
**REPORT ON THE EXECUTION OF THE CENTRAL AND
LOCAL BUDGETS FOR 2024 AND ON THE DRAFT CENTRAL
AND LOCAL BUDGETS FOR 2025**

*Third Session of the 14th National People's Congress of
the People's Republic of China*

March 5, 2025

Ministry of Finance

Esteemed Deputies,

The Ministry of Finance has been entrusted by the State Council to submit this report on the execution of the central and local budgets for 2024 and on the draft central and local budgets for 2025 to the present Third Session of the 14th National People's Congress (NPC) for your deliberation and for comments from members of the National Committee of the Chinese People's Political Consultative Conference (CPPCC).

I. Execution of the 2024 Central and Local Budgets

The year 2024 marked the 75th anniversary of the founding of the People's Republic of China, and it was also a crucial year for accomplishing the objectives and tasks laid down in the 14th Five-Year Plan (2021–2025). Facing a grave and complex landscape marked by growing external pressures and internal difficulties, all local authorities and government departments, working under the strong leadership of the Central Committee of the Communist Party of China (CPC) with Comrade Xi Jinping at its core, firmly followed the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and fully applied the guiding principles from the 20th CPC National Congress, as well as the second and third plenary sessions of the 20th CPC Central Committee. Acting on the decisions and plans of the Party Central Committee and the State Council, we rigorously executed the budgets reviewed and approved at the second session of the 14th NPC in line with the general principle of pursuing progress while ensuring stability. We improved macro regulation in a timely manner to ensure effective implementation of all adopted policies while also rolling out a package of new policies. As a result, the main objectives and tasks for economic and social development in 2024 were accomplished, with solid progress made toward high-quality development. The development of new quality productive forces was steadily advanced, reform and opening up were deepened, risks in key areas were effectively defused in a well-ordered way, and robust support was ensured for public wellbeing. Thanks to these efforts, we also saw a further improvement in China's economic strength, scientific and technological capabilities, and composite national strength, as well as solid new strides being made in advancing Chinese modernization. The execution of both the central and local budgets was satisfactory.

1. Revenue and expenditure in the general public budget in 2024

1) National general public budget

Revenue in the national general public budget increased by 1.3% over 2023 to 21.970212 trillion yuan, representing 98.1% of the budgeted figure. Breaking this down, tax receipts fell by 3.4% to 17.497201 trillion yuan—a decrease due mainly to a sizeable drop in revenues for certain tax categories owing to the continuous decline in producer prices along with other factors. Non-tax revenue, meanwhile, rose by 25.4% to 4.473011 trillion yuan. This increase was primarily due to the following factors: a one-time arrangement for relevant central departments to turn in special proceeds, an intensified effort on the part of local authorities to more effectively put state-owned resources and assets to good use in accordance with laws and regulations, and a sizeable increase in revenues from both state capital operations and compensated use of state-owned resources (assets). With the addition of 2.54105 trillion yuan—comprising transfers from budget stabilization funds and from the budgets of government-managed funds and state capital operations as well as utilized carryover and surplus funds—total revenue came to 24.511262 trillion yuan. Expenditure in the national general public budget rose by 3.6% to 28.461225 trillion yuan, representing 99.7% of the budgeted figure. With the addition of 110.037 billion yuan used to replenish the Central Budget Stabilization Fund, total expenditure came to 28.571262 trillion yuan. Total expenditure exceeded total revenue, leaving a deficit of 4.06 trillion yuan, which is consistent with the figure projected.

2) Central general public budget

Revenue in the central general public budget increased by 0.9% to 10.043571 trillion yuan, representing 98.1% of the budgeted figure. Adding in 248.2 billion yuan from the Central Budget Stabilization Fund, 90 billion yuan from the budgets of central government-managed funds and central government state capital operations, and 500 billion yuan carried over from 2023, total revenue came to 10.881771 trillion yuan. Expenditure in the central government's general public budget remained largely unchanged from 2023, totaling 14.111734 trillion yuan, equating to 98% of the budgeted amount. Breaking this down, central government expenditures increased by 6.5% to 4.072018 trillion yuan, representing 98.1% of the budgeted figure; transfer payments to local governments, meanwhile, dropped by 2.4%, to 10.039716 trillion yuan, representing 98.4% of the budgeted figure. This was mainly due to the fact that actual expenditures on some items were lower than the budgeted figures. With the addition of 110.037 billion yuan contributed to the Central Budget Stabilization Fund, total expenditure reached 14.221771 trillion

yuan. Total expenditure exceeded total revenue, leaving a deficit of 3.34 trillion yuan, which is consistent with the figure projected.

The main revenue items in the central government's general public budget were as follows: Domestic value-added tax (VAT) fell by 3.9% to 3.32225 trillion yuan, representing 92.1% of the budgeted figure. This decrease was mainly due to the fact that the producer prices were lower than expected. Domestic excise tax revenue grew by 2.6% to 1.653215 trillion yuan, representing 95.9% of the budget projection. Corporate income tax revenue rose by 0.1% to 2.643588 trillion yuan, representing 96.3% of the budgeted figure. Individual income tax revenue fell by 1.7% to 871.317 billion yuan, representing 92.5% of the budget projection. This decrease was largely driven by a fall in individual income tax revenue from property transfer income. Revenue from stamp duty on securities transactions dropped by 29.1% to 127.588 billion yuan, representing 111.9% of the projected budget. This reduction in revenue was largely attributable to the implementation of a policy halving stamp duty on securities transactions, which was introduced in mid-2023, throughout 2024. Revenue from customs duties fell by 5.7% to 244.301 billion yuan, representing 90.8% of the budgeted figure; and revenue from VAT and excise tax on imports decreased by 1.6% to 1.917746 trillion yuan, representing 94.6% of the budgeted figure. This reduction was largely driven by a fall in both commodity prices and general trade import volumes.

Central government expenditures reached 4.072018 trillion yuan, accounting for 14.3% of expenditure in the national general public budget. The main expenditures were as follows: Diplomatic spending totaled 59.519 billion yuan, representing 97.9% of the budgeted figure. National defense spending was 1.665208 trillion yuan, representing 100% of the budgeted figure. Public security expenses totaled 226.256 billion yuan, representing 99.4% of the budgeted figure. Spending on education came to 166.071 billion yuan, representing 100.7% of the budgeted figure. Spending on science and technology was 361.909 billion yuan, representing 97.6% of the budgeted figure. Spending on stockpiling grain, edible oils, and other materials totaled 124.038 billion yuan, representing 88.2% of the budgeted figure, mainly due to a decrease in investments from the central government budget. Interest payments on debt amounted to 757.315 billion yuan, representing 97.4% of the budgeted figure.

Central government transfer payments to local governments were as follows. General transfer payments totaled 8.722288 trillion yuan, representing 97.7% of the budgeted figure, primarily due to actual expenditures on

emergency and disaster response according to relevant policies. Special transfer payments came to 817.428 billion yuan, representing 104.9% of the budgeted figure, mainly due to the fact that some central government expenditures included under central government budgetary investments were recategorized as transfer payments to local governments. One-off subsidies for post-disaster recovery and reconstruction and capacity building for disaster prevention, mitigation, and relief totaled 500 billion yuan, representing 100% of the budgeted figure.

In 2024, 110.037 billion yuan of unspent funds in the central general public budget (including 50 billion yuan of unused central government reserve funds that was transferred to unspent funds in 2024) was contributed in full to the Central Budget Stabilization Fund. Adding in 2.98 billion yuan of carryover and surplus funds from central government-managed funds, the balance of the Central Budget Stabilization Fund totaled 273.922 billion yuan at the end of 2024.

3) Local general public budget

Revenue in the local general public budget was 21.966357 trillion yuan. This figure includes 11.926641 trillion yuan in local government revenue, an increase of 1.7%, and 10.039716 trillion yuan in transfer payments from the central government. With the addition of 1.70285 trillion yuan—comprising transfers from local budget stabilization funds, the budgets of local government-managed funds, and local government state capital operations, as well as utilized carryover and surplus funds—total revenue reached 23.669207 trillion yuan. Expenditures in the local general public budget totaled 24.389207 trillion yuan, representing a 3.2% increase and 85.7% of expenditure in the national general public budget. Total expenditure exceeded total revenue, creating a local government deficit of 720 billion yuan, which is consistent with the figure projected.

2. Revenue and expenditure of government-managed funds in 2024

Revenue of China's government-managed funds in 2024 fell by 12.2% to 6.20904 trillion yuan, representing 87.7% of the budgeted figure. This decrease was mainly due to a drop in proceeds from local government sales of state-owned land-use rights. Adding in 39.187 billion yuan carried over from 2023, 1 trillion yuan from the issuance of ultra-long special treasury bonds, and 3.9 trillion yuan raised by local governments through special-purpose bonds, total revenue came to 11.148227 trillion yuan. Expenditure of all government-managed funds increased by 0.2% to 10.147782 trillion yuan, representing 84.4% of the budget projection.

Revenue of central government-managed funds grew by 7.2% to 473.467 billion yuan, representing 105.8% of the budgeted figure. Adding in 39.187 billion yuan carried over from 2023 and 1 trillion yuan from the issuance of ultra-long special treasury bonds, total revenue amounted to 1.512654 trillion yuan. Expenditure of central government-managed funds came to 1.456177 trillion yuan, representing 98% of the budgeted figure. Broken down, this figure includes 467.918 billion yuan of central government spending (including 124.704 billion yuan funded through ultra-long special treasury bonds) and 988.259 billion yuan of transfer payments to local governments (including 875.296 billion yuan funded through ultra-long special treasury bonds). Funds transferred from central government-managed funds to the central general public budget totaled 15 billion yuan. Revenue of central government-managed funds exceeded expenditure by 41.477 billion yuan. Of this figure, 38.497 billion yuan was carried forward to 2025, while 2.98 billion yuan was used to replenish the Central Budget Stabilization Fund in accordance with regulations.

