden debts.**

We established a mechanism for information sharing and collaborative supervision to comprehensively monitor the debts local governments are responsible for repaying, with dynamic analysis and timely early warnings to prevent risks. We actively collaborated with financial management departments to implement financial support policies for addressing local government debt. We reinforced budget constraints, making the prevention of new hidden debts “a non-negotiable discipline”. We continued efforts to strengthen budget management, urging local governments to implement investment projects in accordance with the law. Any government expenditure or investment projects not included in the budget were prohibited and we banned local governments from

raising illegal or non-compliant debts. We also strengthened the collection of new hidden debt clues, strictly enforcing accountability mechanisms for debt-related violations.

### **3. We optimized and improved management mechanisms to better leverage the role of special-purpose bonds.**

We pushed forward the release of the "*Opinions on Improving Local Government Special Bond Management Mechanisms*" issued by the General Office of the State Council, which outlined 16 specific measures in 7 areas. A negative list management system for project sectors was implemented, and the scope of special-purpose bonds used as project capital was expanded to include infrastructure construction in emerging industries, healthcare, elderly care, child care, freight hubs, and urban renewal. We raised provincial ceilings for bonds that can be used as project capital from 25 percent to 30 percent. We launched pilot projects in 10 provinces and Xiong'an New Area in Hebei province, allowing the relevant governments to independently review and approve projects eligible for special bond financing and to grant accelerated approval for ongoing projects. The repayment sources for special-purpose bonds were broadened, and comprehensive management throughout the borrowing and repayment process was strengthened. We also guided local governments in establishing better mechanisms for managing special-purpose bonds, ensuring that funds were used effectively to strengthen infrastructure, address shortcomings, improve living standards and expand investment.

## **VI. We vigorously promoted scientific fiscal management and steadily enhanced the effectiveness of fiscal governance.**

Focusing on promoting a more systematic, refined, standardized and law-based fiscal management, we advanced reform in the fiscal and

taxation systems, strengthened fiscal and accounting supervision, and strictly enforced financial discipline, in a bid to better support and safeguard high-quality economic and social development and to unleash the effectiveness of fiscal governance.

**1. We planned and promoted a new round of fiscal and tax system reforms.**

**First, we actively advanced the reform of the budget management system.** We piloted zero-based budgeting in 16 central departments, including the Ministry of Finance, to break rigid expenditure patterns. We improved hierarchical and categorized management mechanisms and established a more scientific and efficient system for managing government investment funds. In addition, we advanced reform of the government procurement system by actively promoting amendments to the *Government Procurement Law* in line with the *Tendering and Bidding Law* to standardize the order in the government procurement market.

**Second, we advanced tax system reform in an orderly manner.** We implemented the principle of law-based taxation and advanced legislation on tariff and value-added tax. The ninth session of the 14th National People's Congress (NPC) Standing Committee reviewed and adopted the *Customs Law*, which came into effect on December 1, 2024. In addition, the 13th session of the 14th NPC Standing Committee reviewed and adopted the *Value-Added Tax Law*, which will take effect on Jan 1, 2026. We further improved the green tax system by implementing, from December 1, 2024, a nationwide conversion of water resource fees into taxes. Moreover, we researched and optimized tax policies by extending individual pension income tax benefits nationwide and introducing tax measures to promote the stable and healthy development of the real estate market.

**Third, we steadily advanced fiscal system reform.** We improved the central-to-local transfer payment system, and revised management measures for the mechanism for ensuring county-level basic financial capacity with rewards and supplementary funds, thereby establishing an incentive and constraint mechanism for transfer payments to promote high-quality development. We also promoted the implementation of reforms to delineate fiscal powers and expenditure responsibilities between central and local governments in areas such as intellectual property rights, helping local governments improve fiscal systems below the provincial level.

**2.We made firm efforts to ensure the "three priorities" of people's basic well-being, payment of salaries and normal government functioning.**

**First, we strengthened the financial safeguard for the "three priorities" at the grassroots level.** In 2024, local transfer payments were maintained at over 10 trillion yuan, with equalization transfer payments growing by 7.5percent and county-level basic financial guarantee mechanism subsidy funds increasing by 8.6percent. These measures ensured that provincial financial resources trickled down to cities and counties, thereby ensuring that counties and districts could meet their expenditure needs for the "three priorities".

