

Original Paper

Study on Loss of Necessary Benefit in Administrative Compensation

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Abstract

On March 21, 2022, the Supreme People's Court issued the Judicial Interpretation on Administrative Compensation, expanding the scope of direct losses under the State Compensation Law. This landmark development extends the definition of actual losses in administrative compensation litigation from direct damages to include lost expected benefits—a milestone in China's administrative legal reform. For decades, theoretical and practical circles have debated the concept of "expected benefits" in administrative compensation. Through this judicial interpretation, we examine the current challenges in determining actual losses within China's compensation framework, including inconsistent standards, diverse calculation methods, and complex procedures. By integrating the State Compensation Law with administrative regulations and judicial interpretations, this study clarifies the theoretical foundations and practical criteria for assessing actual losses, delineates the boundaries between direct and indirect losses, and incorporates property depreciation and lost expected benefits resulting from administrative actions into the compensation scope.

Keywords

administrative compensation, direct loss, indirect losses, loss of necessary benefits

1. Introduction

1.1 Research Background

China's National Compensation Law, enacted in the 1990s and revised twice in 2010 and 2012, has been continuously updated to address evolving societal needs. However, Article 36 (8) of the law—which mandates compensation for property losses based on direct damage—has remained unchanged since its initial enactment and continues to spark controversy. The current compensation standards therefore fall far short of victims' expectations to fully restore their rights to pre-infringement conditions through state compensation mechanisms.

Article 29, Paragraph 4 of the Judicial Interpretation on Administrative Compensation defines actual losses as comprising both vested interest losses and necessary interest losses. The latter refers to benefits that market entities would have obtained without administrative intervention. Throughout its evolution, the administrative compensation system has been shaped by significant legal developments and landmark cases. Its progress manifests not only in refined legal frameworks but also through enhanced compensation standards and streamlined procedures. With socioeconomic development and heightened public awareness of rights protection, compensation thresholds have progressively increased while administrative processes have become more simplified.

1.2 Research Meaning

From a practical standpoint, administrative compensation serves as a vital mechanism for safeguarding the legitimate rights of citizens, legal entities, and organizations. However, in practice, the complexity of compensation standards and procedures often results in significant discrepancies between compensation amounts and actual losses. Therefore, studying the actual losses in administrative compensation helps refine the compensation system, enhance its fairness and reasonableness, and better protect the legitimate rights of affected parties.

Secondly, from a theoretical perspective, research on actual administrative compensation losses contributes to enriching and developing the theoretical frameworks of administrative law, compensation law, and related disciplines. Through in-depth analysis of actual losses, this study can reveal existing issues and shortcomings in compensation systems, providing theoretical support for their improvement. Simultaneously, such research offers valuable references for compensation mechanisms across other fields, driving comprehensive progress in the compensation system as a whole.

Furthermore, research on actual losses in administrative compensation holds significant social value. With rapid societal development and the deepening of legal system reforms, citizens, legal entities, and organizations have increasingly heightened their legal awareness, demanding greater fairness and rationality in compensation mechanisms. Therefore, studying actual losses in administrative compensation not only helps meet public expectations for compensation systems but also enhances government credibility and image, ultimately contributing to social harmony and stability.

2. Research Status

2.1 Status Quo of Domestic Research

In the current research landscape of administrative compensation systems both domestically and internationally, it is evident that with the continuous advancement of legal system development, this field has become a focal point in legal academia. In China's domestic academic circles, numerous scholars have conducted in-depth studies on the theoretical foundations, practical applications, and challenges within administrative compensation mechanisms, proposing innovative and actionable recommendations. For instance, recent years have seen Chinese researchers thoroughly examine the scope, standards, and procedural requirements of administrative compensation, developing forward-looking solutions.

Meanwhile, the practical implementation of China's administrative compensation system continues to progress, with landmark case judgments providing crucial guidance for refining the framework.

2.2 Current Situation of Overseas Research

At the international level, administrative compensation systems have garnered significant attention. These systems exhibit distinct characteristics across different countries and regions, with their development trajectories and current practices demonstrating varied features. For instance, developed nations have established comprehensive legal frameworks and practical experience in administrative compensation mechanisms. Their systems demonstrate high scientific rigor and fairness in defining scope, establishing standards, and implementing procedures. These well-developed systems provide valuable references for other countries and regions seeking to improve their administrative compensation mechanisms.

