



**REPORT ON THE EXECUTION OF THE CENTRAL AND  
LOCAL BUDGETS FOR 2025 AND ON THE DRAFT CENTRAL  
AND LOCAL BUDGETS FOR 2026**

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

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Ministry of Finance

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## **Fellow 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 2025 and on the draft central and local budgets for 2026 to the present Fourth 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 2025 Central and Local Budgets**

The year 2025 stood out as truly remarkable. Amidst profound and complex developments both at home and abroad, 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, thoroughly applied the guiding principles from the Party's 20th National Congress and the plenary sessions of the 20th CPC Central Committee, and earnestly implemented the arrangements made at the fourth plenary session of the 20th CPC Central Committee. Acting on the decisions and plans of the Party Central Committee and the State Council, we remained steadfast in applying the new development philosophy and advancing high-quality development, balanced domestic and international imperatives, and rigorously executed the budgets reviewed and approved at the third session of the 14th NPC. We implemented more proactive and effective macro policies. As a result, China's economy gained ground in spite of headwinds and moved toward innovative and high-quality development. The modernization of the industrial system was steadily advanced, reform and opening up were deepened comprehensively, and positive headway was made in defusing risks in key sectors. Public wellbeing supports were strengthened, and overall social stability was maintained. Thanks to these efforts, the main objectives and tasks for economic and social development in 2025 were accomplished. This ensured a successful conclusion to the 14th Five-Year Plan (2021–2025) and solid new strides in advancing Chinese modernization. On the whole, the execution of both the central and local budgets was satisfactory.

## *1. Revenue and expenditure in the general public budget in 2025*

### **1) National general public budget**

Due to various factors, including drastic changes in the international economic and trade environment, low price levels, and ongoing adjustments in the real estate market, considerable pressure weighed on fiscal revenue growth. In response, all local authorities and relevant government departments adopted proactive measures to ensure the collection of all due revenue in accordance with laws and regulations and intensified fiscal expenditure management to cut back wherever possible. These moves basically ensured the implementation of the budgets approved at the beginning of 2025.

Revenue in the national general public budget decreased by 1.7% over 2024 to 21.604488 trillion yuan, representing 98.3% of the budgeted figure. Breaking this down, tax receipts rose by 0.8% to 17.636323 trillion yuan, while non-tax revenue fell by 11.3% to 3.968165 trillion yuan, a decrease mainly due to the higher base figure for 2025 on account of a one-time arrangement for relevant central departments to turn in special proceeds in 2024. With the addition of 1.575378 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 23.179866 trillion yuan. Expenditure in the national general public budget rose by 1% to 28.739542 trillion yuan, representing 96.8% of the budgeted figure. This was primarily due to the following factors: fulfilling the requirement for Party and government bodies to keep their belts tightened, cutting non-obligatory and non-critical expenditures, and the fact that actual expenditures on some items were lower than the budgeted figures at the beginning of 2025. With the addition of 100.324 billion yuan used to replenish the Central Budget Stabilization Fund, total expenditure came to 28.839866 trillion yuan. Total expenditure exceeded total revenue, leaving a deficit of 5.66 trillion yuan, which is consistent with the figure projected.

### **2) Central general public budget**

Revenue in the central general public budget fell by 6.5% to 9.396262 trillion yuan, representing 96.9% of the budgeted figure. With the addition of 100 billion yuan from the Central Budget Stabilization Fund and 240 billion yuan from the budget of central government state capital operations, total revenue came to 9.736262 trillion yuan. Expenditure in the central general public budget increased by 2.8% to 14.495938 trillion yuan, equating to 98.3%

of the budgeted amount. Breaking this down, central government expenditures grew by 5.7% to 4.303424 trillion yuan, representing 98.8% of the budgeted figure; transfer payments to local governments, meanwhile, rose by 1.6% to 10.192514 trillion yuan, representing 98.6% of the budgeted figure. With the addition of 100.324 billion yuan contributed to the Central Budget Stabilization Fund, total expenditure reached 14.596262 trillion yuan. Total expenditure exceeded total revenue to create a deficit of 4.86 trillion yuan, which is consistent with the figure projected.

The main revenue items were as follows:

- 3.43362 trillion yuan from domestic value-added tax (VAT), a 3.3% increase, 99.4% of the budgeted figure;
- 1.685747 trillion yuan from domestic excise tax, a 2% increase, 99.5% of the budgeted figure;
- 2.628753 trillion yuan from corporate income tax, a 0.6% decrease, 97.1% of the budgeted figure;
- 971.217 billion yuan from individual income tax, a 11.5% increase, 108% of the budgeted figure (driven in part by a rise in earnings, but more prominently by a sizeable increase in revenues from equity transfer and dividends due to brisk trading activity in the stock market);
- 203.535 billion yuan from stamp duty on securities transactions, a 57.8% increase, 154.2% of the budgeted figure;
- 236.914 billion yuan from customs duties, a 3.1% decrease, 95.7% of the budgeted figure;
- 1.826345 trillion yuan from VAT and excise tax on imports, a 4.8% decrease, 93.1% of the budgeted figure (largely caused by a fall in commodity prices and general trade import volumes).

Central government expenditures reached 4.303424 trillion yuan, accounting for 15% of expenditure in the national general public budget. The main expenditures were as follows:

- 64.956 billion yuan on diplomatic endeavors, 100.7% of the budgeted figure;
- 1.784665 trillion yuan on national defense, 100% of the budgeted figure;
- 243.848 billion yuan on public security, 100.4% of the budgeted figure;
- 183.314 billion yuan on education, 105.1% of the budgeted figure;
- 387.705 billion yuan on science and technology, 97.4% of the budgeted figure;
- 102.359 billion yuan on the stockpiling of grain, edible oils, and other

materials, 77.7% of the budgeted figure (primarily due to the practice of reviewing and taking back surplus funds to offset some expenditures of 2025);

- 819.361 billion yuan on debt interest payments, 98.2% of the budgeted figure.

Central government transfer payments to local governments were as follows. General transfer payments totaled 9.247598 trillion yuan, representing 98.3% of the budgeted figure, primarily due to a drop in certain actual expenditures. Special transfer payments came to 944.916 billion yuan, representing 101.6% of the budgeted figure. This was mainly due to the re-categorization of some central government expenditures from central government budgetary investments to transfer payments to local governments.

In 2025, the central general public budget registered 250.062 billion yuan of unspent funds, including 50 billion yuan of unused central government reserve funds that was classified as unspent funds in 2025. After deducting the 149.738 billion yuan used to balance the budget, the remaining sum of 100.324 billion yuan was used to replenish the Central Budget Stabilization Fund. With the addition of 7.431 billion yuan of carryover and surplus funds from central government-managed funds, the balance of the Central Budget Stabilization Fund stood at 290.456 billion yuan at the end of 2025.

### **3) Local general public budget**

Revenue in the local general public budget was 22.40074 trillion yuan. This figure includes 12.208226 trillion yuan in local government revenue, an increase of 2.4%, and 10.192514 trillion yuan in transfer payments from the central government. Total revenue reached 23.636118 trillion yuan with the addition of 1.235378 trillion yuan of transfers from local budget stabilization funds, the budget of local government-managed funds, and the budget of local government state capital operations, as well as utilized carryover and surplus funds. Expenditures in the local general public budget totaled 24.436118 trillion yuan, representing a 0.2% increase and accounting for 85% of expenditure in the national general public budget. The relatively small increase in expenditure was mainly due to the higher base figure for 2024 when the majority of funds raised through additional treasury bonds issued in 2023 were used. Total expenditure exceeded total revenue, creating a local government deficit of 800 billion yuan, which is consistent with the figure projected.

## *2. Revenue and expenditure of government-managed funds in 2025*

Revenue of government-managed funds nationwide in 2025 fell by 7% to 5.770355 trillion yuan, representing 92.3% of the budgeted figure. This decrease was mainly due to a drop in proceeds from local government sales of state-owned land-use rights. With the addition of 38.507 billion yuan carried over from 2024, 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 raised by local governments through special-purpose bonds, total revenue came to 12.008862 trillion yuan. Expenditure of government-managed funds nationwide increased by 11.3% to 11.287354 trillion yuan, representing 90.4% of the budget projection.

Revenue of central government-managed funds grew by 6.8% to 505.588 billion yuan, representing 99.5% of the budgeted figure. With the addition of 38.507 billion yuan carried over from 2024, 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 amounted to 2.344095 trillion yuan. Expenditure of central government-managed funds came to 2.27798 trillion yuan, representing 97.1% of the budgeted figure. Broken down, this figure comprises 1.098413 trillion yuan of central government spending (including 230.695 billion yuan funded through ultra-long special treasury bonds) and 1.179567 trillion yuan of transfer payments to local governments (including 1.069305 trillion yuan funded through ultra-long special treasury bonds). Revenue of central government-managed funds exceeded expenditure by 66.115 billion yuan. Of this sum, 58.684 billion yuan was carried forward to 2026, while 7.431 billion yuan was used to replenish the Central Budget Stabilization Fund in accordance with regulations.

Revenue of local government-managed funds fell by 8.2% to 5.264767 trillion yuan. With the addition of 1.179567 trillion yuan in transfer payments from central government-managed funds and 4.4 trillion yuan raised by local governments through special-purpose bonds, total revenue came to 10.844334 trillion yuan. Expenditure of local government-managed funds totaled 10.188941 trillion yuan, an increase of 5.3%.