**Second, we established and improved institutional mechanisms.** We promoted the issuance of documents to strengthen the work on "three priorities" at the grassroots level, holding local Party committees and governments accountable for ensuring these priorities. We established a multi-level responsibility system, with county-level governments as the mainstays, municipal governments offering assistance (bottom-line support), provincial-level governments providing guarantees, and the central government giving incentives. We also advanced reforms in the

budget management and fiscal systems below the provincial level, thereby promoting the establishment of a long-term county-level financial guarantee mechanism characterized by clear responsibilities, coordinated finance, compatible incentives and effective constraints.

**Third, we strengthened dynamic monitoring.** We enhanced the national monitoring and early warning mechanism for key counties and districts, with daily monitoring of treasury fund status in key counties and districts. We guided provincial finance departments to verify and confirm stable operation of local funds in a timely manner, ensuring the smooth operation of grassroots treasury funds. Moreover, by leveraging an integrated budget management system, we incorporated the wage expenditures of all counties and districts into our monitoring scope, urging provincial finance departments to intensify the monitoring of wage disbursements at the municipal and county levels, thereby reinforcing bottom-line support responsibilities.

### **3.We enhanced fiscal management.**

**First, we strengthened budget performance management.** Continuous efforts were made to enhance the quality and efficiency of budget performance management across pre-assessment evaluations, performance target management, monitoring of performance execution, application of evaluation results, and public disclosure of performance information. We conducted performance evaluations for projects in 55 key areas—including education, science and technology, and environmental protection—involving funds amounting to 980 billion yuan. We also carried out comprehensive reviews of performance self-assessment reports for 716 key projects in central government departments, involving a budget total of 353.7 billion yuan, linking evaluation results with budget allocations. In addition, we organized performance self-assessments for 84 transfer payment projects and

implemented spot-check reviews to strengthen transfer payment constraints based on performance.

**Second, we strengthened state-owned asset management.** We completed a high quality work on issuing the 2023 comprehensive report on state-owned assets and the special report on administrative and institutional state-owned assets, providing a comprehensive, accurate and objective reflection of all categories of state assets and their management. We fine-tuned the management of administrative and institutional state-owned assets, improved the management system for public infrastructure assets, and standardized the management of assets such as buildings and official vehicles of public institutions under central Party and government agencies. We vigorously promoted the revitalization and utilization of state-owned assets in administrative and institutional units and established a nationwide shared platform for the adjustment and allocation of these assets. For the first time, we created a comprehensive directory of state-owned enterprises at all levels, further consolidating the foundation of state-owned enterprises and assets. We also optimized the expenditure structure of state-owned capital management budgets to better guide the development of forward-looking strategic industries, promote the optimization and structural adjustment of the state-owned economy, and support the high-quality development of central state-owned enterprises. Furthermore, we studied and formulated an asset management system for investment projects financed by local government special-purpose bonds and launched pilot projects on data asset management.

**Third, we deepened the management of state-owned financial capital.** We implemented the opinions of the NPC Standing Committee's deliberation of the special report regarding the management of state-owned assets of financial enterprises in 2022 and presented a special report to the NPC Standing Committee. We promoted reforms of key state-owned financial institutions, guiding them to focus on their core

responsibilities and main businesses. We steadily advanced the divestiture and transfer of entities trading in the market managed by financial regulatory departments. We further improved the governance mechanisms of state-owned financial enterprises and optimized the authorized operation system for central financial enterprises. We reinforced the accountability of equity directors and enhanced measures to ensure the performance of their duties, while refining the incentive and restraint mechanisms for state-owned financial enterprises. We strengthened financial management in state-owned financial enterprises by establishing a dynamic monitoring mechanism for financial risks.

**Fourth, we steadily advanced government financial reporting.** We improved the accrual-based comprehensive government financial reporting system, and supplemented and refined the government financial statement system. We carried out the preparation, reporting and review of the 2023 central and local government financial reports in a solid and orderly manner, and made a special effort to enhance the quality of the compiling of government financial reports.