3. Basic Theory of Necessary Benefit Loss in Administrative Compensation

3.1 Theoretical Scope of Citizen Property Protection in the Constitution

The Constitution establishes clear protections for both public and private property. Public property, which refers to state and collective assets, is safeguarded by the state with legal obligations, prohibiting any organization or individual from appropriating or destroying it through any means. Regarding private property—particularly citizens' "lawful private property"—the Constitution explicitly guarantees its inviolability and mandates that the state legally protects citizens' private property rights and inheritance rights. While affirming equal protection for both public and private property, the Constitution further delineates their boundaries. Private property encompasses, but is not limited to, citizens' lawful income, savings, housing, livestock, and legally permitted production materials. These provisions ensure that all types of property accumulated by citizens in daily life are protected under the law.

In safeguarding citizens' property rights, the Constitution enshrines several fundamental principles. The principle of "right as entitlement" establishes that personal property rights must be protected through legal frameworks, meaning such rights are only protected when acquired and exercised in accordance with the law. The principle of "separability" ensures that property rights remain inseparable from personal identity, guaranteeing their independence and stability. Finally, the principle of "fairness and reasonableness" mandates that property rights protection should follow equitable and reasonable standards, ensuring appropriate measures are applied to different individuals and circumstances.

While safeguarding citizens' property rights, the Constitution also takes into account the needs of public interest. Under specific circumstances, such as when public interests are satisfied, the state has the authority to legally expropriate or requisition citizens' private property. However, this action must be based on fairness and reasonableness—meaning the state must provide appropriate and reasonable compensation to affected citizens to ensure their rights are fully protected and respected. This provision demonstrates that while protecting citizens' property rights, we must also respect and consider the needs of social public interest.

In general, the theory of the scope of citizen property protection in the Constitution aims to ensure that citizens' legal property is effectively protected, and balance the relationship between individual interests and public interests, so as to maintain social harmony and stability.

3.2 The Theory of the Scope of Protection of the Legitimate Rights and Interests of the Plaintiff in Administrative Litigation

First of all, the legitimate rights and interests of the plaintiff in administrative litigation include the right to file a lawsuit, the right to produce evidence, the right to debate, the right to apply for withdrawal, the right to apply for preservation of evidence, the right to appeal and other litigation rights. These rights are the basic guarantee for the plaintiff to carry out litigation activities normally and safeguard their legitimate rights and interests in administrative litigation.

Secondly, the protection of plaintiffs "legitimate rights and interests encompasses multiple dimensions. On the one hand, courts must legally accept lawsuits to safeguard their right to file claims. On the other hand, during litigation proceedings, courts should fully protect plaintiffs' procedural rights including evidence presentation and debate opportunities, ensuring they can adequately express their demands and arguments. Furthermore, courts should conduct substantive reviews of plaintiffs' legal rights and conduct legality assessments of administrative actions by government agencies to uphold these rights.

Furthermore, the protection of plaintiffs' legitimate rights and interests in administrative litigation also encompasses remedial measures. When such rights are violated, courts shall provide relief through revocation, amendment, or confirmation of the illegality of administrative actions. Additionally, based on case specifics, courts may order administrative agencies to assume corresponding compensation liabilities to compensate plaintiffs for losses incurred due to such actions.

In the theoretical framework for protecting plaintiffs "legitimate rights and interests in administrative litigation, several critical aspects require attention: First, it is essential to accurately define the scope of cases accepted by administrative litigation, ensuring that plaintiffs' lawful rights are fully encompassed within its remedial scope. Second, enhanced procedural safeguards must be implemented to protect plaintiffs "procedural rights, guaranteeing their full exercise of litigation rights throughout the proceedings. Third, substantive protections should be strengthened to ensure effective safeguarding of plaintiffs' legitimate rights. In summary, the theory of protecting plaintiffs "lawful rights and interests constitutes a vital component of the administrative litigation system. Its primary purpose is to ensure that plaintiffs' rights are fully respected and protected during administrative litigation, thereby achieving justice, fairness, and effectiveness in judicial processes.