## *3. Revenue and expenditure of state capital operations in 2025*

Under the management regulations for state capital operation budgets, revenue is primarily from the collection of a certain proportion of net profits

that state-owned enterprises (SOEs) earned in the previous year, while expenditure is planned according to the principle of maintaining a budgetary balance.

Revenue of state capital operations nationwide grew by 25.8% to 854.695 billion yuan, representing 135.1% of the budgeted projection. Expenditure dropped by 15.1% to 264.731 billion yuan, representing 93.8% of the budgeted figure.

Revenue of central government state capital operations increased by 73.3% to 390.274 billion yuan, representing 173.4% of the budget target. This growth resulted from the increased share of operational profits collected from central government enterprises by the central government during the execution of budgets last year, as approved by the State Council. With the addition of 5.422 billion yuan carried over from 2024, total revenue amounted to 395.696 billion yuan. Expenditure of central government state capital operations fell by 16.6% to 129.705 billion yuan, representing 92.4% of the budgeted figure. This drop resulted primarily from the redemption of a portion of government investment fund capital during budget execution, which occasioned a corresponding reduction in expenditure. The expenditure figure includes 126.319 billion yuan of central government spending and 3.386 billion yuan of transfer payments to local governments. Funds allocated from the budget of the central government state capital operations to the central general public budget amounted to 240 billion yuan. The remaining 25.991 billion yuan in revenue from these operations has been carried over to 2026.

Revenue of local government state capital operations reached 464.421 billion yuan, an increase of 2.3%. With the addition of 3.386 billion yuan in transfer payments from the central government state capital operations budget and 4.726 billion yuan carried over from 2024, total revenue came to 472.533 billion yuan. Expenditure of local government state capital operations fell by 13.7% to 138.412 billion yuan. This was mainly due to a decrease in expenditures on the resolution of longstanding issues and other matters. Funds allocated from the local government state capital operations budget to the local general public budget amounted to 334.121 billion yuan.

#### *4. Revenue and expenditure of social insurance funds in 2025*

Revenue of social insurance funds nationwide climbed by 4.9% to 12.603368 trillion yuan, representing 101.3% of the budget target. This figure includes 9.11984 trillion yuan in insurance premiums, an increase of 3.3%, and 2.911523 trillion yuan in government subsidies, a growth of 10.8%. This

growth arose mainly from an increase in government subsidies across all levels for basic old-age insurance and basic medical insurance for rural and non-working urban residents. Expenditure of social insurance funds nationwide increased by 5.4% to 11.14141 trillion yuan, representing 98.3% of the budget target. The fund surplus for 2025 was 1.461958 trillion yuan, which was rolled over to create a year-end balance of 15.956253 trillion yuan.

Revenue of the central government social insurance fund was 38.08 billion yuan, representing 107.2% of the budgeted figure. Expenditure of the fund was 37.572 billion yuan, representing 97.6% of the budgeted figure. The year-end balance stood at 8.374 billion yuan after the rollover of the 2025 fund surplus of 0.508 billion yuan. Under the unified national management system for enterprise employees' basic old-age insurance funds, local governments turned in 254.574 billion yuan for central regulation, with such funds generating an interest income of 73 million yuan in 2025. The central government, meanwhile, reallocated 254.644 billion yuan. The centrally-regulated fund surplus for 2025 was 3 million yuan, which was rolled over to make a year-end balance of 73 million yuan.

Revenue and expenditure of local government social insurance funds totaled 12.565215 trillion yuan and 11.103838 trillion yuan, respectively. With the inclusion of centrally-regulated funds, the year-end balance stood at 15.947806 trillion yuan following the rollover of the 2025 surplus of 1.461447 trillion yuan.

At the year-end, outstanding central government debt totaled 41.231768 trillion yuan, within the NPC-approved budget limit of 41.860835 trillion yuan. Outstanding local government debts (including those raised to replace hidden debts) stood at 54.823082 trillion yuan, comprising general debt of 17.512036 trillion yuan and special debt of 37.311046 trillion yuan, also within the NPC-approved budget limit.

##### *5. Implementation of the main fiscal and tax policies and other major fiscal work in 2025*

In 2025, all finance departments fully implemented the decisions and plans of the Party Central Committee and the State Council, adhered to the Budget Law and the requirements arising from NPC budgetary examination and oversight, and rigorously executed the budgets approved by the NPC. We implemented more sustainable, robust, and effective fiscal policies, and boosted financial support for major national strategic tasks and basic public wellbeing. We overcame difficulties through deeper reforms and delivered

better performance through stronger management. All this provided strong support for accomplishing the year's main objectives and tasks for economic and social development.

**We implemented a more proactive fiscal policy.**

We better coordinated fiscal resources to sustain an appropriate level of spending. Expenditure in the general public budget rose to 28.7 trillion yuan. Ultra-long special treasury bonds of 1.3 trillion yuan were successfully issued. Of this amount, 800 billion yuan was channeled toward the implementation of major national strategies and security capacity-building in key areas, facilitating tangible progress in over 1,400 major projects. A further 500 billion yuan was used to ramp up and expand large-scale equipment upgrades and consumer goods trade-in programs, resulting in over 2.6 trillion yuan in sales of automobiles, home appliances, cellphones and other digital products, home furnishings, and electric bicycles, as well as an 11.8% growth in equipment investment. An additional 4.4 trillion yuan of local government special-purpose bonds was approved in 2025 to support over 48,000 projects, with over 300 billion yuan utilized as project capital. Trials were carried out in some areas on proceeding with the issuance of special-purpose bonds as soon as provincial-level review and approval is complete, while steps were also taken to delegate project review and approval authority.

An unused quota for local government debt of 500 billion yuan from the previous year was used to replenish local government financial resources and support major provincial economies in expanding effective investment. A total of 500 billion yuan in special treasury bonds was issued in 2025 to support large state-owned commercial banks in replenishing their core tier 1 capital, thereby bolstering their capacity to supply credit.

We took steps to unlock consumption potential on both the supply and demand sides, facilitating special initiatives to boost spending, introducing interest subsidy policies for personal consumer loans and loans of market entities in the service sector, launching trials for new forms, models, and scenarios of consumer spending, and working to foster an internationalized consumption environment. We encouraged and expanded inbound consumption by refining policies on duty-free stores and departure tax refunds, while also increasing the total number of duty-free stores. To stabilize foreign trade and investment with greater efforts, we introduced tax relief policies for overseas investors reinvesting their profits and strengthened support for major export provinces. Based on coordinated arrangements, a

portion of local government special-purpose bonds issued in 2025 was used to intensify the push to settle overdue payments owed to enterprises.

**We made solid progress in promoting high-quality development.**

Based on the strategic arrangements for boosting China's strength in science and technology, we ramped up investment and structurally refined spending in this sphere. Science and technology expenditures in the central budget rose by 7.1% over 2024, with a 9.6% increase in basic research spending. We boosted investment efficiency by improving the mechanisms for allocating, managing, and utilizing central government research funds. To deliver coordinated advances in building China's strength in strategic science and technology, we spared no effort in supporting major national science and technology programs, as well as research to secure breakthroughs in core technologies in key fields, while also backing forward-looking planning for a number of major science and technology projects. We promoted stronger coordination and interconnection between the central and local levels and the development of regional and international centers for science and technology innovation. To guide enterprises in increasing investment in science and technology innovation and application, we granted rewards and subsidies to a new group of over 1,200 "little giants" that use specialized and sophisticated technologies to produce unique and novel products, so as to encourage more small and medium-sized enterprises (SMEs) to follow suit. Pilot programs kicked off in 26 more cities to upgrade manufacturing through the application of new technologies and in a further 35 cities to promote digital transformation in SMEs. Such initiatives are helping make our manufacturing higher-end, smarter, and greener.

We coordinated efforts to establish an inter-provincial mechanism for major grain-purchasing areas to compensate major grain-producing areas. We continued to support major grain-producing counties, implementing a number of policies including subsidies for farmland fertility protection and carrying out programs to promote more efficient grain distribution in 40 counties. All these efforts ensured that motivation remained high among farmers to grow grains and among local governments to prioritize grain production. Agricultural insurance schemes worked more effectively and their coverage was expanded, with rural households benefiting from over 5 trillion yuan worth of risk protection through 125 million agricultural insurance policies. The central government follow-up rural revitalization assistance fund continued to provide support at a considerable scale, ensuring

a successful conclusion to the transition period to align our efforts to consolidate and expand poverty alleviation achievements with the promotion of rural revitalization. To guide and nurture modern agro-industries, we supported the establishment of 50 modern agro-industrial parks, 40 leading agro-industrial clusters with unique advantages, and 198 towns with distinctive agro-industrial strengths. To drive further headway in people-centered new urbanization, the central government allocated 42 billion yuan in award funds to encourage faster progress among local governments in granting permanent urban residency to eligible people who have moved to cities from rural areas. We also provided support for urban renewal projects in 20 more major cities.

To incentivize basin-wide ecological conservation, we introduced guidelines on further improving relevant trans-regional compensation mechanisms along with an implementation plan for advancing trans-regional compensation mechanisms for the primary waterways of major rivers. We stepped up efforts to prevent and control air, water, and soil pollution. We also supported the integrated conservation and restoration of mountain, water, forest, farmland, grassland, and desert ecosystems, the national shelterbelt program in northwest, north, and northeast China, and other projects. All this helped deliver environmental improvements in the areas concerned. To ensure the smooth introduction of island-wide special customs operations, we refined the duty-free shopping policy for departing passengers and formulated and issued tax policies for goods under such operations in the Hainan Free Trade Port.