Revenue of local government-managed funds fell by 13.5% to 5.735573 trillion yuan. Adding in transfer payments of 988.259 billion yuan from central government-managed funds and 3.9 trillion yuan raised by local governments through special-purpose bonds, total revenue came to 10.623832 trillion yuan. Expenditure of local government-managed funds totaled 9.679864 trillion yuan, an increase of 0.4%.

3. Revenue and expenditure of state capital operations in 2024

In accordance with relevant management regulations for the budgets of state capital operations, revenue from state capital operations is mostly collected as a certain percentage of the net profits of state-owned enterprises (SOEs) from the previous year, while expenditure is planned in the principle of ensuring a balance between expenditure and revenue.

Revenue of state capital operations nationwide grew by 0.6% to 678.288 billion yuan, representing 114.5% of the budget projection. Expenditure dropped by 6.5% to 312.886 billion yuan, representing 95.3% of the budgeted figure.

Revenue of central government state capital operations fell by 0.5% to 225.205 billion yuan, representing 94.1% of the budget target. Adding in 10.735 billion yuan carried over from 2023, total revenue amounted to 235.94 billion yuan. Expenditure of central government state capital operations grew by 4% to 155.52 billion yuan, representing 88.9% of the budgeted figure. This figure includes 151.503 billion yuan of central government spending and 4.017 billion yuan of transfer payments to local governments. Funds allocated from the

central government state capital operations budget to the central general public budget amounted to 75 billion yuan. A sum of 5.42 billion yuan in revenue from these operations has been carried over to 2025.

Revenue of local government state capital operations reached 453.083 billion yuan, an increase of 1.2%. Adding in 4.017 billion yuan in transfer payments from the central government state capital operations budget, total revenue came to 457.1 billion yuan. Expenditure of local government state capital operations fell by 14.9% to 161.383 billion yuan. This was mainly due to a decrease in expenditures on resolving longstanding issues. Funds allocated from the local government state capital operations budget to the local general public budget amounted to 295.717 billion yuan.

4. Revenue and expenditure of social insurance funds in 2024

Revenue of social insurance funds nationwide climbed by 5.2% to 11.89447 trillion yuan, representing 101.2% of the budget target. This figure includes 8.709212 trillion yuan in insurance premiums, an increase of 4.4%, and 2.68613 trillion yuan in government subsidies, a growth of 10.7%. This increase was mainly attributable to a rise in government subsidies granted for some areas including basic old-age insurance at all levels. Expenditure of social insurance funds nationwide increased by 7% to 10.606128 trillion yuan, representing 99.3% of the budget target. The social insurance fund surplus for 2024 was 1.288342 trillion yuan, which was rolled over to make the year-end balance of 14.33723 trillion yuan.

Revenue of the central government social insurance fund was 53.937 billion yuan, representing 109.2% of the budgeted figure. Expenditure of the central government social insurance fund was 46.192 billion yuan, representing 94.9% of the budgeted figure. Under the system for unified national management of enterprise employees' basic old-age insurance funds, local governments turned in 253.182 billion yuan for central regulation and the central government reallocated 253.264 billion yuan. The difference of 82 million yuan was mainly due to the allocation of interest income earned from centrally-regulated funds in 2023. Deducting this amount, revenue of the central government social insurance fund in 2024 exceeded expenditure by 7.663 billion yuan, leaving a year-end balance of 11.634 billion yuan.

Revenue and expenditure of local government social insurance funds reached 11.840533 trillion yuan and 10.559936 trillion yuan, respectively. Adding the above-mentioned 82 million yuan, the year-end balance for local government social insurance funds stood at 14.325596 trillion yuan after the surplus for 2024 of 1.280679 trillion yuan was rolled over.

In 2024, the ceiling on local government debt was raised to 52.78743 trillion yuan, after the NPC Standing Committee reviewed and approved the introduction of an additional 6 trillion yuan for the purpose of replacing outstanding hidden debts. At the end of 2024, outstanding central government debt remained within the NPC-approved budget limit of 35.200835 trillion yuan, totaling 34.572362 trillion yuan. Outstanding local government debt was also within the NPC-approved budget limit, with the total reaching 47.537055 trillion yuan (including debts raised to replace outstanding hidden debts). This figure comprises 16.701277 trillion yuan of general debt and 30.835778 trillion yuan of special debt.

5. Implementation of the main fiscal and tax policies and other major fiscal work in 2024

In 2024, finance departments conscientiously implemented the decisions and plans of the Party Central Committee and the State Council, acted on the resolutions and requirements arising from the NPC's deliberations and comments on the budgets, and took full consideration of the suggestions and advice of NPC deputies and CPPCC National Committee members on improving budgetary management and carrying out public finance work. On this basis, we boosted financial support for major national strategic tasks and basic public wellbeing, adopted timely new fiscal policies and debt relief measures, planned and carried out reform of the fiscal and tax systems, and bolstered fiscal management oversight. All this underpinned our efforts to ensure the accomplishment of the main goals and tasks for economic and social development in 2024.

We effectively implemented fiscal policies both already adopted and new ones.

Government spending remained on a large scale throughout the year, with expenditure in the general public budget exceeding 28 trillion yuan. The issuing of ultra-long special treasury bonds totaling 1 trillion yuan proceeded smoothly, and regulation over the use of the funds raised through these bonds was intensified. Of the funds, 700 billion yuan was used for the implementation of major national strategies and security capacity-building in key areas; a further 300 billion yuan was used to support large-scale equipment upgrades and consumer goods trade-in programs, especially increases in subsidies for the scrapping and replacement of vehicles and trade-in of home appliances. We drew up clear negative lists on the use of these funds to make sure they directly benefited consumers. Preliminary statistics show that more than 6.8 million vehicles and over 62 million home appliances were traded in under the

programs, driving over 1.3 trillion yuan in sales.

We also effectively utilized the funds raised through additional treasury bonds issued in 2023. They went toward supporting local governments in post-disaster recovery and reconstruction and capacity-building for disaster prevention, mitigation, and relief. Furthermore, regulation was conducted on all of the more than 15,000 projects supported with these funds. We accelerated the pace at which local government special-purpose bonds were issued and put into use. We extended the list of areas to which funds raised from the issuance of these bonds can be channeled as well as the scope for using such funds as project capital, and intensified regulation over the entire process from bond issuance to fund use, fund management, and debt repayment. In total, more than 40,000 projects were supported and over 350 billion yuan was used as project capital.

In response to new developments and issues arising in China's economic landscape, we promptly formulated and adopted new fiscal policies in the third quarter. Our response focused on both the supply and demand sides and led to the acceleration of policy implementation. We developed and issued special treasury bonds to support large state-owned commercial banks in replenishing core tier 1 capital. We adjusted tax policies in line with the elimination of relevant standards for ordinary and non-ordinary housing and issued special-purpose bonds to support land reserve projects and the purchase of commodity housing stock for use as government-subsidized housing.

The standards of government scholarships and grants were raised, and the coverage of this policy was extended. The cap on government-subsidized student loans was also raised, while interest rates for such loans were lowered. All this benefited students more than 34 million times across the country. Prior to the National Day on October 1, we granted a one-time living subsidy to over 11 million people in need.

At the same time, we also put in place a sound working mechanism for managing fiscal expectations, and took the initiative to issue public statements in order to boost confidence and keep expectations stable.

We made solid progress in promoting high-quality development.

To fully support the drive to build China's strength in science and technology, the central government boosted expenditure on science, technology, and basic research by a considerable margin. We also enhanced coordination between fiscal, financial, industrial, talent, and remuneration policies aimed at supporting scientific and technological innovation. This has resulted in greater policy synergy for boosting our self-reliance and strength in

science and technology.

By facilitating the launch of major projects under the Sci-Tech Innovation 2030 Agenda, we helped to secure important progress for China in areas such as integrated circuits and artificial intelligence (AI). Through the implementation of a special guarantee program for supporting scientific and technological innovation, we ensured that small and medium enterprises (SMEs) engaged in innovation received greater support from the National Financing Guarantee Fund in terms of risk sharing and compensation. To encourage the R&D, promotion, and application of innovative products, we established a system to facilitate cooperative innovation through government procurement and refined the insurance compensation policy for newly-developed major technological equipment and new materials. We issued guidance on major preferential tax and fee policies for supporting the development of manufacturing, scientific and technological innovation, and enterprise mergers and restructurings, with a view to easing the burdens on enterprises and enhancing their capacity for innovation.

A pilot program was launched in 20 cities around the country to upgrade manufacturing through the application of new intelligent, digital, and connected technologies. We also launched a new round of government rewards and subsidies for SMEs that use specialized and sophisticated technologies to produce unique and novel products, with support being provided to drive the high-quality development of an initial group of over 1,000 “little giant” enterprises in key sectors. We organized and implemented pilot programs in a second batch of cities for guiding and promoting faster digital transformation of SMEs.

We coordinated the use of funds to support the development and upgrading of high-standard cropland. In addition, the central government significantly increased its subsidies to more than 30,000 yuan per hectare to support the development projects of high-standard cropland. We also offered more rewards to major grain-producing counties and expanded the coverage of full-cost insurance and income insurance for grain production, achieving 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. Over 5 trillion yuan worth of risk protection was provided to rural households through 147 million agricultural insurance policies.

We continued to expand the central government follow-up rural revitalization assistance fund, improved the benefit-linking mechanism for assistance projects, and worked to boost the incomes of rural households that

had recently been lifted out of poverty through the development of industries and employment.