3.3 The Scope of the Loss of Necessary Benefits in Administrative Compensation

1) The connotation of the loss of necessary benefit in administrative compensation

Generally speaking, direct loss refers to the reduction or loss of existing property. However, analyzing the scope of direct losses outlined in the Judicial Interpretation on Administrative Compensation reveals that examining the causal relationship between tortious acts and damages better aligns with legislative intent. Indirect loss pertains to the loss of potential benefits, which includes both probable and certain

benefits. Among these, certain benefits should fall under direct loss. For probable benefits lacking causal necessity, even without tortious acts, such gains might not materialize, thus this portion of losses should be excluded from compensation. However, certain certain benefits—like operational losses during vehicle downtime specified in Article 29 of the Judicial Interpretation—are guaranteed to occur regardless of tortious acts. Similarly, rental losses from business suspensions under Article 28 also constitute certain benefits, both falling under direct losses with guaranteed benefits. For instance, while rental income is generally considered indirect loss and excluded from compensation, in the administrative compensation case *Liu v. Xincai County Government*, where Liu rented out part of his property and provided evidence, the Supreme People’s Court ruled that administrative compensation primarily covers direct losses rather than indirect ones. Therefore, Liu’s retrial application was dismissed. However, the loss of rent belongs to the loss of inevitable and obtainable benefits. The forced demolition will inevitably block the collection of rent, and there is an inevitable causal relationship with the loss of rent, so it is a direct loss and should be compensated (Lu, Z. F., & Wu, J. H., 2022, pp. 115-119).

2) The significance of administrative compensation covering loss of vested interests

According to the timing of damage occurrence, damages can be categorized into direct and indirect losses. Indirect loss refers to future property reduction, specifically diminished potential benefits (Zhang, X. B., 2005, pp. 56-57). Potential benefits refer to the interests that victims would have obtained or were highly likely to obtain had the infringement not occurred. These losses are characterized by two key features: First, such benefits existed before the infringement occurred, and victims could potentially acquire them without actual possession; Second, these benefits were either inevitable or highly probable if the infringement had not occurred—in other words, they held practical significance rather than being hypothetical. Under relevant provisions of China’s State Compensation Law, indirect losses are excluded from state compensation coverage. This legislative decision reflects China’s fiscal constraints and the inherent complexity of calculating indirect losses, leading courts to prioritize compensating only direct damages in property-related cases. However, this approach has become increasingly problematic with economic development. Judge Liu Haihong identifies the distinction between direct and indirect damages as a critical challenge in judicial practice, noting inconsistent adjudication standards that undermine public trust. From the perspective of fully safeguarding human rights, she proposes limiting compensable indirect losses to evidence-proven specific ranges (Liu, H. H., 2005, pp. 39-41). Scholar Ding Bangkai elaborates on the necessity and feasibility of including indirect losses in compensation, suggesting reference to civil law standards for defining indirect losses (Ding, B. K., & Qian, F., 2004, pp. 68-72). Therefore, according to the actual needs of social progress, it is necessary to adjust the coverage of administrative compensation regularly.

Incorporating loss of expected benefits into administrative compensation not only fulfills legislative objectives but also constitutes an essential requirement for achieving “administrative rule of law.” The modern state compensation philosophy prioritizes people-centered principles, emphasizing the provision of fair, timely, and effective compensation when citizens’ legitimate rights are infringed upon by state

power. It seeks to establish reasonable compensation standards that align with social development. The original intent of the State Compensation Law was to provide legal remedies for victims. The scope of administrative compensation directly impacts the intensity of supervision over administrative power and the extent of protection for victims' rights. In today's economic environment where indirect losses often accompany direct ones, overly restrictive loss determination may inflict secondary harm on disadvantaged victims. Meanwhile, China's Constitution stipulates that all power belongs to the people. It further specifies that victims entitled to compensation may seek redress through legal channels when state organs or officials unlawfully exercise authority to infringe upon citizens' rights. By institutionalizing and legalizing state compensation, the State Compensation Law embodies the government's core principle of acting according to law and assuming responsibility for violations. Incorporating loss of expected benefits into administrative compensation precisely implements this principle and meets the requirements of "administrative rule of law."

4. Dispute and Cause Analysis of the Loss of Necessary Benefit in Administrative Compensation

4.1 The Scope of Legislative Protection of Vested Interest Loss Is Not Clear

The current legislation on "actual loss" faces two major issues regarding its scope of protection. First, there is a lack of clear legal basis. Although the State Compensation Law introduced the concept of "direct loss," it fails to provide detailed and precise definitions. This results in inconsistent judicial standards when handling related cases, undermining the credibility and authority of the judiciary. Second, unclear legal definitions pose another pressing challenge. In China, the concept of "actual loss" is not only applied in state compensation law but also extends to civil and administrative laws. However, significant differences in interpretations of "lost expected benefits" across various legal systems create substantial confusion and uncertainty in defining the scope of legislative protection.