**We effectively ensured and improved public wellbeing.**

Spending on public wellbeing continued to rise, and social security was steadily improved. In line with our employment-first policy, we introduced new measures such as expanding the coverage of social insurance subsidies and increasing support for unemployment insurance premium refunds, continued with current policies on reducing premiums for unemployment insurance and workers' compensation, launched large-scale plans for upgrading vocational skills, and promoted employment for college graduates and other key groups. A total of 12.67 million urban jobs were added over the course of the year.

We increased spending on education by 3.2%, bringing educational expenditure in the national general public budget to 4.34 trillion yuan. We pressed ahead with the phased introduction of free preschool education,

waiving childcare and education fees for children in their final preschool year at public kindergartens, while introducing corresponding fee cuts for eligible children at private kindergartens established with the approval of education departments. Around 14 million children benefited from this policy last year. As part of the push to consolidate and improve the unified urban-rural funding mechanism for compulsory education, which is weighted toward rural areas, we raised per-student subsidies in special needs education schools in the compulsory stage from 6,000 yuan to 7,000 yuan per year. We also boosted financial assistance including government grants for senior secondary school students and continued government-subsidized student loan policies on waiving interest payments and granting principal repayment extensions.

We took orderly steps to implement demonstration projects for the reform and high-quality development of public hospitals. Basic medical insurance subsidies for rural and non-working urban residents and basic public health service subsidies were raised to 700 yuan and 99 yuan per person per year, respectively. We also improved major public health services by adding the human papillomavirus (HPV) vaccine into the national immunization program.

To fully implement the childcare subsidy system, we allocated about 100 billion yuan of national government funds for subsidies for children under three at a basic national rate of 3,600 yuan per child per year. These subsidies, which are exempt from individual income tax, have so far benefited more than 30 million children. Basic pension benefits for retirees, meanwhile, were generally increased by 2%, while minimum basic old-age benefits for rural and non-working urban residents were raised by 20 yuan per person per month. Furthermore, a pilot program was launched to subsidize senior with moderate or more severe functional impairment for the consumption of elderly care services, including home-, community-, and institution-based ones. Further increases to subsidies and living allowances for entitled groups have benefited around 8.11 million people.

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 efforts. The public cultural services system was improved with the introduction of free admission in around 50,000 public cultural facilities including museums.

**We guarded against and defused risks in key areas.**

We strengthened government debt management with the introduction of a new architecture to unify management of central and local government debts, domestic and foreign debts, and debt issuance and management. Further progress was made in defusing existing hidden debts. With the issuance of all the 2 trillion yuan of local government bonds last year to replace existing hidden debts, the average cost of debt interest payments fell by over 2.5 percentage points. Through guidance and oversight, we ensured that local governments manage debt replacement funds in a closed-loop manner through dedicated accounts and bookkeeping systems. The incurrence of further hidden debts was firmly checked. Cases of borrowing against regulations and fraudulent debt resolution were investigated rigorously and strict penalties imposed, and 12 typical cases in which those responsible were held to account were disclosed. We also guided local governments in achieving alignment between hidden debt replacement and efforts to reform and transform local government financing platforms, thus facilitating faster progress in defusing the hidden debts incurred by these platforms.

We regulated the construction and operation of existing public-private partnership projects, promoting improvements to the quality of their operations. With central government transfer payments to local governments exceeding 10 trillion yuan, we took steps to improve the mechanisms for channeling more financial resources to lower-level governments to create stronger safeguards for guaranteeing the three priorities of basic public wellbeing, salary payments, and normal government functioning at the primary level. We put in place more rigorous conditions, standards, and procedures for using public resources to ensure better handling of local financial risks and adopted a market-oriented, law-based approach in advancing reforms designed to defuse risks in small and medium financial institutions. A portion of special-purpose bonds were issued to support land reserve projects and the purchase of commodity housing stock for use as government-subsidized housing.

**We deepened fiscal management reform.**

We earnestly implemented the requirements of the third and fourth plenary sessions of the 20th CPC Central Committee and steadily advanced all reform tasks set at the sessions. With a focus on major fiscal and tax reform tasks as well as fiscal priorities, we launched trials in 12 provinces to explore

new, well-conceived solutions to fiscal management in light of local conditions. A larger proportion of state capital gains was collected from central government enterprises, with the increased amount being transferred into the general public budget for coordinated allocation. Trials kicked off in 16 central departments to advance zero-based budgeting reforms, resulting in a remarkable reduction in the number of expenditure items and more targeted spending.

We formulated regulations for implementing the Value Added Tax Law, refined the VAT credit refund policy, and abolished VAT exemption policies for interest on treasury and other bonds. We adjusted and refined tax policies for ultra-luxury cars and new-energy vehicles and worked toward making all volatile organic compounds subject to environmental protection tax.

In line with the Regulations on Practicing Frugality and Opposing Waste in Party and Government Bodies and the requirement for belt-tightening in Party and government bodies, we introduced more rigorous and workable measures to better regulate spending on overseas official visits, official hospitality, meetings, and training programs. We strengthened routine oversight over budget execution to better regulate this process and ensure more rigorous execution. We tightened performance-based budget management with a focus on performance assessments in areas such as science and technology, education, and emergency and disaster response. Assessment results were better leveraged to refine budgetary arrangements and ensure more effective use of funds.

We introduced guidelines on promoting the high-quality development of government investment funds to clarify their roles, improve overall planning, and enhance well-regulated management. We refined the system of government procurement with the formulation of standards and policies on the procurement of domestic products. We took concrete measures to ensure the proper preparation for annual reports on state-owned asset management, explored avenues for compiling comprehensive national government financial reports, and advanced the implementation of accounting laws and regulations and a unified national accounting system. We strengthened oversight and review, and carried out a dedicated campaign on accounting oversight with a focus on frequent and recurrent problems in the financial and economic sectors, thus ensuring market order.

The year 2025 marked the final year of the 14th Five-Year Plan. Over the past five years, the Party Central Committee with Comrade Xi Jinping at its

core united the entire Party and the Chinese people of all ethnic groups and led them in meeting difficulties head-on and forging ahead with determination. This has allowed us to withstand the severe shocks from the once-in-a-century Covid-19 pandemic, respond effectively to a raft of major risks and challenges, secure significant new achievements in the cause of the Party and the country, and get off to a good start on the new journey toward the Second Centenary Goal. Finance is a key cornerstone of national governance. During this period, we have made new progress in the reform and development of this sector, making our due contribution to the cause of the Party and the country.

First, our fiscal strength was enhanced. Total revenue in the national general public budget grew to nearly 106 trillion yuan in this period, representing an increase of around 19% or 17 trillion yuan from the 13th Five-Year Plan period. Total expenditure in the national general public budget climbed to 135 trillion yuan, representing an increase of around 23% or 25 trillion yuan from the 13th Five-Year Plan period. Our fiscal resources have thus played an increasingly important role in supporting and guaranteeing the advancement of Chinese modernization.

Second, fiscal macro-regulation was better-conceived and more effective. New developments in recent years and the need for high-quality development saw us adopting more proactive fiscal policies. We deployed measures swiftly and at the earliest possible opportunity, developed a rich range of policy tools, and bolstered counter- and cross-cyclical adjustments, thus ensuring overall stable performance and steady growth of the economy.

Third, fiscal support was more targeted and robust. We worked harder to improve the spending structure, boosting support for key areas such as national defense, science and technology, education, and public wellbeing, and pooling fiscal resources to support major and crucial undertakings. During this period, national expenditure on science and technology reached 5.4 trillion yuan, registering an average annual increase of 5.7%, while government spending on education remained above 4% of GDP. We steadily strengthened support for the basic old-age insurance, basic medical insurance, and urban-rural subsistence allowance schemes.

Fourth, fiscal and tax system reform was advanced. As budget system reforms were deepened across the board, our ability to coordinate fiscal resources was further enhanced. The structure of the tax system was steadily optimized, and faster progress was made in developing a tax system

conducive to high-quality development, social fairness, and a unified market. The fiscal relationship between the central and local governments was streamlined further, the transfer payment system was improved, and the division of fiscal powers and spending responsibilities between different levels of governments was clarified.

Fifth, the foundations for fiscal development and security were reinforced. We implemented a package of measures to effectively defuse local government debt risks and continued to refine the systems for government debt management. As a result, government debt management became more standardized and transparent, and we enjoy greater fiscal sustainability.

Sixth, new progress was made in exercising sound fiscal management. We extended fiscal management to cover the entire fund use chain and all budgetary institutions. Moreover, we optimized fiscal management procedures, refined expenditure standards, and improved the system of fiscal and taxation laws. By adopting a more systematic, rigorous, standardized, and law-based approach to fiscal management, we markedly enhanced our fiscal governance capacity.

We owe these achievements to the CPC Central Committee with Comrade Xi Jinping at its core, which has been at the helm charting the course, and to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, which has provided us with sound guidance. They are also attributable to more rigorous review and oversight by the NPC and more effective democratic oversight by the CPPCC National Committee. They are also the result of 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 shortcomings in budget execution and public finance work. The main issues are as follows: Owing to multiple factors, revenue in the general public budget has declined, and proceeds from the sale of land-use rights have continued to fall. As a result, the pressure to balance budgets has mounted, and some local governments are experiencing financial difficulties. Some local governments and government departments have not fully enforced belt-tightening requirements, leading to continued waste and extravagance in certain fields. The rigidity of fiscal expenditure remains a pronounced problem, and further efforts are needed to improve the efficiency of fiscal resource allocation and fund use. There are irregularities in the management and the use of funds of some government-invested projects, while cases of new hidden debts and

fraudulent debt resolution are still occurring in certain regions. Despite repeated prohibitions, some local governments continue to offer unauthorized tax incentives and refunds as well as irregular fiscal subsidies to attract investment, which hinder the development of a unified national market. Violations of financial and economic discipline persist despite repeated warnings, highlighting the need for intensified accounting oversight. These issues have also been raised by the NPC during examination and audit-based oversight of budgets and final accounts. We must take these issues very seriously and adopt proactive measures to resolve them.

