

## Abstract

### Problems and Improvements of Tax Credit on Safety and Health by Size and Industry

**Objective :** For the overview the tax credit on safety assets we surveyed about Restriction of Special Taxation Act §25. When applying Restriction of Special Taxation Act §25, it should comply with Industrial Safety and Health Act. This study was aimed to examine the method for improvements of occupational safety and health's tax credit and accounting system.

**Methods :** In order to verify the adequacy of the rate of tax credit, we surveyed the present situation of disaster and the occupational safety and health's tax credit of other countries. We reviewed an accounting regulation about safety besides tax regulation. And we've confirmed once again these problems through professional interview and questionnaire of company.

Finally, We performed the costs and benefits analysis on condition of some assumptions.

**Results :** It was not clear connections with tax law and relevant act, the taxpayer is difficult to apply this regulation. And the factor that taxpayer have to separate safety device from one machine also made it difficult to apply tax credit. Existing regulations classified company as small and medium-size companies, strong-medium companies and large companies. A difference in the rate of tax deduction in accordance with this size are applied. But we were founded to give more tax credit to small-size companies. According to review accounting system, the investment on asset for industrial safety has been marked separately by disclosure accounting system. Finally If investment amount on safety equipment by revising the tax law increase, the benefit will be greater than the cost through a cost-benefit analysis.

**Conclusions :** We suggested the alternative that how to improve the link between the two laws and how to separate safety device through accounting. Also, we suggested to split small and medium-size companies into medium-size companies and small-size companies. A higher rate of tax credit for small-size companies was proposed to apply. Even though we give small-size companies the advantage, the advantage is balanced with tax credit on environment. So, the rate of tax credit on small-size companies can't exceed 10%. We don't suggest to apply tax credit according to industry. but we apply tax credit according to size, because it reflect

the difference between rates have already responded. And If we apply an additional tax credit according to industry, we made a judgement that tax laws will be too complex.

The sense of safety can improve through separate account title and disclose system according to the survey result. We suggest how to separate account title and disclose system. In order to reduce the compliance costs of taxation, we contain how to link accounting and taxation.

**Key words :** Occupational Safety Healty(OSH), Tax expenditure, Tax credit, Industrial Safety and Health Act, Cost-benefit