Of particular significance is the Supreme People's Court's 2008 Judicial Interpretation on Several Issues Concerning Judicial Compensation in Civil and Administrative Litigation, which systematically outlines specific scenarios of direct losses that may arise during judicial compensation proceedings. As current national compensation legislation lacks a clear definition of "compensable loss of expected benefits," it becomes imperative to conduct comprehensive research across relevant laws, regulations, and normative legal documents to establish an accurate interpretation and delineation of this concept.

4.2 The Scope of Compensation for Loss of Vested Interests Is Limited

In the practice of state compensation law, the determination of direct losses directly determines the specific amount of compensation. However, in reality, many victims suffer actual losses far exceeding the scope of direct losses, yet receive inadequate compensation. Take the administrative compensation case between Baqing County Dazhuang Game Hall and Baqing County Public Security Bureau as an example: The game hall suffered over 1,000 days of business interruption due to the public security bureau's illegal shutdown. Its electronic gaming equipment depreciation, property rent, financing costs, and potential operating profits were not adequately considered. Although the court compensated for

some direct losses like equipment depreciation and property rent, it excluded other more complex and hard-to-quantify losses such as financing costs and operational losses on the grounds of “only compensating direct losses.” The outcome of this case shows that the victim received compensation far below their entitled loss, while the administrative authority imposed excessively low costs for its illegal actions.

While the “causation theory” serves as a standard for determining direct losses in administrative compensation, its strict definition of “direct causation” often excludes anticipated benefit losses in practice. This undoubtedly limits the fairness and reasonableness of compensation. Therefore, it is necessary to re-examine and adjust existing compensation standards to more comprehensively cover victims’ actual losses. This will better protect their legitimate rights and interests, promote lawful administration by government agencies and their staff, and ensure proper exercise of authority.

4.3 The Scope of Judicial Protection of Vested Interest Loss Is Limited

The inadequacy of compensation standards for victims’ property losses in China’s administrative compensation system has persisted since the enactment of the State Compensation Law. While the legislation mandates “compensation based on direct losses,” it fails to clearly define what constitutes such losses. This ambiguity has resulted in judicial practices that apply extremely narrow criteria for determining lost expected benefits, thereby preventing victims from receiving comprehensive and adequate legal redress.

According to Article 12 of the Supreme People’s Court’s Interpretation on Several Issues Concerning the Application of Law in Civil and Administrative Litigation Cases Involving Judicial Compensation, when property cannot be restored to its original condition or is destroyed, losses shall be calculated based on the price at the time of the infringement. If market prices cannot be determined or are insufficient to compensate for the victim’s losses, other reasonable methods may be used to calculate damages (Zhang, X. Y., 2017, pp. 124-133). Therefore, the principle is to calculate losses according to market prices at the time of demolition. However, for real estate and bulk commodities where values fluctuate easily, calculating losses based on original values might appear unfair.

According to Articles 3 and 4 of the State Compensation Law, administrative compensation applies only when administrative authorities unlawfully exercise their powers to infringe upon personal or property rights. These provisions limit the scope of administrative compensation (Wang, K., 2007, pp. 140-166). In determining loss of expected benefits, it is essential not only to consider the specific amount of loss but also clarify the method for determining the loss amount and the allocation of burden of proof. The determination of loss amounts proves particularly complex, as it involves selecting calculation benchmarks and time nodes for compensation. Currently, China’s existing State Compensation Law does not explicitly specify calculation benchmarks for property damage. However, Article 27 of the Judicial Interpretation on Administrative Compensation explicitly states the principle of using market prices as the calculation benchmark. This provision provides judicial guidance, allowing reference to market prices when determining loss amounts. Therefore, when assessing loss of expected benefits, full

consideration should be given to the method for determining the loss amount, the allocation of burden of proof, and the selection of calculation benchmarks and time nodes for compensation. This ensures the fairness and reasonableness of compensation outcomes.

4.4 The Standard of Judicial Judgment on the Loss of Vested Interests Is Too Low

When discussing compensation standards for personal rights violations, two critical issues emerge. First, the current “national average daily wage of employees from the previous year” used as a daily compensation benchmark primarily compensates victims for lost wages, while neglecting mental distress and potential future income losses. Second, the standard calculation method—based on multiplying the “national average daily wage” by the number of injured days with an upper limit set at the “national average annual wage multiplied by a specific multiplier”—fails to reflect modern economic diversity and varied occupational income distribution. This rigid standard proves unfair and inadequate, particularly when calculating compensation for moderate-to-high-income individuals who suffer substantial non-monetary damages from injuries.