## II. Draft Central and Local Budgets for 2026

As the year 2026 marks the start of the 15th Five-Year Plan (2026–2030), this year’s budget compilation and public finance work takes on particular importance. In accordance with the decisions and plans of the CPC Central Committee and the State Council, we will continue to pursue progress while ensuring stability and dedicate ourselves to improving both quality and efficiency. We will implement more proactive and effective macroeconomic policies, strengthen the coordination of fiscal policy with financial, employment, industrial, and other policies, and leverage synergy between policies already adopted and new ones. We will intensify counter- and cross-cyclical adjustments and drive continuous improvements in economic performance and market expectations to accomplish the objectives and tasks for economic and social development this year.

### *1. Analysis of the prospects for fiscal revenue and expenditure in 2026*

The conditions for and underlying trend of China’s long-term economic growth has not changed, demonstrating remarkable economic resilience and dynamism. At the same time, many long-standing problems and emerging challenges confront us in economic development. The impact of changes in the international environment has increased, while domestically, the imbalance between strong supply and weak demand is acute, risks and hidden dangers persist in key areas, and some enterprises are experiencing operational difficulties. All of this will exert a growing impact on public finance.

**From a fiscal revenue perspective,** the effective implementation of a suite of macro policies and solid progress in promoting high-quality development will provide support for fiscal revenue growth. However, low overall price

levels will continue to weigh on fiscal revenue as calculated at current prices. In addition, tax revenue growth is slowing in traditional industries; the overall scale of tax revenue is limited in emerging industries; and sluggish global trade growth place downward pressure on relevant taxes. Taken together, these factors will dampen growth in fiscal revenue.

**From a fiscal expenditure perspective,** the period covered by the 15th Five-Year Plan will be crucial for reinforcing the foundations and pushing ahead on all fronts toward basically realizing socialist modernization by 2035. In 2026, the opening year of this period, we will need to meet significant fiscal expenditure demands on all fronts. We will see increasing obligatory spending on key areas, such as technological innovation, rural revitalization, and industrial transformation and upgrading; we must continue to bolster support for basic public wellbeing priorities, such as elderly care, education, and medical and healthcare; expenditures on government debt interest payments will continue to rise; and transfer payments will remain considerable given the need to support local governments in addressing financial difficulties and ensure more equitable access to basic public services.

**On the whole,** we will face mounting pressure in maintaining the balance between fiscal revenue and expenditure in 2026. We must therefore remain firm in our confidence and make best use of our strengths to address the challenges we face. We must formulate sound and rational budgets, strengthen policy implementation and preparatory research on policy options, and make every effort to consolidate and expand the momentum for steady economic growth.

## *2. Overall requirements for the preparation of the 2026 budgets and public finance work*

To ensure effective preparation of the 2026 budgets and public finance work, we must, under the strong leadership of the CPC Central Committee with Comrade Xi Jinping at its core, do the following:

- follow the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era
- thoroughly implement the guiding principles from the Party's 20th National Congress and the plenary sessions of the 20th CPC Central Committee
- earnestly act on the guidelines of the fourth plenary session of the 20th CPC Central Committee and the Central Economic Work Conference

- fully and faithfully apply the new development philosophy on all fronts, move faster to foster a new pattern of development, promote high-quality development, and adhere to the general principle of pursuing progress while ensuring stability
- keep in mind both domestic and international imperatives and ensure both development and security
- implement a more proactive fiscal policy with greater precision and effectiveness and optimize the allocation of new resources while making best use of existing ones
- expand domestic demand, make structural improvements, boost growth drivers, and improve public wellbeing
- keep employment, enterprise operations, markets, and expectations stable
- advance reform, strengthen management, guard against risks, and enhance performance
- promote higher-quality economic growth while achieving an appropriate increase in economic output and ensure social harmony and stability

These efforts will lay a solid foundation for making a good start to the 15th Five-Year Plan.

In 2026, we will continue to pursue a more proactive fiscal policy. This proactive stance will be reflected in increases not only in spending scale but more importantly, in spending efficiency. To this end, our efforts will be focused on the following five areas.

**First, we will increase the scale and maintain the necessary level of government spending.** Expenditure in the national general public budget will reach 30.01 trillion yuan, an increase of 4.4% over last year. The deficit-to-GDP ratio will be set at around 4%, and the government deficit is projected to be 5.89 trillion yuan, an increase of 230 billion yuan compared with the figure projected at the beginning of last year. This year's deficit will consist of a central government deficit of 5.09 trillion yuan and a local government deficit of 800 billion yuan. All of this increase will be listed under central government accounts. Budgetary expenditure of government-managed funds nationwide is projected to rise by 5.1% to 11.8663 trillion yuan.

**Second, we will optimize the mix of government bonds to better harness their effects.** New government debt will be kept at a considerable

scale while appropriate adjustments will be made to its structure. This year, a ceiling of 4.4 trillion yuan will be set on new local government special-purpose debts, which will be used to support the construction of major projects, replace hidden debts, and settle overdue payments owed by governments. We will issue another 1.3 trillion yuan of ultra-long special treasury bonds to provide continued support for the implementation of major national strategies and security capacity-building in key areas and for large-scale equipment upgrades and consumer goods trade-in programs. A total of 300 billion yuan in special treasury bonds will be issued to support large state-owned commercial banks in replenishing their core tier 1 capital.

**Third, we will improve the efficiency of transfer payments and place more fiscal resources at the disposal of local governments.** Transfer payments from the central government to local governments will be set at 10.415 trillion yuan, up 2.2%. Of this amount, payments for ensuring equal access to basic public services will total 2.834 trillion yuan, an increase of 3.7%, while rewards and subsidies transferred under the mechanism for ensuring basic funding for county-level governments will total 489.5 billion yuan, up 2.1%. Another 50 billion yuan of incentive funds for high-quality development will be transferred this year to encourage local governments to take the initiative in developing the economy and increasing incomes. In addition, while cuts will be made to certain special-purpose transfer payments, fiscal transfer payments to local governments will be increased. We will also conduct trials in certain provinces on the integrated and coordinated use of transfer payments with the aim of enhancing the capacity for coordination among local governments.

**Fourth, we will make persistent efforts to optimize the spending structure and better guarantee funding for key areas.** Based on the principle of guaranteeing key expenditures, cutting general expenditures, and prioritizing key areas, we will develop sound mechanisms for increasing revenue and decreasing expenditures, actively adopt a zero-based budgeting approach to make government spending more flexible, and make every effort to eliminate inefficient and ineffective expenditures. We will reinforce funding guarantees for major national strategic tasks and channel more funds toward efforts to boost consumption, invest in human capital, and ensure public wellbeing, so as to build momentum for economic growth and enhance people's sense of fulfillment.

**Fifth, we will better coordinate fiscal and financial policies to amplify**

**their impact.** We will set up a special fund of 100 billion yuan for coordinating fiscal and financial policies to boost domestic demand. We will make use of a combination of measures, including loan interest subsidies, financing guarantee, and risk compensation, leverage the roles of the government, banks, guarantee institutions, and enterprises, and see that fiscal and financial resources work in tandem to provide greater support for boosting private investment and consumer spending.

When implementing fiscal policies, we need to calibrate their timing, intensity, and effect and enhance our capacity for execution to ensure we deliver the concrete and effective efforts needed to drive high-quality, sustainable development. We should pay particular attention to the following points.

**First, we should front-load policies.** Policies need to be worked out as early as possible, and their implementation should be fast-tracked in order to seize the initiative through early action.

**Second, we should run on lean budgets.** Party and government bodies must keep their belts tightened. Fiscal expenditure of all types must be strictly controlled, assessments of fiscal capacity intensified, and resolute efforts made to guard against wasteful and excessive spending and spending on deficit. This will allow us to free up more funds to support development and meet people's expectations for a better life.

**Third, we should guard against risks.** We must stay alert to emerging problems and tendencies that could undermine fiscal stability and take timely measures to respond effectively. Adopting a prevention-first approach, we should take well-coordinated, precautionary steps to prevent risks while promoting development.

**Fourth, we should carry out policy assessments.** We should strengthen follow-up assessments on policy implementation. We should solicit opinions and suggestions from enterprises and the public and make timely adjustments and refinements in response to market concerns to achieve better policy outcomes.

**Fifth, we should intensify oversight and accountability.** We should conduct oversight in accordance with laws and regulations and rigorously pursue accountability for violations of fiscal discipline to guard against arbitrary use of fiscal funds and deviations in policy implementation.

### *3. Main fiscal policies for 2026*

#### **1) Supporting the development of a robust domestic market**

With a commitment to improving living standards while increasing consumer spending and coordinating investments in physical assets and human capital, we will leverage fiscal policies to boost consumption and investment and enhance the dynamism and reliability of the domestic economy.