With a view to advancing new urbanization, the central government allocated a 40 billion yuan award fund for encouraging local governments to accelerate the process of granting permanent urban residency to eligible people who have moved to cities from rural areas. We selected 15 cities through competition to carry out urban renewal projects. A new batch of 12 cities received support to develop themselves as national comprehensive freight hubs as part of our efforts to shore up industrial and supply chains, and digitalization initiatives were launched in eight provincial-level demonstration areas to upgrade transport infrastructure such as highways and waterways.

In implementing national strategies for regional development, we introduced fiscal and tax policies to fully revitalize northeast China in the new era, formulated tax policies to support the establishment of platforms for development and opening up in the Guangdong-Hong Kong-Macao Greater Bay Area, including the areas of Hengqin, Qianhai, Nansha, and Hetao, and extended tariff exemptions in the Hainan Free Trade Port to cover a wider range of products.

We redoubled efforts to meet people's basic living needs.

We improved the institutional mechanisms for guaranteeing the three priorities of people's basic wellbeing, payment of salaries, and normal government functioning at the primary level. To ensure adequate funding for guaranteeing these priorities at the primary level, the central government allocated more than 10 trillion yuan in transfer payments to local governments. We also worked to ensure that local governments at all levels fully shouldered their share of responsibilities and that more financial resources were channeled to lower-level governments, and stepped up monitoring and early warning with regard to fiscal operations.

To advance implementation of the employment-first strategy, we continued the temporary policies such as reducing premiums for unemployment insurance and workers' compensation and integrated and refined different subsidies aimed to promote job creation. The central government allocated 66.7 billion yuan in employment subsidies, which were used to support college graduates and other key groups in securing employment and places on vocational skills training programs. Over 12 million urban jobs were added over the course of the year.

We continued to increase education spending to support faster development of basic education, vocational education, and higher education.

Basic national living allowances for boarding school students from financially disadvantaged families were raised from 1,000 yuan to 1,250 yuan per student per year at the primary school level and from 1,250 yuan to 1,500 yuan per student per year for junior high school students. Subsidies for the renovation of rural schools were increased, and management and oversight of the use of the nutritious meal subsidies were strengthened.

We worked out supporting measures for the reform to gradually raise the statutory retirement age. Basic pension benefits for retirees were generally increased by 3%, and minimum basic old-age benefits for rural and non-working urban residents were raised by 20 yuan per person per month, with relevant central government transfer payments amounting to about 1.1 trillion yuan.

We worked to refine long-term mechanisms for taking out basic medical insurance and raised government subsidies for basic medical insurance for rural and non-working urban residents to 670 yuan per person per year. We deepened the reform of public hospitals to see that they better serve the public interest, implementing demonstration projects in another 20 cities to promote the reform and high-quality development of public hospitals. We launched a second batch of demonstration projects to develop public-interest childcare services in 15 cities and guided local governments in increasing the supply of such services.

We made coordinated efforts to regulate the mechanisms for setting and adjusting subsistence allowances in order to better meet the basic needs of people in financial difficulty. We continued to increase subsidies and living allowances for entitled groups, with 8.23 million people benefiting.

We supported the development of cultural programs and sports, strengthening the protection of cultural relics and cultural heritage and supporting Team China in producing an outstanding performance at the Paris Olympic and Paralympic Games.

We made further headway in promoting the prevention and control of air, water, and soil pollution, facilitated the development of seven new trans-regional compensation mechanisms for ecological conservation of the inter-provincial river basins, and supported the implementation of major ecological projects, including those aimed at the integrated protection and restoration of mountain, water, forest, farmland, grassland, and desert ecosystems. We introduced guidelines on fiscal support for the national shelterbelt program in northeast, north, and northwest China and established special subsidies for this program. All this helped improve the environment in the areas concerned.

In response to floods, typhoons, and other natural disasters, we acted promptly to launch a mechanism for the rapid approval and allocation of disaster relief funds in order to support emergency rescue and assistance for disaster victims in disaster-struck areas.

We effectively prevented and defused risks in key areas.

Tapping into various resources through multiple channels, we implemented a package of measures to defuse debt risks. In line with the decisions and plans of the CPC Central Committee, relevant policies included: providing that hidden debts incurred in the rebuilding of run-down urban areas due to mature in 2029 or later would be repaid according to the original contracts, arranging a carryover quota for local government debt of 400 billion yuan to replenish financial resources of local governments, and allowing an additional 800 billion yuan in special-purpose bonds to be issued each year for five consecutive years to replenish government-managed funds. On this basis, with the approval of the NPC Standing Committee, the central government extended further support for efforts to defuse debt risks by raising the local government debt ceiling 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.

Thanks to the combined effects of these policies, the total amount of hidden local government debt to be resolved by the end of 2028 has fallen sharply from 14.3 trillion yuan to 2.3 trillion yuan, with associated interest payments being slashed by about 600 billion yuan. In addition to these policy steps, we also intensified policy communication and work guidance through press conferences and dedicated meetings aimed at facilitating faster implementation of the debt replacement policy. A quota of 2 trillion yuan was issued across the board for 2024, with the work of debt replacement being basically completed in line with this quota.

We defined clear standards for winding up the operations of local government financing platforms and stepped up efforts to reform and transform financing platforms on a per-category basis. These efforts have brought about a further reduction in the number of these types of platforms.

Coordinated efforts were made to prevent and defuse major financial risks, and plans for preventing and defusing risks in local small and medium financial institutions were rigorously scrutinized. While taking part in cooperative efforts to deal with a number of high-risk financial institutions, we

worked to determine the conditions, standards, and procedures for using public resources to support the handling of local 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.

We advanced fiscal and tax system reforms.

Guided by the principles from the third plenary session of the 20th CPC Central Committee, we formulated implementation plans for deepening fiscal and tax system reforms and made steady progress in reforming the budget, tax, and fiscal systems. We drafted reform documents for improving the modern budget system and the system of transfer payments and introduced interim measures for regulating budgetary adjustments. We initiated a reform to pilot zero-based budgeting at the Ministry of Finance and 15 other central government departments, enhancing the review, assessment, and optimization of projects to make government spending more flexible and adaptable and fiscal resource allocation more efficient.

We leveraged transfer payments to establish incentive and constraint mechanisms to drive high-quality development. A total of 40 billion yuan was allocated through these mechanisms last year, with funds tilted toward provinces with high revenue or rapid revenue growth. We implemented trial reforms to replace the water resource fee with a nationwide tax, refined various policies, including those related to personal income tax on equity-based incentives, officially released the value-added tax law, and put into effect the tariff law. To enrich our monetary policy toolkit, we promoted the purchase and sale of treasury bonds through the central bank's open market operations. We worked to evaluate reform outcomes and introduced life-cycle assessments for major fiscal and tax policies, so as to promptly identify issues arising in reform and policy implementation and facilitate their resolution.

We strengthened fiscal management and oversight.

In compliance with the requirement for Party and government bodies to tighten their belts, we imposed mandatory budget constraints, improved relevant assessment mechanisms for central government departments, and strengthened oversight and inspection of practicing at the local level in this regard. We conducted regular budget reviews and performance assessments to ensure that the arrangement of budgets was well-conceived and funds were used more effectively. We improved the integrated budget management system and strengthened budget execution oversight and fiscal operation monitoring, so as to provide early warnings and ensure proper resolution of

emerging problems and tendencies. To optimize the business environment for government procurement, we launched a three-year action plan and inspected more than 6,000 agencies and over 30,000 projects. We also unveiled general fiscal accounting standards and organized the preparation of government financial reports across all local authorities and government departments.

We pressed ahead with an accounting oversight campaign, during which we investigated prominent issues and saw that problems were rectified, those responsible were held accountable, and sound long-term mechanisms were put in place. To crack down on financial fraud, we continued with a special initiative to address law and regulation violations in certified accounting business and bookkeeping agencies and strengthened oversight over the performance of accounting firms and asset appraisal companies as well as the quality of enterprise accounting information. We completed the revision of the accounting law and developed related management systems, including a list of entities involved in serious acts of bad faith in the certified accounting profession and a system for managing data security in accounting firms. Under the system for reporting on government debt management, we reported to the NPC Standing Committee on the state of government debt management in 2023. We issued the measures on managing the use of state-owned assets by central administrative and public institutions and prepared an annual report on state assets management. We also improved data asset management systems and introduced trials of whole-process management of data assets in selected central government departments and enterprises as well as local finance departments.

Budget execution in 2024 was satisfactory as a whole. The robust implementation of our proactive fiscal policy and new progress in fiscal work have played a pivotal role in promoting economic recovery and growth as well as high-quality development. We owe these achievements to General Secretary Xi Jinping, who is at the helm charting the course, to the sound guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and to the strong leadership of the CPC Central Committee with Comrade Xi Jinping at its core. They are the result of the more rigorous review and oversight conducted by the NPC, the more effective democratic oversight exercised by the CPPCC National Committee, and the concerted efforts of all local authorities, all government departments, and the people of all our nation's ethnic groups.

At the same time, there are still some difficulties and weaknesses in budget execution and public finance work. They mainly include the following: Tax

revenues have declined as a result of various factors; proceeds from the sale of land-use rights have continued to fall; and some local governments have been facing pronounced budgetary imbalances. Due to poor preparatory work, the orientation and composition of some government-invested projects have yet to be well-defined. Greater efforts are needed to leverage government investment as a driver of private investment. A more systematic approach is needed in fiscal management. There are still some weak links in performance-based budget management, and the system of standards for project expenditures needs to be further refined. Some budgetary institutions need to tighten regulation and refine procedures regarding the use of funds, fiscal accounting, and asset management. More needs to be done to promote efficient and coordinated use of funds, assets, and resources. A sound long-term mechanism for overseeing local government debt needs to be established. We still face formidable challenges in preventing the incurrence of further hidden debts, fraud related to debt resolution, and misappropriation of funds raised from special-purpose bonds. Violations of fiscal discipline still persist despite repeated crackdowns. Oversight of accounting also needs to be continuously tightened up. We take all these problems very seriously, and we will take proactive measures to address them.