The same issue manifests in the compensation standards for property rights infringement. The State Compensation Law stipulates that infringing authorities only need to compensate for “direct losses”—that is, financial reductions directly caused by the infringement, such as direct decreases in victims’ wealth due to property damage. All other losses are classified as “indirect losses” and not eligible for compensation. For instance, when business licenses are revoked, compensation covers only regular expenses like utility fees during suspension periods, while direct losses like breach penalties and compensation payments incurred due to business shutdowns remain uncompensated. Expectations of future income and potential benefits are even more excluded. Since the amount of potential benefits is often substantial and realistically exists, such compensation standards prove ineffective in addressing victims’ actual loss of expected benefits.

5. Legislative Improvement and Judicial Countermeasures for the Determination of Necessary Benefit Loss in Administrative Compensation

5.1 Clarifying the Scope of Legislative Protection for Losses of Vested Interests

When defining the legislative scope of administrative compensation for actual losses in China, a central issue is establishing clear calculation standards for lost expected benefits. Current laws provide vague regulations in this area, resulting in significant discretionary room in practice. This ambiguity undermines the fairness and reasonableness of compensation outcomes.

The calculation of lost expected benefits should establish a multi-dimensional evaluation mechanism that comprehensively considers direct economic losses, indirect economic losses, and non-economic damages. Regarding direct economic losses, assessments should not only evaluate physical damage but also include business interruption costs and relocation expenses caused by administrative actions. For indirect losses, factors such as potential impacts on future earnings and reputational harm should be incorporated, with methods for quantifying these damages being explored. As for non-economic

damages like mental distress compensation, clear standards and caps must be established to prevent excessive payouts. Furthermore, calculating lost expected benefits should extend beyond static property valuation to consider victims' actual living conditions and future prospects. For instance, in housing expropriation cases, compensation should not only cover the property's value but also account for resettlement costs, relocation expenses, and potential changes in living standards. To enhance the scientific rigor and accuracy of loss calculations, it is recommended to engage third-party professional institutions for evaluations. Third-party assessments can reduce subjective biases, ensuring objective and credible results. Simultaneously, establishing review procedures will guarantee the professionalism and independence of third-party evaluations.

Finally, the legislative body should establish clear legal guidelines for calculating compensable losses in administrative compensation to eliminate practical uncertainties. This includes creating unified evaluation benchmarks, assessment methodologies, and necessary correction mechanisms. These measures will provide a more robust legal foundation for calculating compensable losses in administrative compensation, thereby advancing the realization of fairness and justice within the administrative compensation system.

5.2 The Scope of Compensation and Relief for Loss of Vested Interests Shall Be Expanded

Article 4, Item 4 and Article 36, Item 8 of the State Compensation Law of the People's Republic of China stipulate that when administrative acts by administrative organs and their staff violate laws during the exercise of administrative authority, causing property damage to citizens, legal persons, or other organizations, the victims have the right to claim compensation. When property rights of citizens, legal persons, or other organizations are infringed and damages occur, compensation shall be provided based on direct losses. Therefore, when administrative organs unlawfully carry out forced demolition actions causing property losses to affected enterprises, they shall compensate for the "direct losses" caused by such unlawful administrative acts. Article 29 of the Judicial Interpretation on Administrative Compensation incorporates interest, operational losses, and rewards/subsidies eligible in compensation into the category of direct losses. Other actual property losses are recognized as real losses, and compensation claims in cases involving illegal house expropriation or land requisition must not be less than the original compensation, thereby fully protecting the legitimate rights and interests of the parties concerned (Yu, H. S., Guo, X. J., Yang, K. X. et al., 2022, pp. 25-36).

The term "direct losses" refers to the total actual financial damages caused by unlawful administrative actions to the affected party. Typically, when implementing property expropriation for corporate factories, compensation covers: the value of the expropriated property, relocation and temporary resettlement expenses, business suspension losses due to expropriation, as well as subsidies and incentives stipulated in the compensation plan. If an administrative agency unlawfully demolishes lawful properties through forced demolition during expropriation, the administrative compensation items and amounts must not be less than those from administrative compensation procedures. In other words, all legally entitled compensations including relocation fees, temporary resettlement allowances, business

suspension losses, and subsidies/grants should fall under the category of “direct losses” and are legally required to receive administrative compensation.