*We will roll out a package of coordinated fiscal and financial policies to boost domestic demand.*

To lower enterprise financing costs, boost consumer spending power, and increase the supply of high-quality services, we will arrange a total of 100 billion yuan for better coordinate fiscal and financial policies. By doing so, we will steer more private-sector resources toward the real economy. We will refine interest subsidy policies for personal consumer loans and loans of market entities in the service sector by expanding coverage, extending the terms, and raising the ceilings of interest subsidies. Interest subsidy policies will also be implemented for loans to micro, small, and medium enterprises (MSMEs). We will introduce a special guarantee scheme for private investment, establish risk-sharing mechanisms for private enterprise debt financing, improve interest subsidy policies for equipment upgrade loans, and do more to provide enterprises with easier access to cheaper financing. All these efforts will help to stimulate private investment.

*We will make greater efforts to boost consumption.*

Special initiatives will be advanced to boost consumption. To boost spending power, we will leverage multiple channels to increase incomes and promote further redistribution by means of taxation, social security, and transfer payments. To stimulate goods consumption, ultra-long special treasury bonds totaling 250 billion yuan will be issued to support consumer goods trade-in programs. We will also refine these programs in terms of their scope and subsidy standards. We will continue to support the scrapping and replacement of automobiles, home appliance trade-in schemes, and purchases of new digital and smart products. We will implement initiatives to upgrade services that directly benefit consumers and support the development of new forms, models, and scenarios of consumer spending. We will carry out trials of receipt lotteries in selected cities to boost consumption in sectors such as retail, catering, hospitality, culture, entertainment, and tourism. To drive inbound consumption, we will open more duty-free stores in port cities with

necessary conditions and support more stores with strong sales in becoming tax refund stores.

*We will expand effective investment.*

We will coordinate the use of ultra-long special treasury bonds, special-purpose bonds, investment from the central government budget, and other government funds. With a focus on the development of new quality productive forces, new urbanization, and the promotion of well-rounded personal development, we will boost the quality and returns of these investments. Ultra-long special treasury bonds totaling 800 billion yuan will be allocated to support the implementation of major national strategies and security capacity-building in key areas. We will continue to adopt a top-down approach in this regard, focus on the integration of investments in hard and soft infrastructure, and appropriately raise the standards of central government investment subsidies across various categories to better serve national strategic priorities. We will improve negative list management for areas funded by government special-purpose bonds, adjust as appropriate the scope of trials on proceeding with the issuance of such bonds as soon as provincial-level review and approval is complete, and promote greater provincial-level coordination over the allocation and use of bonds. Special-purpose bonds for project funding will be put under separate management and increased, and funds raised from the issuance of such bonds will continue to be tilted toward localities where projects are well prepared and funds are effectively used. The central government budget will include 755 billion yuan for investment, an increase of 20 billion yuan over last year. We will enhance monitoring over government investment funds, covering the whole process from allocation to release and use. We will also establish sufficient project reserves and make adequate preparations to ensure projects are mature and ready to get under way. This will prevent funds from lying idle or being diverted to other uses.

*We will advance the development of a unified national market.*

We will regulate tax break policies and uphold the principle of legality of taxation. No local government is allowed to formulate its own tax break policies in breach of laws or regulations. All tax break policies currently in place will be assessed on a case-by-case basis upon expiration to determine whether they need to be adjusted or abolished. We will also place government subsidy policies under proper regulation and establish a negative list management system for local government subsidies, strictly prohibiting any

new subsidies granted in breach of regulations. We will strengthen monitoring and inspection to ensure effective examination and rectification of existing subsidies. Dedicated efforts will also be made to rectify government procurement activities in violation of laws or regulations, strengthen the regulation of online selling platforms, and improve market order for government procurement activities.

## **2) Supporting faster development of new drivers of growth**

We will introduce more fiscal and tax policies to provide stronger support for the efforts to develop new quality productive forces in line with local conditions, build a modernized industrial system, and reinforce the foundations of the real economy.

*We will facilitate industrial transformation and upgrading.*

Ultra-long special treasury bonds totaling 200 billion yuan will be allocated to support large-scale equipment upgrades. We will lower the access requirements for investment amounts to better support the equipment upgrading needs of SMEs. We will carry out rolling implementation of initiatives to promote high-quality development of key industrial chains in the manufacturing sector and advance industrial foundation reengineering and research on major technologies and equipment to ensure that China's industrial chains become more self-supporting and risk-resilient. Pilot programs for upgrading manufacturing through the application of new technologies will be extended to a third group of cities, in a bid to expedite the large-scale application of digital, intelligent, and green technologies. We will support the development of integrated circuits, aviation and aerospace, biomedicine, and other emerging pillar industries and foster future industries like embodied artificial intelligence and 6G mobile communications.

*We will promote the high-quality, efficient development of the service sector.*

We will support the launch of capacity-expanding and quality-upgrading initiatives in the service sector with the aim of steering producer services toward greater specialization and the higher end of the value chain while supporting the development of higher-quality, more diverse, and more accessible consumer services. We will advance the development of public service platforms, such as pilot-scale testing platforms and major application scenarios, in a bid to facilitate the large-scale and commercial application of new technologies and products. We will launch a new round of initiatives to support national comprehensive freight hubs as part of our efforts to shore up the industrial and supply chains, continue with demonstrations on the digital

transformation and upgrading of highway and waterway infrastructure, and move ahead with programs on the development of a modern goods distribution system in pilot cities to secure faster progress in establishing a well-connected, efficient system for logistics and goods distribution.

*We will provide strong backing for the innovation-driven development of enterprises.*

The principal role of enterprises in technological innovation should be reinforced. We will therefore leverage various instruments, including taxation policies, special funds, government investment funds, and financing guarantee, to support the development of new- and high-tech firms and sci-tech SMEs.

Enterprises will be encouraged to spearhead the creation of innovation consortia and to take on more major national science and technology programs. We will continue with the government reward and subsidy policy for SMEs that use specialized and sophisticated technologies to produce unique and novel products to encourage greater investment in R&D. We will also advance city-based pilot programs for the digital transformation of SMEs to drive forward full integration between the real and digital economies.

To accelerate the application and promotion of scientific and technological advances, we will fully implement policies on compensation for insuring the initial application of newly-developed major technological equipment and new materials, increasing government procurement of homegrown innovative products, and other matters. We will support the development of venture capital and angel investment, and work faster to promote the investment and operation of funds such as the national venture capital guide fund, to help more startups grow into leading technology companies.

### **3) Achieving greater self-reliance and strength in science and technology**

Firmly seizing on the trend of accelerated breakthroughs in the new round of technological revolution and industrial transformation, we will ramp up funding and policy support in a bid to secure faster progress in building China's strength in science and technology and take a leading position in scientific and technological development.

*We will guarantee investments in scientific and technological innovation.*

Science and technology will remain a fiscal spending priority, with expenditures in the central budget rising by 10% to 426.4 billion yuan.

The mechanisms for diversifying the investment channels for innovation will be improved, and the guiding role of government funds will be leveraged to steer more private capital and financial resources toward innovation. To boost the efficiency of science and technology investments, we will strike the right balance between reducing constraints, enhancing incentives, and improving regulation, and optimize the management of government research funds.

We will improve the regional innovation systems. To this end, we will support the development of Beijing (the Beijing-Tianjin-Hebei region), Shanghai (the Yangtze River Delta), and the Guangdong-Hong Kong-Macao Greater Bay Area into international technological innovation centers and guide local governments in building regional innovation hubs with distinctive features in light of national strategic imperatives and local industrial development needs.

*We will promote advances in original innovation and breakthroughs in core technologies in key fields.*

To advance both goal-oriented and unrestricted exploratory basic research, we will scale up investment and refine investment mechanisms to provide both competition-based support and stable funding. Basic research expenditures in the central budget will increase by 16.3%. We will leverage the new system for mobilizing resources nationwide with a keen focus on our country's strategic needs. We will spare no effort to promote breakthroughs in core technologies in key fields, support forward-looking planning for major science and technology projects, and accelerate major national science and technology programs, all with the aim of delivering a larger number of original advances. We will also give our full backing to the development of both national laboratories and key laboratories nationwide and push forward with the reform of research institutes to enhance our capacity for pursuing systematic innovation.

*We will pursue integrated development of education, science and technology, and human resources.*

Sound mechanisms will be instituted to advance integration on this front. We will strengthen coordination across policies and resources and foster positive interplay between the advancement of independent innovation and the training of homegrown talent.

We will support the reform of higher education institutions across various categories and work to accelerate the development of world-class universities

and strong disciplines with Chinese features. We will redouble efforts to implement plans for making breakthroughs in basic disciplines and interdisciplinary subjects, while better leveraging the role of research institutes and innovation platforms in pooling and nurturing talent. These endeavors will ensure we cultivate top-tier innovators. We will move forward with a range of programs for nurturing scientists and engineers and promote the training, recruitment, and effective use of innovative talent in all fields of science and technology. In doing so, we will facilitate faster progress in fostering talent with expertise of strategic importance to our country.

#### **4) Ensuring and improving public wellbeing**

We will work harder to meet people's basic needs and provide a cushion for those most in need, and do everything within our means to deliver benefits to people.

*We will follow through on the employment-first strategy.*

The central government will allocate 66.7 billion yuan for employment subsidies. We will refine the employment support and public services system, stabilize and expand employment among college graduates and other key groups, and step up assistance for rural migrant workers and people facing difficulties in finding jobs.

To expand employment and raise its quality, we will continue with current measures such as unemployment insurance premium refunds and press ahead with initiatives aimed at creating greater numbers of stable, better-quality job opportunities. Large-scale plans for upgrading vocational skills will be advanced to cultivate a larger number of highly-skilled personnel. We will also encourage and support people in flexible employment and new forms of employment in participating in social security programs for urban employees, and build sound systems for occupational injury insurance.