II. Draft Central and Local Budgets for 2025

The year 2025 is the final year of the 14th Five-Year Plan, making the compilation of this year's budgets and public finance work all the more important. In accordance with the decisions and plans of the CPC Central Committee and the State Council, we will adhere to the principles of pursuing progress while ensuring stability, promoting stability through progress, upholding fundamental principles and breaking new ground, establishing the new before abolishing the old, and achieving systematic integration through coordination. We will strike a proper balance in managing a series of critical relationships including those between an efficient market and a well-functioning government, between aggregate supply and demand, between fostering new growth drivers and upgrading old ones, between adding new high-quality resources and making the best use of existing ones, and between enhancing quality and expanding total output. We will adopt a more proactive and effective macro policy and strengthen coordination between fiscal policy on the one hand and monetary, employment, industrial, regional, trade, environmental protection, and oversight policies, as well as measures on

reform and opening up on the other. On this basis, we will address development problems, cultivate strengths for further development, and make sure that our economy continues to advance on a high-quality development trajectory.

1. Analysis of the prospects for fiscal revenue and expenditure in 2025

China's economy is underpinned by stable foundations, possesses great resilience and potential, and enjoys numerous advantages. This is the situation at present and will remain so for some time to come. The conditions supporting China's development in the long run and the underlying trend toward long-term growth also remain unchanged. Meanwhile, increasing negative impacts brought by changes in the external environment present numerous difficulties and challenges to our economy. This will increase pressures for us to maintain a balanced budget in 2025.

From a fiscal revenue perspective, China's sustained economic recovery and growth will provide support for an increase in fiscal revenue, but we will also continue to face many constraints. Insufficient domestic demand and the level of prices will continue to weigh down government revenues which are calculated according to current prices. Some major tax-contributing industries are facing a slowdown in growth, and some enterprises are experiencing difficulties in their production and operations. China is also confronted with considerable uncertainty in foreign trade. These factors will negatively affect revenue growth. The scope for putting assets and resources to better use has also narrowed.

From a fiscal expenditure perspective, we will continue to leverage fiscal policy to carry out counter-cyclical adjustments, stepping up efforts to increase investment, meet basic living needs, ensure employment, and boost consumption. In addition, we also need to increase spending for key priorities such as the development of new quality productive forces, all-around rural revitalization, and environmental protection in line with obligatory spending commitments. Expenditures on grain reserves and repayments of the principal and interest on government debt will also continue to rise. These mean that little room will remain for budgetary spending adjustments.

On the whole, the effects of changes in the domestic and international environments will continue to be transmitted to the public finance, with gaps between fiscal revenue and expenditure remaining pronounced in 2025. We must plan for various difficulties and challenges and make more comprehensive policy preparations in order to provide a strong guarantee for sustained and sound economic development.

2. Overall requirements for the preparation of the 2025 budgets and public finance work

To ensure that preparation of the 2025 budgets and public finance work are effective, we must do the following:

- Uphold the strong leadership of the Party Central Committee with Comrade Xi Jinping at its core, take Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as our guide, and fully implement the guiding principles from the 20th CPC National Congress and the second and third plenary sessions of the 20th CPC Central Committee
- Act on the guidelines of the Central Economic Work Conference
- Adhere to the general principle of pursuing progress while ensuring stability, fully and faithfully apply the new development philosophy on all fronts, work faster to foster a new pattern of development, take solid steps toward high-quality development, and ensure both development and security
- Implement a more proactive fiscal policy, increase fiscal spending intensity, and improve the spending structure
- Provide more support for the expansion of domestic demand, the development of new quality productive forces, coordinated development between urban and rural areas and between regions, and efforts to ensure and improve the people's wellbeing
- Deepen fiscal and tax system reform, take a more systematic approach to fiscal management, prevent and defuse risks, and tighten up financial and economic discipline
- See to it that Party and government bodies keep their belts tightened and ensure that funds are used more efficiently and that policies are more effective
- Sustain economic recovery and growth

These efforts will enable us to fulfill the targets and tasks set in the 14th Five-Year Plan to a high standard and lay a solid foundation for making a good start in implementing the 15th Five-Year Plan (2026–2030).

In 2025, we will implement more proactive, more sustainable, and more robust and effective fiscal policies. We will promptly adjust policies in response to new developments and combine them effectively to generate synergy. **To make policies more sustainable**, we will align these to be introduced this year with those already adopted last year, so as to both give full play to the role of existing policies and ensure that new policies are well-timed and robust. This will help enhance the continuity of policies and ensure that their effects are sustained. **To make policies more robust and effective**, we will leverage

available fiscal policy space, strengthen unconventional counter-cyclical adjustments, and carry out more forward-looking, targeted, and effective regulation so as to produce more satisfactory results across the board. To this end, our efforts will be focused on the following five areas.

First, we will increase the deficit-to-GDP ratio, enhance fiscal spending intensity, and accelerate the pace of spending. Taking into account the fiscal revenue situation and expenditure needs, we have set the deficit-to-GDP ratio for the year at around 4%, which is 1 percentage point higher than last year. The government deficit is projected to be 5.66 trillion yuan, an increase of 1.6 trillion yuan compared with the figure projected at the beginning of last year. This year's deficit consists of a central government deficit of 4.86 trillion yuan and a local government deficit of 800 billion yuan. Expenditure in the national general public budget will be increased significantly compared to last year, reaching 29.7005 trillion yuan. While increasing the scale of spending, we will also speed up the allocation of various funds, so as to transform budgets into actual expenditures as soon as possible.

Second, we will expand the scale of government bonds to provide a stronger underpinning for stable growth and structural adjustments. This year, a ceiling of 4.4 trillion yuan will be set on new local government special debts, an increase of 500 billion yuan over last year. This arrangement is intended to support a stronger push among local governments to shore up weaknesses in key areas. The use of newly raised special debts will be tilted toward implementing major regional strategies, developing new quality productive forces, and promoting high-quality development. The management system for special-purpose bonds will be optimized, and the way in which such bonds are allocated will be refined to ensure that their scale reflects financial resources of local governments and the capacity of projects to balance revenue and expenditure. We will introduce a negative list to define the sectors to which funds raised from the issuance of special-purpose bonds can be channeled and expand the scope for using such funds as project capital. In some areas, trials will be conducted to enable the prompt issuance of special-purpose bonds upon provincial-level governments' approval after review. We will also establish a system to allow provinces not involved in these trials to regularly submit applications to finance projects through special-purpose bonds, with the National Development and Reform Commission and the Ministry of Finance to review and approve such applications on a quarterly basis. The assets of projects financed by special-purpose bonds will be placed under regulation and subject to stronger management to ensure that such bonds are

used more effectively. We will issue 1.3 trillion yuan of ultra-long special treasury bonds, an increase of 300 billion yuan over last year. Of this amount, 800 billion yuan will be used for the implementation of major national strategies and security capacity-building in key areas and 500 billion yuan for large-scale equipment upgrading and consumer goods trade-in programs. The central government budget includes 735 billion yuan for investment, an increase of 35 billion yuan over last year. Greater efforts will be made to coordinate government investment plans and annual budgets.

Third, we will make every effort to optimize the spending structure and ensure more targeted allocation, paying greater attention to delivering real benefits to the people, boosting consumption, and sustaining growth momentum. To ensure and improve the people's wellbeing, we will increase support for stabilizing employment, with a focus on addressing structural problems and promoting employment among key groups. To expand domestic demand, we will work to further boost consumption by promoting increases in personal incomes, improving the social security system, and enhancing the conditions for consumption. To accelerate the development of new quality productive forces, we will step up support for education and human resources, technological advancement, and green and low-carbon development, and implement policies in a more coordinated way.

Fourth, we will continue to prevent and defuse risks in key areas to ensure fiscal stability and sustainability. In line with the policy package to defuse debt risks, we will advance the implementation of policies on the replacement of hidden debts among local governments. We will allocate a certain amount of new local government special-purpose bonds issued this year to replenish local government-managed funds, thus helping local governments resolve their debts. Local governments will be allowed to use funds raised from special-purpose bonds to redeem idle land and purchase commodity housing stock for use as government-subsidized housing. This will help stem the downturn and restore stability in the real estate market. Any idle land and commodity housing to be purchased by local governments must be properly priced to guard against moral hazard. A total of 500 billion yuan in special treasury bonds will be issued this year to support large state-owned commercial banks in replenishing their core tier 1 capital, so as to enhance their ability to maintain stable performance and serve the real economy.

Fifth, we will increase transfer payments to local governments to provide them with greater fiscal support and ensure that the three priorities of people's basic wellbeing, payment of salaries, and normal government

functioning are met at the primary level. Taking into account local fiscal realities, transfer payments from the central government to local governments will be set at 10.3415 trillion yuan this year. This represents an increase of 8.4% over the actual figure for 2024 after deducting funds raised from additional treasury bonds issued in 2023 that were carried over to 2024. Of this amount, transfer payments for ensuring equal access to basic public services will total 2.734 trillion yuan, and transfer payments in the form of rewards and subsidies under the mechanism for ensuring basic funding for county-level governments will come to 479.5 billion yuan. This will ensure stronger fiscal guarantees for local governments and support them in ensuring the three priorities. In addition, a total of 50 billion yuan from transfer payments will be used as incentive funds to promote high-quality development, an increase of 10 billion yuan over last year. These incentive funds will be used to encourage local governments to take the initiative in developing the economy and increasing incomes. We will tighten tax collection and administration in accordance with the law and regulate the management of non-tax revenues to improve the quality of fiscal revenue. The arbitrary imposition of fees, fines, and charges, no matter in what form, will be strictly prohibited and rectified.