#### **4. We rigorously strengthened fiscal and accounting supervision.**

**First, we improved the fiscal and accounting supervision system.** We fully implemented the *Opinions on Further Strengthening Fiscal and Accounting Supervision*, issued by the general offices of the CPC Central Committee and the State Council, and established a comprehensive supervision system under which the Ministry of Finance shoulders the primary oversight responsibility, relevant departments carry out oversight according to their division of responsibilities, and various units practice internal oversight, while related intermediary institutions and industry associations carry out professional oversight and self-regulatory oversight respectively. We also enhanced mechanisms for horizontal coordination among various supervisory bodies, vertical coordination between central

and local levels, and integration with other forms of supervision. We promoted the law-based, technology-driven development of fiscal and accounting supervision, as well as talent cultivation in this area in a coordinated manner, so as to leverage its fundamental and supportive role in the Party and state supervision systems.

**Second, we established and improved the accounting legal framework.** The *Decision to Amend the Accounting Law of the People's Republic of China*, as adopted by the NPC Standing Committee, took effect on July 1, 2024, providing robust legal safeguards against financial fraud. We also issued policy documents such as the *Accounting System for Nonprofit Organizations in the Private Sector*, *Interpretation No. 18 of the Enterprise Accounting Standards*, and the *Interim Measures for Data Security Management of Accounting Firms*, thereby further regulating accounting practices and data security management in accounting firms, and improving the quality of accounting audits.

**Third, we deepened the fiscal and accounting supervision special actions.** By focusing on four key areas of investigating major financial and economic violations, conducting targeted oversight to enforce financial discipline, carrying out special supervision in the field of accounting evaluation, and conducting regular supervision of budget execution, we intensified supervision and inspection and severely punished violations of laws and regulations. We also continuously carried out targeted rectification in the certified public accountant (CPA) and outsourced bookkeeping professions, addressing prominent issues and rigorously improving the integrity of the professions.

**Fourth, we intensified inspections and punishment regarding the accounting valuation business.** We further strengthened supervision and management to crack down on financial fraud. In 2024, administrative penalty decisions were issued to 183 administrative counterparts in

accordance with laws and regulations—the highest number to date. In addition, a special inspection was conducted into the PwC audit of Evergrande’s real estate projects, resulting in the issuance of the biggest and most severe penalty in the history of China’s CPA industry.

**Fifth, we rigorously implemented regular supervision of budget execution.** We issued the *Implementation Measures for the Supervision of Budget Execution by Central Departments (Trial)* and the *Measures for the Supervision of Budget Execution of Central-to-Local Transfer Payments (Trial)*, thereby consolidating the foundation of regular supervisory systems. By combining online monitoring with on-site verification, we strengthened daily supervision and process control and promptly identified and corrected non-compliant expenditures, reinforcing binding budget constraints and strictly upholding financial discipline.

## **VII. Fiscal Policy Outlook**

The year 2025 marks the final year of the 14th Five-Year Plan. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Ministry of Finance will fully implement the guiding principles of the 20th CPC National Congress, the second and third plenary sessions of the 20th CPC Central Committee, and the Central Economic Work Conference. We will adhere to the principle of seeking progress while maintaining stability, implement the new development philosophy in a full, accurate and comprehensive manner, accelerate efforts to foster a new development paradigm, and steadfastly promote high-quality development. We will balance development and security, implement a more proactive fiscal policy, increase expenditure intensity, optimize the expenditure structure, deepen fiscal and tax system reforms, strengthen scientific fiscal management, prevent and defuse risks, and strictly enforce financial discipline. In doing so, we will ensure that Party and

government institutions keep their belts tightened, improve the efficiency of fund utilization and policy effectiveness, and promote a sustained economic recovery, thus providing strong support for achieving the targets of the 14th Five-Year Plan and a strong start to the 15th Five-Year Plan.

In 2025, fiscal policy will be more proactive, robust and effective, as reflected in five key aspects. **First**, we will raise the deficit-to-GDP ratio, increase spending intensity, and accelerate spending progress. **Second**, we will issue government bonds on a larger scale to provide greater support for stabilizing growth and adjusting the economic structure. **Third**, we will vigorously optimize the expenditure structure and enhance targeted spending, with greater emphasis on improving people's well-being, boosting consumption, and enhancing growth sustainability. **Fourth**, we will continue to intensify efforts to prevent and defuse risks in key sectors, ensuring the stability of fiscal operations and sustainable development. **Fifth**, we will further increase local transfer payments to bolster local fiscal capacity and secure the bottom line of the "three priorities" (ensuring people's basic well-being, the timely payment of salaries, and the normal functioning of governments at the grassroots level).