*We will improve the fairness and quality of education.*

We will further increase government spending on education based on the requirements that overall spending and average expenditure per student in the general public budget should only be increased and not cut and that government spending on education must be higher than 4% of GDP. This year, outlays on education in the central general public budget are projected to increase by 5% to 192.5 billion yuan.

We will look into establishing a new mechanism for allocating educational funding based on school-age demographic changes in an effort to further adjust the distribution and structure of educational resources. We will

refine the policy on free preschool education and work for well-balanced, quality development in compulsory education as well as inclusive, quality development in preschool education. We will support efforts to increase the supply of regular senior secondary school places, enhance the training capacity of vocational schools, and boost enrollment in quality undergraduate programs, all with the aim of ensuring a stronger sense of fulfillment in education for our people. We will carry out the student financial aid policy to ensure assistance for all students from financially disadvantaged families.

*We will enhance our medical and healthcare service capacity and medical security.*

We will support the improvement of the public health service system, refine basic public health service programs, and strengthen the disease prevention and control system. We will push ahead with the reform of public hospitals to ensure that they better serve the public interest, support initiatives to strengthen community-level medical and healthcare services, and assist county and district hospitals in shoring up weaker medical specialties and developing special departments. We will continue to support efforts to build up the ranks of healthcare personnel and launch a plan to cultivate high-caliber talent in the medical sector. We will also promote the preservation and innovative development of traditional Chinese medicine.

Basic medical insurance subsidies for rural and non-working urban residents will be increased by 24 yuan per person, bringing the total amount to 724 yuan per person per year. We will continue to improve the basic medical insurance, major disease insurance, and medical assistance schemes in a bid to refine the multi-tiered medical security system. We will further reform the medical insurance payment models and tighten oversight over medical insurance funds.

*We will refine the social security system.*

We will further develop the multi-tiered, multi-pillar old-age insurance system. This year, the central government will allocate 1.25 trillion yuan in transfer payments for basic pension schemes to ensure that all pension benefits are paid on time and in full.

We will continue working to bring basic old-age insurance funds for enterprise employees under unified national management. We will refine the financing and adjustment mechanisms for basic old-age insurance for rural and non-working urban residents. This year, the minimum basic old-age benefits for these groups will be increased once again by 20 yuan per person

per month. We will move faster to establish long-term care insurance schemes, steadily push ahead with granting elderly care service consumption subsidies for seniors with moderate or more severe functional impairment, and promote the development of public-interest elderly care institutions. We will continue to implement the childcare subsidy system and expand demonstrations and trials for subsidized childcare services. We will improve the multi-tiered and categorized social assistance system and provide greater assistance for low-income groups. We will support capacity-building for disaster prevention and mitigation and provide stronger backing for emergency and disaster response.

*We will support cultural and sports programs.*

To continue refining the public cultural services system, we will implement a range of initiatives including programs to foster a love of reading among the public and free film showings. We will advance the project to pass on and develop fine traditional Chinese culture and promote systematic protection of cultural heritage. We will support improvements to tourism services and promote closer integration between culture and tourism. We will adopt new methods for supporting literary and artistic creation and do more to guide and support high-quality content creation. We will push forward with the systemic transformation of mainstream media and all-media communication and make our international communication more effective. We will support improvements to cyberspace governance and move faster to build China's strength in cyberspace. We will strengthen funding safeguards for Team China, support recreational sports programs, and promote the sports event economy.

#### **5) Promoting all-around rural revitalization**

We will continue to give top priority to issues related to agriculture, rural areas, and rural residents, improve financial policies aimed at strengthening agriculture, benefiting farmers, and enriching rural areas, and increase the pace of agricultural and rural modernization.

*We will enhance the overall production capacity, quality, and performance of agriculture.*

We will provide greater support for arable land protection, initiatives to invigorate the seed industry, and agricultural science and technology, machinery, and equipment. We will take region- and category-specific measures to advance high-quality development of high-standard cropland, ramp up the latest round of initiatives for increasing grain production

capacity by 50 million metric tons, and promote the drive to increase per-unit yields of grain and oil crops on large tracts of land. All these efforts will help reinforce the foundation for our country's food security across the board.

We will provide stronger price, subsidy, and insurance policy support in a more coordinated way and see that the prices of grain and other major agricultural products remain at reasonable levels to guarantee the earnings of grain growers. This year, compensation for major grain-producing areas will be increased, and the policy of the inter-provincial compensation of major grain-producing areas by major grain-purchasing areas will be implemented more effectively. Support for programs to promote more efficient grain distribution will continue, and efforts will be made to keep major grain-producing areas motivated.

*We will back regular targeted assistance initiatives.*

We will re-categorize central government follow-up rural revitalization subsidies as regular assistance funds to ensure overall assistance levels remain stable. A total of 177 billion yuan will be allocated for assistance in 2026, which will be mainly used to support industrial development and employment.

According to the specific cases of people at risk of returning to or falling into poverty, we will adopt appropriate assistance measures to meet their basic needs or support their development. By doing so, we will guard against any large-scale lapse or relapse into poverty while also enhancing people's capacity to sustain themselves and generate internal development impetus. To continue consolidating and expanding our poverty alleviation gains, we will channel more support to key counties receiving rural revitalization assistance and other underdeveloped regions, develop county economies, and further improve working and living conditions.

*We will build a beautiful and harmonious countryside for people to live and work in.*

Continuing to draw on best practices from Zhejiang's Green Rural Revival Program, we will improve the diversified investment framework featuring priority fiscal support, preferential financial backing, and broad participation by non-governmental entities, and adopt a zonal, category-based, and systematic approach to rural revitalization.

We will work faster to address shortcomings in the provision of modern amenities in rural areas and work steadily to put in place more complete infrastructure systems, make public services more accessible, and improve the

living environment in rural areas. We will promote greater integration of primary, secondary, and tertiary sectors in rural areas and refine the mechanisms for involving more rural residents in the development of rural industries to help sustain their income growth. We will support the development of new rural collective economies, ensure that village-level organizations have adequate funding to maintain normal functions, and improve rural governance.

#### **6) Advancing new urbanization and coordinated regional development**

We will provide more tailored policy support to strengthen synergy between major regional strategies, the new urbanization strategy, and other relevant strategies, and thus optimize the regional economic layout.

*We will advance people-centered new urbanization.*

We will refine the transfer payment distribution mechanism so that public services can be transferred in line with population movements, thereby ensuring more equitable access to basic public services. The central government will allocate 42 billion yuan for an award fund to support local governments in implementing policies on granting permanent urban residency to people who have moved to cities from rural areas. We will also support urban governments in providing basic public services for such new residents, addressing their issues in accessing services such as education for children, social insurance, and basic medical care.

We will make coordinated use of all existing funding channels to steadily advance urban renewal projects and continue working to create sustainable investment and financing models to facilitate the development of modern cities for people. We will fully implement policies such as issuing special-purpose bonds to support purchasing commodity housing stock for use as government-subsidized housing. Moreover, we will support city-specific housing policies designed to control new supply, reduce excess inventory, and improve supply quality. The multi-tiered housing support system will also be further refined to meet the basic housing needs of urban salaried workers and families with difficulties.

*We will promote more coordinated regional development.*

We will implement improved regional fiscal and tax policies to promote major regional 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 also promote high-standard, high-quality development of Xiong'an New Area. The central government will allocate 202.2 billion yuan in subsidies to bolster the revitalization and development in old revolutionary base areas, areas with large ethnic minority populations, border areas, and areas affected by resource depletion.

To see Hainan becoming a new pacesetter for opening up, we will effectively implement goods tax policies designed for island-wide special customs operations in the Hainan Free Trade Port and trial a zero-tariff policy for imported goods consumed by island residents. We will encourage all regions to leverage their distinctive advantages and strengths, while supporting major provincial economies in assuming greater responsibility.

### **7) Accelerating the green transition across all sectors**

Acting on the principle that lucid waters and lush mountains are invaluable assets, we will improve fiscal policies concerning resources and the environment to drive coordinated progress in cutting carbon emissions, reducing pollution, pursuing green development, and boosting economic growth.

*We will step up comprehensive efforts to improve the environment.*

The central government will make transfer payments of 122.9 billion yuan to key ecosystem service zones, an increase of 2%, with the aim of enhancing basic public services in these areas. Focusing on key regions and fields, we will make solid progress in keeping our skies blue, waters clear, and lands clean. As part of this, the central government will allocate 32.3 billion yuan, 25.4 billion yuan, and 4.2 billion yuan for the prevention and control of air, water, and soil pollution, respectively. Continued support will be provided to promote clean winter heating in northern China, protect and improve our rivers and lakes, and prevent and control pollution risks related to heavy metals.

We will continue to develop trans-regional compensation mechanisms for ecological conservation along major rivers, including the Yangtze and Yellow river basins, while exploring the feasibility of trans-regional compensation mechanisms for other key ecological factors. We will follow a holistic and systematic approach to the conservation and improvement of mountain, water, forest, farmland, grassland, and desert ecosystems, continue with the Shan-Shui Initiative, and carry out protection and restoration of marine ecosystems and ecological restoration in abandoned mining areas. We

will develop the national park-based system of protected areas, support the implementation of large-scale greening programs in a well-planned way, and deliver new achievements in this crucial stage of the national shelterbelt program in northwest, north, and northeast China.

*We will actively and prudently work toward peaking carbon emissions and achieving carbon neutrality.*

We will use a full range of policies and measures including leveraging the guiding role of government funds and green government procurement to drive forward green and low-carbon transitions in industry, urban and rural development, transportation, and other key sectors. We will refine the green taxation system and trial an environmental protection tax on volatile organic compounds. We will optimize policies on green government procurement to scale up purchases of energy-efficient and environmentally friendly products.