In implementing a proactive fiscal policy, it is important that we take action based on our goals, adhere to our policy orientations, optimize the timing and intensity of our efforts, and apply systems thinking. We need to initiate all work at the earliest possible opportunity and frontload the implementation of policies. **First, we must add new high-quality resources and make the best use of existing ones.** We should continue to foster new sources of financial and tax revenue and coordinate the use of government funds, assets, and resources. We should both bring new resources into play and make the most of existing ones; new resources will naturally emerge as existing resources are put to better use. **Second, we must spend economically and wisely to ensure funding for key expenditure items.** We should introduce more rigorous requirements and more workable measures to ensure that Party and government bodies keep their belts tightened and financial resources are channeled toward major and crucial undertakings. **Third, we must conduct better management and place emphasis on the effectiveness of spending.** We should take a more systematic approach to fiscal management and ensure that spending on the people's wellbeing and development is consistent with our fiscal capacity. We need to ensure that money is spent where it is needed most and produces real results. **Fourth, we must guard against risks and enforce strict discipline.** We should be prepared for worst-case scenarios and extreme situations and respond

effectively to any risks that could potentially harm fiscal operations. We should also enforce strict fiscal discipline to deter violations and ensure policy implementation. **Fifth, we must make forward-looking plans and guide expectations.** We should intensify research to expand our policy toolkit, coordinate the implementation of fiscal policies and guidance over public expectations, heed the market's voice, and actively respond to public concerns, thereby ensuring that policies better guide and influence expectations.

3. Main fiscal policies for 2025

This year, we will focus on providing support in the following areas.

Expansion of domestic demand

We will make a major push to boost consumption. We will use a combination of various fiscal and tax policy instruments to promote the initiatives to boost consumption. We will increase support for the people's wellbeing and promote personal income growth through a variety of avenues, thus improving people's lives and boosting consumption. Ultra-long special treasury bonds totaling 300 billion yuan will be issued to support consumer goods trade-in programs. This represents an increase of 150 billion yuan over the previous year. By extending the programs to more products, refining procedures for claiming subsidies, and improving the recycling system for old goods, we will be able to greatly boost spending on big-ticket items. We will also provide support to increase spending on health, elderly care, and childcare services and drive faster spending growth for new consumption trends such as smart and digital products and services, culture, tourism, and sports. We will allocate additional funds as rewards and subsidies to support local governments in promoting new modes, forms, and scenarios of consumer spending, and turn a number of cities into international consumption centers. We will strengthen coordination between fiscal and financial policies and provide interest subsidies for personal consumer loans in key areas and loans of market entities in catering, hospitality, housekeeping, and other relevant fields. We will work to refine policies on duty-free shops to expand inbound consumption. We will move ahead with the development of pilot cities for a modern goods distribution system, keep working to shore up the industrial and supply chains through the development of national comprehensive freight hubs, advance demonstrations for the digitalization of transport infrastructure such as highways and waterways, and support the development of an integrated transportation system. These efforts will help cut logistics costs throughout society.

We will work to expand effective investment. We will coordinate the use of all government investment funds, increase investment in key fields and areas of

weakness, and improve investment returns. Cross-departmental coordination will be enhanced, and the quality of project reserves and preparations will be improved. We will make well-conceived plans for the issuance of ultra-long special treasury bonds and local government special-purpose bonds and speed up budget implementation to ensure that funds raised are released to specific projects without delay and construction begins as soon as possible. We will also put in place an information system to keep track of funds in real time, covering the whole process from allocation to release and use. This will ensure that funds are not left sitting idle, diverted to other uses, or wasted. We will strengthen cooperation between fiscal and financial policies and introduce guidelines to regulate the construction and operation of existing public-private partnership projects. In doing so, we will see that government investment better drives private investment.

We will support efforts to keep foreign trade and foreign investment stable. We will refine policies on tariffs and other import and export taxes and provide stronger support for export credit insurance and export credit to propel the development of trade in services, digital trade, cross-border e-commerce, and overseas warehouses. We will formulate standards and policies on government procurement of domestic products to ensure equal treatment of Chinese and foreign enterprises in the government procurement process. We will support pilot free trade zones with eligible conditions in aligning themselves with high-standard international economic and trade rules to scale new heights in opening up. We will design sound fiscal and tax systems to accelerate the implementation of core policies concerning the development of the Hainan Free Trade Port. We will continue to work for China's entry into the Digital Economy Partnership Agreement (DEPA) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and expand our network of high-standard free trade areas.

Modernization of the industrial system

We will work to accelerate industrial transformation and upgrading. We will redouble efforts to advance new industrialization. We will boost support for scientific and technological innovation related to manufacturing to promote integration between sci-tech and industrial innovation. We will support the development of emerging industries such as commercial space industry and the low-altitude economy, as well as industries of the future such as biomanufacturing and embodied AI. We will support the development of AI technologies and industries to drive transformation and upgrading of traditional industries. The central government will allocate 11.878 billion yuan

of special funds to support the high-quality development of key manufacturing sectors and enhance the resilience and security of industrial and supply chains, representing an increase of 14.5%. Ultra-long special treasury bonds totaling 200 billion yuan will be issued for the upgrading of equipment, representing an increase of 50 billion yuan over last year. We will also expand the coverage and lower the access requirements for this program, so as to encourage the introduction of advanced equipment and the elimination of low-end equipment. We will support the upgrading of manufacturing through the adoption of new technologies that help drive higher-end, smarter, and greener development. We will deepen implementation of the compensation policy for insuring the initial application of newly-developed technological equipment and new materials so as to boost the high-quality development of relevant industries. We will put in place better-conceived and more effective management mechanisms for government investment funds, optimize the functions of industry investment funds, encourage the development of venture capital funds, promote the development of long-term and patient capital, and further attract private capital investment through market-based mechanisms.

We will strengthen the role enterprises play in chains of innovation and industry. We will support enterprises in heading up or participating in major national science and technology programs. We will also leverage policy instruments such as taxation, special funds, and government procurement to help resolve practical difficulties confronting enterprises and boost their capacities for innovation and development. We will fully implement the reward and subsidy policy for SMEs that use specialized and sophisticated technologies to produce unique and novel products and organize pilot programs for the digitalization of SMEs in a third batch of cities to promote high-quality development of these enterprises. We will roll out measures to develop and manage government financing guarantee, improve the government financing guarantee system, and work to expand its coverage and scale to alleviate the difficulties market entities such as micro and small enterprises face in accessing affordable financing. We will take solid steps to implement policies and measures designed to spur the growth of the private sector. We will also strengthen coordination among government departments to clear overdue payments owed by local governments to enterprises. We will facilitate the development of a unified national market and continue to improve the business environment.

Implementation of the strategy of invigorating China through science and education

We will work to develop a strong education system. Investment in education

will continue to rise, with educational expenditures in the central budget totaling 174.443 billion yuan, an increase of 5%. We will work to ensure a more balanced distribution of education resources across regions, establish a supply mechanism for basic public education services that is aligned with demographic changes, and promote the high-quality, well-balanced development of compulsory education. We will keep working to gradually narrow the gap in education quality between urban and rural areas and between different regions, schools, and social groups. We will gradually make preschool education free of charge, and facilitate the diversified development of senior secondary schools. We will establish an academic discipline-based system to provide differentiated funding to vocational schools on a per student basis nationwide and enhance the adaptability of vocational education. We will press ahead with the reform and development of institutions of higher learning on a categorized basis and move faster to develop world-class universities and strong disciplines with Chinese features. By redoubling our efforts to develop basic disciplines, emerging disciplines, and interdisciplinary subjects and cultivate top talent, we will further develop our education sector as a pillar underpinning the development of China's science and technology and talent pool. We will support the reform and development of local universities as well as improvement of their school conditions. We will increase academic scholarships for graduate students at institutions of higher learning directly under the central government and government grants for students from secondary vocational schools and regular senior secondary schools. A total of 80.945 billion yuan will be allocated in the central government budget for student financial aid and subsidies, an increase of 11.5%.

We will build up China's strength in science and technology. The mechanisms for the allocation, management, and utilization of central government science and technology funds will be refined to enhance the efficiency of investments in science and technology innovation and ignite the creativity of innovators. Science and technology expenditures in the central budget will total 398.119 billion yuan, an increase of 10%. These funds will be further weighted toward basic research, applied basic research, and China's strategic scientific and technological endeavors. Furthermore, spending on basic research will account for a greater share of total science and technology expenditures, and basic research investment mechanisms will be refined to ensure that project support is secured on a competitive basis while also serving as a stable source of funding. We will provide all the support necessary to secure research breakthroughs in core technologies in key fields and ensure sufficient funding

for major national science and technology projects. We will improve the mechanism for ensuring stable funding for national laboratories and increase support for research institutes. To ensure better alignment between funding allocations and scientific and technological tasks, we will refine project review and approval mechanisms, optimize the allocation of innovation resources, and improve the support mechanisms in different categories to adapt them to the specific roles and missions of different types of innovation entities. We will step up efforts to enhance China's strategic scientific and technological strength and develop a contingent of personnel with expertise of national strategic importance, with a focus on the cultivation of young scientists and engineers. We will ensure closer coordination between the central and local levels to support the development of regional and international centers for science and technology innovation. We will support efforts to promote scientific knowledge among the public.

Ensuring and improving the people's wellbeing

We will promote high-quality, full employment. The central government will allocate funds for employment subsidies. These funds will be used to facilitate the implementation of policies supporting employment and entrepreneurship as well as demonstration projects to build the capacity of public employment services. To help enterprises keep their payrolls stable, we will extend the temporary policies on reducing premiums for unemployment insurance and workers' compensation. We will give a foremost priority to the employment of college graduates and other young people and step up support for rural migrant workers and groups facing employment difficulties. We will expand trials of occupational injury insurance for people in new forms of employment and promote on-the-spot settlement of out-of-province medical expenses via workers' compensation insurance accounts. More efforts will be made to improve the system of lifelong vocational skills training and alleviate structural unemployment.