We will focus on the following key initiatives:

**1. We will support the all-round expansion of domestic demand.** We will vigorously boost consumption by enhancing social security and increasing household incomes through multiple channels. We will advance special campaigns to stimulate consumption and intensify support for trade-in of consumer goods. We will appropriately raise the basic pension for retirees, the minimum basic pension for urban and rural residents, and the fiscal subsidy standards for urban and rural residents' basic medical insurance. We will also advance the initiative to

supplement and strengthen supply chains to upgrade the national comprehensive freight hub network, as well as the digital transformation of highway and waterway transportation infrastructure, to help lower overall logistics costs. Moreover, we will actively expand effective investment and optimize the use of various government investment funds, with more investment channeled to key areas and weak links. We will prudently arrange government bond issuance and accelerate the budgetary allocation of bond funds to ensure that these funds yield tangible results as soon as possible.

**2. We will support the construction of a modern industrial system.** We will focus on enhancing capacity for scientific and technological innovation by increasing central government investment in science and technology and fully supporting breakthroughs in core technologies in key areas. We will accelerate industrial transformation and upgrading by strengthening support for key R&D programs in the manufacturing sector, promoting high-quality development initiatives for critical industrial chains in manufacturing. Moreover, we will enhance relief support for enterprises by coordinating the use of debt resolution policies and supporting local governments to expedite the arrears repayment to enterprises. We will also alleviate the financing difficulties and high costs faced by micro and small enterprises and other entities in the market, and resolutely prevent and punish arbitrary charges, fines, and quotas.

**3. We will support, guarantee, and improve people's well-being.** We will make integrated use of tax and fee incentives, employment subsidies, and job retention refunds to broaden employment channels and support the employment and entrepreneurship of key groups such as college graduates. We will vigorously implement the strategy of rejuvenating the nation through science and education, prioritize fiscal expenditure on education, and support the building of an education powerhouse. We will

strengthen the development of a public-interest childcare service system and vigorously promote public-interest elderly care services. We will advance reform and high-quality development of public hospitals, enhance grassroots medical and healthcare service capacity, and improve the public health service system. We will implement a unified national management system for basic old-age insurance funds, and promote a multi-tiered and categorized social assistance system. We will improve a multi-tiered medical insurance system, optimize basic medical insurance financing and benefit adjustment mechanisms and accelerate the establishment of a long-term care insurance system. We will also reinforce grassroots emergency infrastructure and capacity to enhance disaster prevention, mitigation, relief and emergency response management.

**4. We will support the integrated development of urban and rural areas.** We will support the construction of high-standard farmland and water conservancy infrastructure, and launch a cross-provincial horizontal compensation mechanism between grain-producing and grain-consuming regions under central coordination. We will accelerate the revitalization of the seed industry to ensure a stable supply of grain and key agricultural products. Furthermore, we will continue to consolidate and expand the achievements of poverty alleviation and increase support for key groups such as monitored populations at risk of returning to poverty. We will promote rural development and construction in an orderly manner and vigorously advance new urbanization. In addition, we will implement and refine regional fiscal and tax policies and intensify the implementation of regional strategies to help accelerate the development in revolutionary base areas, border regions, and resource-depleted areas.

**5. We will support the development of ecological civilization.** We will deepen the development of a horizontal ecological protection

compensation mechanism, and study and improve systems for the paid use and trading of pollutant discharge rights, as well as for the management of funds collected as compensation for ecological and environmental damage. We will strengthen ecological protection and restoration, continue to support the battles to protect blue skies, clean water, and pollution-free land, and strive for significant achievements in the Three-North Shelterbelt Forest Program. We will steadily advance efforts to achieve carbon peaking before 2030 and carbon neutrality before 2060 by bolstering support for the research, development, and application of advanced green and low-carbon technologies, promoting the green and low-carbon transformation of key industries, vigorously supporting the development of renewable energy, and continuing to promote new energy vehicles.

**6. We will strengthen scientific fiscal management.** We will comprehensively deepen fiscal and tax system reforms, and study and formulate measures to perfect the modern budget system, thereby enhancing the systematic integration and efficient coordination of various budget management initiatives. We will advance the reform of zero-based budgeting, the development of expenditure standard systems, fiscal sustainability assessments, and performance management. We will thoroughly implement a package of debt resolution policies to resolutely curb the emergence of new hidden debts and effectively prevent and resolve local government debt risks. We will accelerate the reform and transformation of local government financing platforms and strengthen fiscal and accounting supervision to further enhance the effectiveness of fiscal governance.