We will give play to the role of the national green development fund, expedite the establishment of funds for ecological conservation and high-quality development in the Yellow River basin, and encourage greater private investment in key priorities such as environmental protection, clean energy, and green transportation. We will also provide strong backing for development of the renewable energy sector and work faster to foster a new type of energy system. Trials for the comprehensive utilization of hydrogen power will be launched with the aim of promoting large-scale application in the future. A new batch of pilot projects will be rolled out to address gaps in battery charging and swapping facilities at the county level, so as to further encourage the purchase of new-energy vehicles. We will also continue to issue sovereign green bonds to attract international capital to support our domestic green, low-carbon development.

#### **8) Ensuring necessary funding support for national defense, diplomacy, and judicial and law enforcement work**

Acting on Xi Jinping Thought on Strengthening the Military, we will support faster development of advanced combat capabilities, consolidate and improve integrated national strategies and strategic capabilities, and promote high-quality modernization of national defense and the armed forces. We will support ex-service members in getting resettled and securing employment and effectively carry out policies on subsidies and living allowances for entitled groups.

We will step up international financial and economic exchanges and cooperation, act on the Global Development Initiative, the Global Security

Initiative, the Global Civilization Initiative, and the Global Governance Initiative, and actively engage in global governance reform in the economic and financial sphere. We will support the expansion of high-standard opening up, pursue high-quality Belt and Road cooperation, and work for the building of a community with a shared future for humanity.

Applying a holistic approach to national security, we will build up national security capacity in key sectors, improve the social governance system, advance the development of the modern public legal services system, and guarantee funding for judicial and law enforcement work. All this will see us moving to a higher level in advancing the Peaceful China Initiative as well as the rule of law in China.

#### *4. General public budgetary revenue and expenditure for 2026*

##### **1) Central general public budget**

Revenue in the central general public budget is projected to be 9.567 trillion yuan, an increase of 1.8% over the actual figure in 2025. Adding in 100 billion yuan from the Central Budget Stabilization Fund and 250 billion yuan from the budget of central government state capital operations, total revenue is expected to reach 9.917 trillion yuan. Expenditures in the central general public budget are projected to increase by 3.5% to 15.007 trillion yuan. Total expenditure will exceed total revenue, leaving a deficit of 5.09 trillion yuan, 230 billion yuan higher than in 2025, which will be supplemented through the issuance of treasury bonds.

Expenditures in the 2026 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 expected to increase by 5.5% to 4.542 trillion yuan. In line with the principle of guaranteeing key expenditures while cutting general expenditures and the requirement for belt-tightening in Party and government bodies, we will keep general expenditures under strict control while giving priority to spending on diplomatic endeavors, national defense, science and technology, education, national reserves, and interest payments for treasury bonds.

The main expenditure items will be as follows:

- diplomatic endeavors, 70.975 billion yuan, up 9.3%;
- national defense, 1.909561 trillion yuan, up 7%;
- public security, 258.269 billion yuan, up 5.9%;
- education, 192.476 billion yuan, up 5%;

- science and technology, 426.42 billion yuan , up 10%;
- stockpiling of grain, edible oils, and other materials, 110.684 billion yuan, up 8.1%;
- debt interest payments, 873.99 billion yuan, up 6.7%.

(2) A total of 10.415 trillion yuan will be transferred to local governments, up 2.2%.

(3) A total of 50 billion yuan will be allocated to central government reserve funds, the same as 2025. Reserve funds will be counted as either central government expenditures or local government transfer payments according to their use in practice.

## **2) Local general public budget**

Revenue in the local general public budget is projected to rise by 2.4% to 12.503 trillion yuan. Adding in 10.415 trillion yuan in transfer payments from the central government and 1.7 trillion yuan in funds from other local sources and utilized carryover and surplus funds, total revenue is expected to be 24.618 trillion yuan. Expenditure in the local general public budget is projected to increase by 4% to 25.418 trillion yuan. This will create a deficit of 800 billion yuan at the local level, which is consistent with the figure for 2025 and 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 2.2% to 22.07 trillion yuan. Revenue includes tax receipts of 18.152 trillion yuan, an increase of 2.9%, and non-tax revenue of 3.918 trillion yuan, a decrease of 1.3%, primarily due to a fall in one-time revenue. With the addition of 2.05 trillion yuan in funds from other sources and utilized carryover and surplus funds, revenue will total 24.12 trillion yuan. Expenditure in the national general public budget is expected to increase by 4.4% to 30.01 trillion yuan (including 50 billion yuan for central government reserve funds). The budgetary deficit is projected at 5.89 trillion yuan, an increase of 230 billion yuan over 2025.

### *5. Budgetary revenue and expenditure of government-managed funds for 2026*

Budgetary revenue of central government-managed funds is expected to rise by 7.4% to 543.169 billion yuan. Adding in 58.684 billion yuan carried over from last year, 1.3 trillion yuan from the issuance of ultra-long special treasury bonds, and 300 billion yuan from the issuance of special treasury

bonds for capital injection into central financial institutions, total revenue is calculated at 2.201853 trillion yuan. Budgetary expenditure of central government-managed funds is expected to be 2.201853 trillion yuan. This figure consists of 1.014558 trillion yuan of central government spending and 1.187295 trillion yuan in transfer payments to local governments.

Budgetary revenue of local government-managed funds is projected at 5.264432 trillion yuan, largely the same as last year. Adding in 1.187295 trillion yuan in transfer payments from the budget of central government-managed funds and 4.4 trillion yuan from the issuance of local government special-purpose bonds, total revenue is expected to be 10.851727 trillion yuan. Budgetary expenditure of local government-managed funds is projected to increase by 6.5% to 10.851727 trillion yuan.

Budgetary revenue of government-managed funds nationwide, which combines both the central and local government-managed funds, is projected to rise by 0.6% to 5.807601 trillion yuan. Adding in 58.684 billion yuan carried over from the year before, 1.3 trillion yuan from the issuance of ultra-long special treasury bonds, 300 billion yuan from the issuance of special treasury bonds for capital injection into central financial institutions, and 4.4 trillion yuan from the issuance of local government special-purpose bonds, total revenue is calculated at 11.866285 trillion yuan. Budgetary expenditure of government-managed funds nationwide is projected to rise by 5.1% to 11.866285 trillion yuan.

#### *6. Budgetary revenue and expenditure of state capital operations for 2026*

Budgetary revenue of central government state capital operations is projected to drop by 4.8% to 371.632 billion yuan, mainly due to a fall in the profits of some central government enterprises in 2025. Adding in 25.991 billion yuan carried over from last year, total revenue is calculated at 397.623 billion yuan. Budgetary expenditure of central government state capital operations is expected to rise by 13.8% to 147.623 billion yuan. This is mainly due to an increase in revenue carried over from last year, which drives a corresponding increase in capital injection into central government enterprises. This figure consists of 144.245 billion yuan of central government spending and 3.378 billion yuan in transfer payments to local governments. A projected 250 billion yuan will be transferred into the central general public budget.

Budgetary revenue of local government state capital operations is projected to fall by 8.5% to 424.982 billion yuan. This decrease is primarily

due to a fall in the profits of local SOEs in 2025. Adding in 3.378 billion yuan in transfer payments from the central government state capital operations budget, total revenue is calculated at 428.36 billion yuan. Budgetary expenditure of local government state capital operations is projected to increase by 6.8% to 147.872 billion yuan. A projected 280.488 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 6.8% to 796.614 billion yuan. Adding in 25.991 billion yuan carried over from last year, the total budgetary revenue of state capital operations nationwide is calculated at 822.605 billion yuan. Budgetary expenditure of state capital operations nationwide is predicted to increase by 10.3% to 292.117 billion yuan. A projected 530.488 billion yuan will be transferred into the general public budget.

#### *7. Budgetary revenue and expenditure of social insurance funds for 2026*

Budgetary revenue of the central government social insurance fund is expected to fall by 11% to 33.895 billion yuan. This drop is primarily due to a reduction in government subsidies being paid into the fund in 2026 on account of the scale of the rolled-over fund surplus and other factors. Expenditure from the fund is projected to rise by 4.5% to 39.248 billion yuan. The budgetary deficit of the central government social insurance fund will be 5.353 billion yuan this year, with a year-end balance of 3.021 billion yuan after the balance from 2025 has been rolled over.

Budgetary revenue of local government social insurance funds is projected to rise by 3.9% to 13.055074 trillion yuan. Expenditure, meanwhile, is predicted to increase by 6% to 11.775173 trillion yuan. Taking into account funds under unified national management and regulation, the budgetary surplus of local government social insurance funds will be 1.279974 trillion yuan this year, with a year-end balance of 17.330527 trillion yuan after the balance from 2025 has been rolled over.

Combining the central and local government budgets and taking into account funds under unified national management and regulation, revenue of social insurance funds nationwide is calculated at 13.089039 trillion yuan, an increase of 3.9%. This includes 9.390172 trillion yuan in insurance premiums and 3.112806 trillion yuan in government subsidies. Budgetary expenditure of social insurance funds nationwide is expected to increase by 6% to 11.814421 trillion yuan. With a projected surplus of 1.274618 trillion yuan, the year-end balance will be 17.333618 trillion yuan after the balance from 2025 has been

rolled over.