We will strengthen medical and healthcare services and assistance. We will launch demonstrations on promoting reform and high-quality development in a fourth batch of public hospitals. We will work to improve the public health service system, refine major service projects, and further raise government subsidies for basic public health services to 99 yuan per person per year. We will help boost the service capacity of community-level medical and healthcare institutions and train personnel with a focus on meeting practical demands. We will support the preservation and innovative development of traditional Chinese medicine. Government subsidies for basic medical insurance for rural

and non-working urban residents will increase by 30 yuan per capita to 700 yuan per person per year. We will refine the mechanisms for financing and adjusting benefits for basic medical insurance, work toward unified management of basic medical insurance funds at the provincial level, further reform medical insurance payment models, and tighten oversight over medical insurance funds.

We will build an effective social safety net. We will play our due role in implementing the reform to gradually raise the statutory retirement age. Basic pension benefits for retirees will be raised as appropriate, with the minimum basic old-age benefits for rural and non-working urban residents increasing by 20 yuan per person per month. We will press forward with bringing basic old-age insurance funds for enterprise employees under unified national management and see that pension benefits are paid on time and in full. We will facilitate stable operations in the private pension schemes and conduct research on expanding the coverage of enterprise annuities. We will enhance assistance for people in need to ensure that their basic living needs are met and further promote the provision of multi-tiered and categorized social assistance. Continued support will be provided to improve emergency response infrastructure and capabilities in local communities and enhance capacity for disaster prevention, mitigation, and relief.

We will improve the policy system for supporting population development. We will step up efforts to build a public-interest childcare service system and issue childcare subsidies. We will work harder to develop public-interest elderly care services, continue support for county-based trials to test innovations in the elderly care service system, and improve the elderly care service network covering the county, township, and village levels. We will advance community-supported at-home elderly care services and give more support for providing assisted catering services for the elderly. We will move faster to institute insurance schemes for long-term care. We will see that the national social security fund grows in size and delivers better returns and put strategic reserve funds to effective use.

We will support the development of cultural programs. We will improve the fiscal support mechanisms for public cultural services, facilitate efforts to channel quality cultural resources directly to the community level, and optimize distribution of cultural resources between urban and rural areas. We will refine the funding mechanisms for systematic protection of cultural relics and heritage, implement policies on funding for the protection of intangible cultural heritage, and provide support for the preservation and development

of fine traditional Chinese culture. We will promote the high-quality development of national cultural parks. We will strengthen the development of personnel in the cultural sector, support the creation of more outstanding literary and artistic works, and do more to make our international communication more effective. We will support the development of winter sports. We will strengthen funding safeguards for Team China, work to improve physical education programs for young people, and promote all-around development of recreational and competitive sports.

All-around rural revitalization

We will work to ensure stable production and supply of grain and other major agricultural products. To ensure stable supply of grain and other major agricultural products, we will work to keep total grain acreage stable while increasing per-unit crop yields, support the cultivation of high-standard cropland and the construction of water conservancy infrastructure, continue with the protection and utilization of chernozem soil, and keep promoting the drive to increase per-unit yields of grain and oil crops. We will refine agricultural subsidy policies, implement policies on the minimum purchase price for rice and wheat, continue to provide rewards for major grain-producing counties, and launch a centrally coordinated inter-provincial mechanism for major grain-purchasing areas to compensate major grain-producing areas, so as to motivate grain growers and major grain-producing areas. We will introduce multi-tiered agricultural insurance schemes and formulate guidelines on accelerating the high-quality development of agricultural insurance. A total of 54.053 billion yuan in subsidies for agricultural insurance premiums will be earmarked so as to reduce the proportion of such subsidies undertaken by major grain-producing counties. To accelerate agricultural modernization, we will press ahead with initiatives to invigorate the seed industry, effectively implement subsidy policies for the purchase and use of agricultural machinery, promote commercial agricultural services, and support the development of agricultural science, technology, and equipment.

We will continue to consolidate and expand our poverty alleviation achievements. Our support for this mission will remain strong—177 billion yuan will be allocated to the central government's follow-up rural revitalization assistance fund, with priority for industries that unite and lead farmers in realizing prosperity. Assistance will be enhanced for key groups, including participants in monitoring initiatives to prevent a relapse into poverty. Support will be tilted toward key counties receiving national assistance for rural revitalization and

resettlement communities for people relocated from inhospitable areas. We will work toward establishing a system of providing multi-tiered, categorized assistance for low-income rural residents and underdeveloped areas. We will also study fiscal policies to support people lifted from poverty in the post-transition period.

We will advance rural development in a well-ordered way. To diversify the sources of investment for rural revitalization, we will improve the mechanisms for coordinating investment from the government, financial institutions, and the private sector and encourage financial institutions to increase investment in fields related to rural development. We will continue to implement supporting policies for integrated agro-industrial development and encourage the development of rural industries with local features to open up more channels for increasing rural incomes. We will support cultivation of new types of agribusinesses and boost development of the system for promoting agricultural technology at the primary level. We will coordinate the use of funds from all sectors involved in rural development to steadily improve infrastructure, public services, and living environments in rural areas. We will support harnessing of small and medium rivers and the construction of small reservoirs in order to improve regional flood control capacity. Under policies promoting the universal rollout of telecommunications services, we will enhance network coverage and quality in rural areas and remote regions. We will establish a sound system for protecting traditional villages to ensure that their distinctive features are preserved. In addition, we will also support the development of new rural collective economies and advance trials for comprehensive rural reform.

New urbanization and coordinated regional development

We will steadily advance new urbanization. The central government will allocate 42 billion yuan to an award fund to support local governments in increasing their fiscal resources for implementing policies on granting permanent urban residency to eligible people who have moved to cities from rural areas. This marks an increase of 2 billion yuan from last year. To accommodate people moving from rural areas to cities, urban governments will be encouraged to increase investments in basic public services to address the issues of greatest concern to these people, including education access, housing support, and social insurance, and to steadily move toward the goal of realizing equal access to basic public services for urban residents without local household registration. We will continue to support urban renewal projects, making further progress in renovating old urban residential compounds and

dilapidated houses, upgrading underground pipeline networks, and improving flood prevention and drainage systems. Our goal is to make our cities livable, resilient, and smart. We will also work to ramp up the supply of government-subsidized housing based on the principle that all construction and procurement must be demand-driven, in order to meet the needs of new urban residents, young people, and other groups.

We will promote coordinated regional development. We will leverage various policy instruments, such as transfer payments, government bonds, and tax policies, in the implementation of the coordinated regional development strategy, major regional strategies, and the functional zoning strategy, in order to improve the overall spatial layout of economic development. Stronger support will be provided for major trans-regional projects. We will push ahead with key strategies such as the coordinated development of the Beijing-Tianjin-Hebei region, the development of the Yangtze Economic Belt, the development of the Guangdong-Hong Kong-Macao Greater Bay Area, the integrated development of the Yangtze River Delta, and ecological conservation and high-quality development in the Yellow River basin. We will work to advance high-standard, high-quality development of the Xiong'an New Area and development of the Chengdu-Chongqing economic zone. The central government will continue to provide subsidies for local governments to assist the accelerated development of old revolutionary base areas, areas with large ethnic minority populations, and areas affected by resource depletion and promote high-quality development of border areas so as to boost local economies, raise living standards, and ensure stability and security along the border. We will also advance construction of the New International Land-Sea Trade Corridor in the western region and support local efforts to pursue full engagement in Belt and Road cooperation.

Ecological conservation

We will refine fiscal policies related to resources and environment. We will redouble efforts to develop trans-regional compensation mechanisms for ecological conservation, set up compensation mechanisms for primary waterways of major rivers in a steady and orderly manner, and guide localities in cementing their implementation in this regard. We will promote the market-based allocation of resources and environmental factors, look into ways to improve various mechanisms, such as those for the paid use and trading of pollution rights and the management of compensation funds for environmental damage, and identify pathways for realizing the market value of different ecological products according to local conditions. We will formulate a

framework for sovereign green bonds and work to issue the bonds at the appropriate time.

We will step up ecological conservation and restoration. The central government will earmark 120.5 billion yuan in transfer payments to key ecosystem service zones, an increase of 7.5%. We will step up our efforts to protect and improve our rivers and lakes and continue supporting efforts to keep our skies blue, waters clear, and lands clean. As part of this, the central government will allocate 34 billion yuan, 26.7 billion yuan, and 4.4 billion yuan, respectively, for the prevention and control of air, water, and soil pollution. We will continue to advance a number of major ecological projects, including those promoting the integrated conservation and restoration of mountain, water, forest, farmland, grassland, and desert ecosystems, the ecological restoration of abandoned mining areas, and the protection and restoration of marine ecosystems, as well as afforestation demonstration projects. We will promote the development of the national park-based nature reserve system and biodiversity protection. We will work to ensure that the landmark projects for the national shelterbelt program in northeast, north, and northwest China deliver important gains and provide rewards and subsidies to promote the industrial application of China's ecological strengths and the eco-friendly development of industries.

We will steadily advance toward peak carbon emissions and carbon neutrality. We will enhance support for the R&D and wider application of advanced green, low-carbon technologies and press ahead with the green and low-carbon transition in key sectors and areas. We will provide strong support for the development of renewable energy and work faster to foster a new energy system. In a continued effort to promote the adoption of new-energy vehicles, we will improve battery charging and swapping facilities and move ahead with switching to electric vehicles for urban public services. We will support the development of the system for recycling waste and used materials and facilitate the recycling and use of renewable resources. We will optimize policies on green government procurement, improve the standards and requirements for the procurement of green products, and expand the scope and size of such procurement, in an effort to encourage greater supply and consumption of green products. We will advance the development of the China Carbon Emission Trade Exchange.

