The financial administration established in the first year of Jianzhong (780) was based on liangshui (two seasonal taxes) and imposed labor for the transportation of tax revenues (hereinafter, imposed labor); the administration’s main characteristic was a concept of fixed finance for both revenue and expenditure. In this first year of the liangshui system, the Tang Dynasty set the fixed amounts to equal the highest amounts, which had been collected through a variety of taxes that were outside the system in each prefecture during the previous Dali Era. In addition, the tax collected was reallocated among shanggong (central expenditure), liushi (local circuit expenditure), and liuzhou (local prefectural expenditure) and for these as well, fixed finance was introduced as the foundation of financial administration. The system was a transformation from the financial administration based on taxes paid in produce or labor, permanently applicable directives, and fixed finance, which were transitionally implemented during the 45 years from the 24th year of the Kaiyuan Era (736) to the first year of Jianzhong. The administration consisting of the liangshui system, state monopoly, and imperial directives led to the start of financial administration by a full-scale fiscal practice involving “regulating revenue by estimating expenditure.” Financial administration based on this policy was implemented by a three part procedure: 1) on the New Year’s day of every fiscal year an imperial directive (financial guideline) was issued by the central government; 2) in December, at the end of the fiscal year, treasury reports were submitted to the Chancellor by three bureaus, the salt/iron monopoly and transport, accounting, and revenues; and 3) financial audit records were submitted by circuit military governors and inspectors to the Department of Judicial Control under the Minister of Revenues. It was also a financial administration system to fix the base amounts of revenue and expenditure by setting a long-term fixed amount and thus balance revenue and expenditure by managing any revenue shortfall or surplus. Financial administration based on such fixed finance, along with the liangshui and imposed labor system that form the foundations of the administration, were the basis of the public finances of the later autocratic state until it was virtually abolished by a system that determined the number of people to be taxed a fixed amount according to the policy of “no extra tax in times of prosperity” at the beginning of the 18th century, and the establishment of the land tax and poll tax in the middle of the 18th century.
Key words: Fixed finance, liangshui (two seasonal taxes), regulating expenditure by estimating revenue, regulating revenue by estimating expenditure, permanently applicable directives