5.3 Expanding the Scope of Judicial Protection of Vested Interests Losses

The newly issued Judicial Interpretation scientifically defines and legally expands the scope of compensation for damages to legitimate rights and interests. It clarifies that administrative compensation protection covers, but is not limited to, personal and property rights, while extending judicial protection to losses of expected benefits in administrative actions. Addressing issues such as unlawful exercise of administrative authority infringing on labor rights and adjacent rights in judicial practice, Article 2 of the new interpretation stipulates that citizens, legal entities, or organizations may file administrative compensation lawsuits if they believe administrative authorities or their staff have unlawfully exercised power, causing personal or property damage to their labor rights, adjacent rights, or other legitimate interests. This expands the original scope of administrative compensation protection. The interpretation also reasonably defines the scope of direct losses and clarifies the boundaries of legitimate rights and interests infringed upon by parties.

In accordance with the provisions of the State Compensation Law of the People’s Republic of China, the scope of compensation for damages to personal and property rights caused by illegal acts by administrative authorities and their staff should be further clarified and expanded. Beyond existing damages from unlawful detention, illegal confinement, assault, and abuse, legislative acts, abstract administrative actions, and discretionary decisions should also be included in the compensation scope. First, material compensation for mental distress should be added. In practice, many victims suffer not only material losses but also psychological anguish. Therefore, material compensation for mental harm should be enhanced to better protect victims’ rights. Second, the scope of compensation should encompass both direct and indirect losses. Compensation should extend beyond direct damages to include indirect losses caused by administrative violations, such as lost expected benefits. This approach helps comprehensively compensate for economic losses. Third, judicial oversight over administrative power should be strengthened. By enhancing judicial supervision, we can ensure lawful exercise of authority and reduce illegal acts. Administrative agencies violating laws should be held accountable and compensate victims accordingly. Additionally, to ensure legal flexibility, the new Judicial Interpretation has established a catch-all clause explicitly stating that other actual property losses also fall under direct loss categories. The way of expanding the scope of direct losses through the bottom-line clause aims to encourage the practice of bravely remedying other actual losses, which can maximize the protection of the legitimate rights and interests of the parties concerned, and also provide a more clear and specific legal basis for the trial of administrative compensation cases (Ma, W. D., & Zhang, Z. Y., 2022, pp. 18-24).

5.4 The Fairness of the Standard of Judicial Protection for the Loss of Vested Interests

After determining that the administrative organ is liable for compensation, a new problem arises, namely, what standard the administrative organ should adopt to assume liability and compensate the victim's loss. According to the provisions of the State Compensation Law, the principle of compensation for infringement of the property rights of citizens, legal persons and other organizations is based on the principle of compensation for direct loss.

Regarding cases where property damage cannot be restored or is irretrievably lost, the National Compensation Law stipulates "payment of corresponding compensation." The term "corresponding" is a broad concept that requires specific determination based on China's current administrative compensation standards. In terms of the adequacy of administrative compensation, calculation criteria can be categorized into two types. First, punitive standards. This special calculation method adopted by administrative compensation authorities involves paying amounts exceeding the victim's entitled loss rather than simply determining compensation based on the victim's potential gains. Beyond compensating victims, punitive damages serve a deterrent function for administrative agencies, ensuring both rights protection and future compliance through penalizing illegal acts. Therefore, moderately increasing punitive standards in administrative compensation can raise the cost of violations and prevent unlawful conduct. Second, compensatory standards. This calculation principle ensures that compensation payments align with the actual loss suffered by the claimant. Under this standard, compensation amounts match the victim's actual damages to achieve full restitution and ensure fair compensation. The scope of this compensatory standard should be expanded to match the scope of civil law compensation.

6. Conclusion

In recent years, significant theoretical perspectives and empirical analyses have emerged regarding the loss of necessary benefits in administrative compensation. However, unresolved issues persist, such as ongoing debates over the criteria and scope of these losses, as well as the need for deeper exploration in procedural integration and systematic research. To better protect the legitimate rights of administrative counterparts, it is imperative to reform the current compensation system in a timely manner. This involves establishing a liability framework prioritizing violations and manifest impropriety while incorporating minor faults as a secondary consideration, moderately expanding the scope of administrative compensation, introducing additional provisions for mental distress and potential benefit losses, broadening coverage of actual property damage compensation, and designing more streamlined administrative compensation procedures alongside practical and meticulous administrative recovery mechanisms. Therefore, further research and exploration into the loss of necessary benefits in administrative compensation remain both crucial and essential.

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