We have set the debt ceilings for 2026 as follows:

- treasury debt, 48.550835 trillion yuan;
- local government general debt, 18.868922 trillion yuan;
- local government special debt, 44.318508 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, in the period after the start of a new budget year and before the NPC has approved that year's draft budgets, arrangements may be made for the following expenditures: carryover expenditures from the previous fiscal year; basic and project government department expenditures that are obligatory and transfer payments to lower-level governments for the current year (all of which are allocated according to budgetary expenditure amounts for the same period in the previous year); expenditures mandated by law; and natural disaster and other emergency response expenditures. In accordance with these stipulations and based on the actual needs of central departments and local governments, the central government has made arrangements for some central-level spending and local-government transfer payments. In January 2026, expenditures in the central general public budget totaled 1.9774 trillion yuan, comprising 279.3 billion yuan in expenditures at the central level and 1.6981 trillion yuan in transfer payments to local governments.

### **III. Fiscal Reform and Development in 2026**

#### *1. Implementing a more proactive fiscal policy*

Following the principles of pursuing progress while ensuring stability and enhancing both quality and efficiency, we must move faster to launch new fiscal policies already decided on, continue to advance those already in place, and strive to better leverage policy synergy. Local governments and departments must shoulder primary responsibility for budget execution, ensuring that funds are in place, policies are implemented, and projects are launched as soon as possible.

We will strengthen routine oversight over budget execution. This includes

regulation and control online and verification offline, so as to ensure the use of funds is well-regulated, safe, and efficient. Placing equal emphasis on providing policy support and pursuing reform and innovation, we will promote deeper reforms in key areas to unlock vitality for innovation and creation. We will strengthen inter-departmental collaboration and policy coordination, and make macro policies more effective and more consistent in orientations, so as to generate greater policy synergy in macro regulation.

It is imperative that we keep close track of fiscal and economic developments, and strengthen preparatory research and build up policy reserves, in order to roll out policies as conditions change. The mechanisms for managing fiscal expectations will be improved, and policies will be effectively communicated to the public to boost confidence.

## *2. Ensuring Party and government bodies keep their belts tightened*

We will fully implement the central Party leadership's eight-point decision on improving work conduct and the Regulations on Practicing Frugality and Opposing Waste in Party and Government Bodies. It is up to all of us in Party and government bodies to take the lead in belt-tightening and practice frugality in all matters.

We will strictly manage budget preparation. Support will be increased for expenditures in key areas, while non-obligatory and non-critical spending should be kept firmly in check, and general expenditures strictly controlled. Applying rigorous principles and standards, we will intensify management of overseas official visits, domestic inspection tours, official hospitality, domestic official trips, official vehicle use, meetings, and training programs, properly regulate and streamline festival celebrations, expositions, exhibitions, forums, and other similar activities, and enforce tight restrictions on the construction, renovation, and remodeling of Party and government office buildings. We will prohibit vanity and political showcase projects that squander resources and manpower, while also taking steps to guard against major errors in decision-making that lead to severe waste.

We will better manage government procurement of goods and services, ensuring demands are reasonably defined and working to reduce procurement costs. We will press ahead with reallocation of state-owned assets across administrative departments and public institutions, as part of our ongoing efforts to put idle and inefficient assets to good use. We will improve mechanisms for assessing the performance of Party and government bodies in keeping their belts tightened. In this regard, it should be our aim to

cultivate an environment that encourages both fiscal prudence and frugal practice.

### *3. Making more effective use of government funds*

In pressing forward with trials for exercising sound fiscal management, we will move faster to establish a management system that covers all governments from the central to local levels, facilitates management at all stages from budgetary arrangements to the use of funds, and involves every aspect of work across financial and budgetary departments. Through sound management, we will unlock the full potential of government funds and ensure they are used more efficiently.

We will strengthen ex-ante evaluations of major policies and projects and use their results as an important reference for budgetary application and arrangement. We will improve the mechanisms for regular evaluation and timely refinement of spending policies, in order to better assess their performance. This will allow us to cancel inefficient and ineffectual expenditures without delay, thus preventing spending policies from becoming ossified over time.

We will strengthen overall planning and coordination for budget execution, government bond issuance, treasury cash management, and treasury balance management to guarantee funding for essential expenditures and increase payment efficiency. We will also refine the functions of the integrated budget management system and make such management more IT-based.

### *4. Deepening reform of the fiscal and tax systems*

We will conduct a review of the methods and results of budgetary system reforms, with a view to quickly formulating guidelines on improving this system. We will better coordinate fiscal resources and budgets and increase the proportion of state capital gains collected by the central government. We will extend trials of the zero-based budgeting reform to more central departments while also guiding local government explorations on this front. Our aim is to establish a budget allocation mechanism that ensures funding for critical expenditures while enabling cuts to general expenditures and allows for dynamic adjustments to expenditures. We will also secure faster progress in building a robust system of expenditure standards to make budget allocation sounder and better regulated.

We will improve the local tax system. To this end, we will advance local surtax reform, adjust and optimize the scope and rate of excise tax, and move

excise tax collection for some items down the production-to-consumption chain. We will advance research on refining the personal income tax system, which is based on both adjusted gross income and specific income types, to see taxation playing a stronger role in redistribution.

We will improve the structure and management of transfer payments to allow for more integrated and coordinated use of fiscal funds and better meet the practical needs of local governments. We will accelerate the pace of structural fiscal reform at and below the provincial level to ensure the fiscal resources of prefecture- and county-level governments are commensurate with their powers.

We will support deeper reforms in state-owned financial enterprises and tighten oversight over the investors of state-owned financial capital. We will also make progress in legislative work concerning the Excise Tax Law, the Government Procurement Law, the Law on Certified Public Accountants, and the Law on Tax Collection and Administration.

*5. Guaranteeing the three priorities of basic public wellbeing, salary payments, and normal government functioning at the primary level*

We must diligently fulfill our responsibility for guaranteeing the three priorities. This requires full compliance with the tiered system under which county-level governments assume primary responsibility, prefectural governments provide assistance (ensuring basic needs in some cases), and provincial governments ensure that basic needs are met. These three priorities must take precedence in budgets and receive full funding. In addition, provincial and municipal governments should allocate more fiscal resources to lower-level governments to boost their capacity for funding the three priorities.

We will tighten management and oversight of budget execution and increase funding allocations from the treasury, doing everything possible to ensure necessary funding for these expenditures. We will also take steps to guard against misappropriation of funds. We will employ information technology to better monitor local government fiscal operations, enhance early warnings against risks, provide timely alerts, and improve emergency response. All this will enable us to effectively prevent and defuse all risks related to the three priorities.

*6. Strengthening local government debt management*

We will guide local governments in leveraging all relevant supporting policies. We will continue to follow the principle that provincial-level

governments shoulder overall responsibility, while prefecture- and county-level governments are tasked with making every effort to defuse debts. On this basis, we will deliver faster progress in defusing existing hidden debts, while also taking measures against malpractice and fraud in the defusing of debts.

The prohibition on new hidden debts will be strictly enforced. Adopting a zero-tolerance stance, we will keep close track of developments through more robust real-time monitoring, investigations, and evaluations. Lifelong accountability will be enforced, and retroactive probes will be carried out to determine liability for borrowing in breach of regulations. We will also make orderly progress on the reform and transformation of local government financing platforms on a per-category basis. They will be stripped of all government financing functions, and the creation of new financing platforms, whether directly or in disguise, will be expressly prohibited.

We will intensify whole-process regulation over special-purpose bonds and improve management to ensure their use for designated purposes. Funds for debt repayments will be ensured through effective project asset management and revenue collection. We will further improve monitoring mechanisms for the unified management of local government debt and place hidden and legally mandated local-government debt under unified supervision. In doing so, we will make faster advances in establishing long-term mechanisms for government debt management that meet the needs of high-quality development.

#### *7. Maintaining strict financial and economic discipline*

We will exercise administration, manage public finance, and formulate budgets in accordance with the law, impose mandatory budget constraints, and enforce the Budget Law to the letter. We will rigorously execute the budgets approved by the NPC, prohibiting all spending off budget or over budget, and exercising tighter control over budgetary adjustments.

We will see that financial departments assume primary responsibility for accounting oversight. A three-year initiative will be launched to improve the quality and efficiency of such oversight. Oversight will be intensified for key priorities such as prevention and mitigation of local government debt risks, projects funded by ultra-long special treasury bonds and special-purpose bonds, and the management and use of funds for public wellbeing. Through more targeted, more penetrating oversight, we will ensure implementation of the Party Central Committee's major decisions and plans.

We will intensify checks on and supervision of the exercise of public power in the financial and economic spheres. To this end, we will tighten up fiscal discipline, take a tougher line against prominent violations, and promote rectification in cases of misconduct. We will also strengthen supervision and inspection of accounting evaluations. We will crack down on all breaches of laws and regulations in financial accounting in accordance with the law. Harsher penalties will be imposed in financial and accounting fraud cases that exert a particularly harmful impact, with those responsible being strictly held to account.

### **Fellow Deputies,**

Great visions can be realized only through action. 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 acquire a deeper 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 of 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. We will 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 resolutely implement the decisions and plans of the CPC Central Committee and the State Council, readily submit ourselves to law-based oversight by the NPC and democratic oversight by the CPPCC National Committee, and earnestly solicit comments and suggestions from NPC deputies and CPPCC National Committee members. With an indomitable spirit of persistence, we will dedicate ourselves to our duties and make every moment count as we strive to deliver on all initiatives for fiscal reform and development. Through these efforts, we will make new and even greater contributions to building a great country and advancing national rejuvenation on all fronts through Chinese modernization.