National defense, diplomacy, and political and legal work

To ensure full implementation of Xi Jinping Thought on Strengthening the Military, we will provide stronger financial and policy guarantees for the modernization of our national defense and the armed forces. We will work to

consolidate and enhance China's integrated national strategies and strategic capabilities and facilitate further progress in the cause of strengthening the military in the new era. We will provide necessary support to help ex-service members settle into civilian life and secure employment, and increase subsidies and living allowances for entitled groups. To support major-country diplomacy with Chinese characteristics, we will intensify financial and economic exchanges and cooperation with other countries, support the expansion of high-standard opening up, actively participate in reform and development of global economic governance system, and deepen and consolidate implementation of the Global Development Initiative (GDI), the Global Security Initiative (GSI), and the Global Civilization Initiative (GCI), so as to firmly uphold China's sovereignty, security, and development interests. In line with our holistic approach to national security, we will promote modernization of China's system and capacity for national security, strengthen funding guarantees to support judicial, procuratorial, and public security bodies in performing their functions, improve the social governance system, support the development of the public legal services system, and intensify the development of community-level organizations, foundational work, and basic capacities. Through these efforts, we will make effective progress in developing new security architecture and advance the Peaceful China Initiative to a higher level.

4. General public budgetary revenue and expenditure for 2025

1) Central general public budget

Revenue in the central government's general public budget is projected to total 9.696 trillion yuan, a drop of 3.5% over the actual figure in 2024 (or an increase of 2.1% after excluding one-time arrangements). Adding in 100 billion yuan from the Central Budget Stabilization Fund and 90 billion yuan from the budget of central government state capital operations, total revenue is expected to be 9.886 trillion yuan. Expenditures in the central general public budget are projected to increase by 4.5% to 14.746 trillion yuan. Total expenditure will exceed total revenue, leaving a deficit of 4.86 trillion yuan, 1.52 trillion yuan higher than in 2024, which will be supplemented through the issuance of treasury bonds.

Expenditures in the 2025 central general public budget comprise central government expenditures, transfer payments to local governments, and payments to central government reserve funds.

(1) Central government expenditures are projected to increase by 6.9% to 4.3545 trillion yuan. After excluding spending on key areas from calculations, central government expenditures will register zero growth over last year.

Based on the principle of guaranteeing key expenditures while cutting general expenditures and in full compliance with the requirement for Party and government organs to tighten their belts, we will keep general expenditures under strict control while giving priority to spending on national defense, the armed police, science and technology, education, national reserves, and issuance and interest payments of treasury bonds.

The main expenditure items will be as follows: 64.506 billion yuan on diplomatic endeavors, up 8.4%; 1.784665 trillion yuan on national defense, up 7.2%; 242.828 billion yuan on public security, up 7.3%; 174.443 billion yuan on education, up 5%; 398.119 billion yuan on science and technology, up 10%; 131.66 billion yuan on stockpiling grain, edible oils, and other materials, up 6.1%; and 834.55 billion yuan on debt interest payments, up 10.2%.

(2) A total of 10.3415 trillion yuan will be transferred to local governments. This represents an increase of 8.4% over the actual figure for 2024 after the exclusion of one-off subsidies raised from the issuance of additional treasury bonds in 2023 for post-disaster recovery and reconstruction and capacity building for disaster prevention, mitigation, and relief.

(3) A total of 50 billion yuan will be allocated to central government reserve funds, which is consistent with the figure for 2024. Depending on how they are used in practice, utilized reserve funds will be recorded as either central government expenditures or transfer payments to local governments.

2) Local general public budget

Revenue in the local general public budget is projected to rise by 3% to 12.289 trillion yuan. Adding in 10.3415 trillion yuan in transfer payments from the central government and 1.8655 trillion yuan transferred from other local sources and utilized carryover and surplus funds, total revenue is expected to be 24.496 trillion yuan. Expenditure in the local general public budget is projected to increase by 3.7% to 25.296 trillion yuan. This will create a deficit of 800 billion yuan at the local level, an increase of 80 billion yuan over 2024, which will be supplemented through the issuance of general-purpose local government bonds.

3) National general public budget

Revenue in the national general public budget, which combines the general public budgets of both the central and local governments, is projected to rise by 0.1% to 21.985 trillion yuan. Revenue includes tax receipts of 18.146 trillion yuan, an increase of 3.7%, and non-tax revenue of 3.839 trillion yuan, a decrease of 14.2%, primarily due to a fall in one-time revenue. With the addition of 2.0555 trillion yuan transferred from other sources and utilized carryover and

surplus funds, total revenue is calculated at 24.0405 trillion yuan. Expenditure in the national general public budget is projected to increase by 4.4% to 29.7005 trillion yuan (including 50 billion yuan for central government reserve funds). This will create a deficit of 5.66 trillion yuan, an increase of 1.6 trillion yuan compared with that of 2024.

5. Budgetary revenue and expenditure of government-managed funds for 2025

Budgetary revenue of central government-managed funds is expected to rise by 7.4% to 508.378 billion yuan. Adding in 38.497 billion yuan carried over from last year, 1.3 trillion yuan from the issuance of ultra-long special treasury bonds, and 500 billion yuan from the issuance of special treasury bonds for capital injection into central financial institutions, total revenue is calculated at 2.346875 trillion yuan. Budgetary expenditure of central government-managed funds is expected to total 2.346875 trillion yuan. This figure consists of 1.078772 trillion yuan of central government spending and 1.268103 trillion yuan in transfer payments to local governments.

Budgetary revenue of local government-managed funds is projected to increase by 0.1% to 5.741531 trillion yuan. Adding in 1.268103 trillion yuan in transfer payments from the budget of central government-managed funds and 4.4 trillion yuan of revenue generated from the issuance of local government special-purpose bonds, total revenue is expected to be 11.409634 trillion yuan. Budgetary expenditure of local government-managed funds is expected to rise by 17.9% to 11.409634 trillion yuan.

Budgetary revenue of government-managed funds nationwide, which combines both central and local government-managed funds, is projected to increase by 0.7% to 6.249909 trillion yuan. Adding in 38.497 billion yuan carried over from last year, 1.3 trillion yuan from the issuance of ultra-long special treasury bonds, 500 billion yuan from the issuance of special treasury bonds for capital injection into central financial institutions, and 4.4 trillion yuan of revenue generated from the issuance of local government special-purpose bonds, total revenue is calculated at 12.488406 trillion yuan. Budgetary expenditure of government-managed funds nationwide is projected to rise by 23.1% to 12.488406 trillion yuan.

6. Budgetary revenue and expenditure of state capital operations for 2025

Budgetary revenue of central government state capital operations is projected to fall by 0.1% to 225.029 billion yuan. Adding in 5.42 billion yuan carried over from last year, total revenue is calculated at 230.449 billion yuan. Budgetary expenditure of central government state capital operations is expected to decrease by 9.7% to 140.449 billion yuan. This figure consists of

137.063 billion yuan of central government spending and 3.386 billion yuan in transfer payments to local governments. A projected 90 billion yuan will be transferred into the central general public budget.

Budgetary revenue of local government state capital operations is projected to fall by 10% to 407.775 billion yuan. This decrease is primarily due to a fall in the profits of local SOEs in 2024. Adding in 3.386 billion yuan in transfer payments from the central government state capital operations budget, total revenue is calculated at 411.161 billion yuan. Budgetary expenditure of local government state capital operations is projected to decrease by 10% to 145.245 billion yuan. A projected 265.916 billion yuan will be transferred into the local general public budget.

Revenue in the state capital operations budgets of both the central and local governments is projected to decrease by 6.7% to 632.804 billion yuan. Adding in 5.42 billion yuan carried over from last year, the total budgetary revenue of state capital operations nationwide is calculated at 638.224 billion yuan. Budgetary expenditure of state capital operations nationwide is predicted to fall by 9.8% to 282.308 billion yuan. A projected 355.916 billion yuan will be transferred into the general public budget.

7. Budgetary revenue and expenditure of social insurance funds for 2025

Budgetary revenue of the central government social insurance fund is expected to fall by 8.7% to 35.517 billion yuan. This drop is primarily due to a decrease in government subsidies being paid into the fund in 2025 on account of the rolled-over fund surplus and other factors. Expenditure from the fund is projected to rise by 5.2% to 38.505 billion yuan. Taking funds under unified national management and regulation into account, the budgetary deficit of the central government social insurance fund will be 2.988 billion yuan this year, with a year-end balance of 2.85 billion yuan after the balance from 2024 has been rolled over.

Budgetary revenue of local government social insurance funds is projected to rise by 4.7% to 12.411567 trillion yuan. Expenditure, meanwhile, is predicted to increase by 6.9% to 11.299072 trillion yuan. Taking funds under unified national management and regulation into account, the budgetary surplus of local government social insurance funds will be 1.112565 trillion yuan this year, with a year-end balance of 15.443887 trillion yuan after the balance from 2024 has been rolled over.

Combining both central and local government budgets and taking funds under unified national management and regulation into account, revenue of social insurance funds nationwide is calculated at 12.447154 trillion yuan, an

increase of 4.6%. This includes 9.04921 trillion yuan in insurance premiums and 2.912398 trillion yuan in government subsidies. Budgetary expenditure of social insurance funds nationwide is expected to increase by 6.9% to 11.337577 trillion yuan. With a projected surplus of 1.109577 trillion yuan, the year-end balance will be 15.446807 trillion yuan after the balance from 2024 has been rolled over.

We have set the debt ceilings for 2025 as follows: treasury debt, 41.860835 trillion yuan; local government general debt, 18.068922 trillion yuan; and local government special debt, 39.918508 trillion yuan.

It should be noted that local budgets are formulated by local governments and submitted for approval to the people's congresses at their respective levels. As such, the relevant data for these accounts is still being compiled. All projected figures for local revenue and expenditure in this report are based on the preliminary calculations of the central finance authorities.

In accordance with the Budget Law, after the start of a new budget year and prior to the approval of that year's draft budgets by the NPC, arrangements may be made for the following expenditures: carryover expenditures from the previous fiscal year; obligatory basic and project expenditures of government departments and transfer payments to lower-level governments for the current year, which are calculated according to budgetary expenditure amounts for the corresponding period in the previous year; expenditures mandated by law; and expenditures for dealing with natural disasters and other emergencies. According to these stipulations and the actual demands of central departments and local governments, the central government has made arrangements for some spending at the central level and for some transfer payments to local governments. Expenditures in the central general public budget totaled 1.7597 trillion yuan in January 2025, including 271.1 billion yuan in expenditures at the central level and 1.4886 trillion yuan in transfer payments to local governments.

III. Fiscal Reform and Development in 2025

1. Fulfilling the requirement for Party and government bodies to keep their belts tightened

Staying true to our traditional virtues and fine conduct of frugality and hard work, all of us in Party and government bodies must get used to keeping our belts tightened and practice thrift in all activities, so that more fiscal resources can be freed up for developing the economy and improving the

people's wellbeing. We need to closely scrutinize all government expenditure items and strictly control spending on official overseas visits, official vehicles, and official hospitality, as well as on meetings, training programs, business travel, and office expenses. Tight restrictions will be imposed on the construction, renovation, and remodeling of Party and government office buildings. We will also keep a firm hand on government procurement and the allocation of new assets and streamline and regulate festival celebrations, expositions, exhibitions, forums, and other similar activities.

We will strengthen ex-ante evaluations of major policies and projects and ensure performance assessments are of a high quality. Assessment results will be leveraged to see that poorly performing projects are cancelled or subject to funding cuts, thereby creating a positive feedback loop where assessments drive improvements and improvements enhance performance.

Giving greater play to the National Adjustment and Sharing Platform for State-Owned Assets in Administrative Departments and Public Institutions, we will strengthen lifecycle management of state-owned assets held by administrative departments and public institutions, strictly control the allocation of new assets, and put idle assets to good use. We will refine the reporting system for state-owned asset management to further improve management in this area. We will intensify oversight and inspection to ensure the fulfillment of the requirement for Party and government organs to tighten their belts, continue routine oversight over the execution of budgets, and close off management loopholes to further refine the institutions and mechanisms.

2. Adopting a better conceived approach to fiscal management

We will launch trials for adopting a better conceived approach to fiscal management, giving full rein to the initiative of local governments in exploring new solutions in light of the major tasks of fiscal and tax reform and fiscal management.

As part of this effort, we will work to make management more systematic, starting with the management of fiscal expenditure at its source. On this basis, we will establish a management system with full cross-government coverage at all levels to facilitate management in all stages and aspects and in all financial and budgetary departments.

We will work to make management more rigorous. We will promote a meaningful shift away from an extensive management model in some areas by optimizing all links in fiscal operation chains and keeping a tighter check on task details through internal controls and other tools such as information technology.

We will work to enhance management standards. We will improve standards concerning project expenditures, government procurement, and asset allocation on an ongoing basis and provide effective restraints through binding rules and clear standards.

We will also work to provide a stronger legal basis for management. For this purpose, we will promote the development of a well-conceived system of financial laws and regulations, ensure that public finance management and administration are grounded in the law, and better leverage law-based thinking and approaches to advance fiscal work.

3. Deepening fiscal and tax system reform

We will speed up the implementation of all reform tasks in line with the plans of the third plenary session of the 20th Central Committee of the Party. We will work out guidelines on improving the modern budget system, and make budget management systems and measures more systematic, integrated, coordinated, and efficient.

To improve the system of government transfer payments, we will overhaul special transfer payments and increase the scale of general transfer payments. We will carry out trials of zero-based budgeting reforms in central departments and provide support for advancing these reforms at the local level. We will improve the expenditure standards system and see that these standards serve as a more effective constraint.

We will improve the major policy evaluation system and intensify the assessments of fiscal capacity. We will enforce strict control over the total number of people on the government payroll. We will enhance the budget release and oversight mechanisms to ensure a stronger level of transparency in public finance. Explorations will be carried out to better adapt the taxation system to new forms of business.

With a view to placing more fiscal resources at the disposal of local governments, we will grant greater authority for tax management to local governments as appropriate, advance research on a local surtax reform, and move faster with moving excise tax collection for certain items further down the production-to-consumption chain, with the power of collection being passed to local governments. We will improve the value-added tax credit refund policy and steadily overhaul policies on tax breaks. Continued progress will be made in reform of the fiscal system at and below the provincial level to further increase financial resources of prefecture and county-level governments.

4. Ensuring the three priorities at the local level

Guaranteeing the three priorities of people's basic welling, payment of salaries, and normal government functioning at the primary level will remain high on the public finance agenda throughout the year. To this end, we will see that governments at every level fulfill their respective responsibilities, refining the system under which county-level governments assume primary responsibility, prefecture-level governments provide assistance (ensuring basic needs in some cases), and provincial-level governments work to ensure that basic needs are met.

We will draw up a list to determine the scope and standards for efforts to guarantee the three priorities, to ensure a balance between present needs and long-term sustainable development. To guarantee full funding for ensuring the three priorities, we will tighten management and oversight over the execution of budgets and the allocation of funds from the treasury. We will prioritize spending on ensuring the three priorities, with particular emphasis on funds paid directly to personal accounts to meet basic living needs and pay salaries.

Allocation of funds off budget or in excess of the budgeted figure will be prohibited, and new temporary payments will be kept under strict control. We will also monitor the fiscal operations of local governments on an ongoing basis, enhance early warnings against risks, and improve our emergency response mechanisms, in order to promptly prevent and defuse all risks undermining the guarantee of the three priorities.

5. Preventing and defusing local government debt risks

Based on the principle of defusing debt risks in the course of development and pursuing development in a debt risk-defused environment, we will guide local governments in refining and implementing a package of measures to defuse debt risks.

We will make further progress in the replacement of local governments' outstanding hidden debts and formulate annual debt replacement plans based on a clear order of priorities. We will tighten up management over the use of re-financing bonds and the related investment process in order to guard against policy deviations and moral hazard. The prohibition of new hidden debts will be enforced as an ironclad rule. We will beef up budget management for government expenditures and investment projects, investigate malpractices of borrowing in breach of regulations and fraud related to debt resolution, and hold those responsible to account. We will not tolerate anyone resolving old debts on the one hand and incurring new debts on the other.

Efforts to replace hidden debts will be coordinated with the work of transforming local government financing platforms. We will move faster to

remove government financing functions from local financing platforms and press ahead with market-oriented transformation of these platforms and the defusing of their debt risks. We will also strictly enforce prohibitions on using enterprises and public institutions to raise new hidden debts. We will resolutely prohibit the transformation of such entities into financing platforms in any form and the establishment of any new financing platforms.

We will also improve the local debt monitoring system and the government debt risk indicator system and set up long-term institutions for unified oversight of local government debts.

6. Intensifying oversight on accounting

We will conduct oversight on accounting in accordance with laws and regulations and enhance the authority and effectiveness of such oversight. The implementation of the major decisions and plans made by the Party Central Committee and the State Council will be a top priority in our oversight. Focusing on problems that are prone to occurring frequently and prominent problems in financial and economic sectors, we will continue with the national accounting oversight campaign, strengthen oversight on the implementation of fiscal and tax policies as well as the use and management of government funds, and redouble efforts to publicize cases, hold those responsible to account, and impose harsher punishments, so as to further maintain fiscal discipline and market order.

We will ensure the enforcement of the newly revised accounting law and accelerate the revision of the law on certified public accountants. We will enhance oversight on the quality of work done by intermediary agencies such as accounting firms, asset valuation companies, and bookkeeping agencies, strengthen routine oversight and credit management, and crack down on all violations of laws and regulations in financial accounting.

We will make coordinated efforts to advance the rule of law, build a contingent of professionals, and promote the application of information technology in the area of accounting oversight. We will also improve the working mechanisms for aligning accounting oversight with oversight in other areas.

All finance departments will continue to practice whole-process people's democracy and readily accept oversight and guidance from the NPC. We will play our due role in the formulation or revision of relevant laws, including the Budget Law, the Excise Tax Law, the Government Procurement Law, and the Law on Tax Collection and Administration, and in ensuring exhaustive examination and full-process oversight of all government budgets, oversight of

government debts, and management and oversight of state-owned assets.

We will earnestly study and make prompt reports on the implementation of resolutions and comments regarding the budgets, effectively handle proposals and suggestions put forward by NPC deputies, maintain regular communication with them, better apply digital technologies to effectively facilitate their work, and constantly improve our work to the satisfaction of NPC deputies and the general public.

Esteemed Deputies,

We are determined to redouble our efforts and get things done. We will rally more closely around the Party Central Committee with Comrade Xi Jinping at its core, hold high the great banner of socialism with Chinese characteristics, and follow the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. We will fully implement the guidelines of the 20th National Party Congress and the second and third plenary sessions of the 20th CPC Central Committee, acquire a deep understanding of the decisive significance of establishing Comrade Xi Jinping's core position on the Party Central Committee and in the Party as a whole and establishing the guiding role of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. We will strengthen our consciousness of the need to maintain political integrity, think in big-picture terms, follow the leadership core, and keep in alignment with the central Party leadership and stay confident in the path, theory, system, and culture of socialism with Chinese characteristics. We will uphold Comrade Xi Jinping's core position on the Party Central Committee and in the Party as a whole and uphold the Party Central Committee's authority and its centralized, unified leadership. We will work hard and forge ahead with a pioneering spirit to ensure that all initiatives related to fiscal reform and development are carried out effectively. On this basis, we will make new and greater contributions to building a great country and advancing national rejuvenation on all fronts through Chinese modernization.