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# China Tax Center China Tax & Investment Express

*China Tax & Investment Express (CTIE)\** brings you the latest tax and business announcements on a weekly basis. We selected some comparatively key announcements to provide for a synopsis and we also provide a link that leads you to the full content of each latest announcement (in Chinese). Please feel free to contact your EY client service professionals for further assistance if you find the announcements have an impact on your business operations.

*CTIE* does not replace our *China Tax & Investment News\** which will continue to be prepared and distributed to provide more in-depth analyses of topical tax and business developments in China.

\*If you wish to access the previous issues of *CTIE* and *China Tax & Investment News*, please contact us.

## Tax circular

- ▶ **Notice regarding public opinion consultation on the “Administrative Measures of the People’s Republic of China (PRC) for Tax Invoices (Revised Discussion Draft)”**

### Synopsis

To promote the use of electronic tax invoices according to State Council Order [2019] No. 722 (“Order 722”, i.e., Regulations on optimizing the business environment), on 8 January 2021, the State Taxation Administration (STA) released the “Administrative Measures of the PRC for Tax Invoices” (hereinafter referred to as the “Discussion Draft”) on its official website to seek public opinion. The consultation of public opinion shall be opened until 7 February 2021.



The following proposed changes made in the Discussion Draft are worth noting:

- ▶ According to Article 3, tax invoices are specified to include both paper and electronic tax invoices. Thus, contents related to electronic tax invoices are specifically added, e.g., under Article 20, in case a taxpayer needs to issue a red-letter electronic tax invoice, valid proof from the counterpart should be obtained.
- ▶ To protect legitimate rights of taxpayers, identifications of the applicant shall be verified by tax authorities for collection of tax invoices or issuance of tax invoices by tax authorities on a taxpayer's behalf.
- ▶ The risk level of taxpayers shall be used as one of the factors (along with their business scope and business scale) for tax authorities to determine types, volumes and ways of collecting tax invoices applicable to the taxpayers.
- ▶ The requirements for keeping the records of tax invoices collection (发票领购簿) and registry of tax invoices (发票登记簿) as prescribed in the prevailing Administrative Measures of the PRC for Tax Invoices are removed to ease administrative burden of taxpayers.
- ▶ To ensure the security of electronic tax invoices, stealing, retention, falsifying, selling and exposing data of tax invoices shall be strictly prohibited.

Taxpayers are suggested to read the Discussion Draft and are encouraged to express opinions on or before 7 February 2021 by sending mails to the STA or logging onto <http://www.chinatax.gov.cn>.

You can click this link to access the full content of the Discussion Draft:

<http://www.chinatax.gov.cn/chinatax/n810356/n810961/c5160611/content.html>

You can click this link to access the full content of Order 722:

[http://www.gov.cn/zhengce/content/2019-10/23/content\\_5443963.htm](http://www.gov.cn/zhengce/content/2019-10/23/content_5443963.htm)

You can click this link to access the full content of the prevailing Administrative Measures of the PRC for Tax Invoices:

[http://shandong.chinatax.gov.cn/art/2020/10/10/art\\_211\\_229154.html](http://shandong.chinatax.gov.cn/art/2020/10/10/art_211_229154.html)

## Business circulars

- ▶ **Public notice (PN) regarding public opinion consultation on the "Notice Regarding Comprehensively Standardizing the Registration of Business Scope (Discussion Draft)"**

### Synopsis

In order to further implement the Regulations on Optimizing the Business Environment and fully roll out the reform of "Separating Permits from Business Licenses", the State Administration for Market Regulation (SAMR) drafted and released "Notice Regarding Comprehensively Standardizing the Registration of Business Scope (Discussion Draft)" (hereinafter referred to as the "Discussion Draft") on 12 January 2021 to seek public opinion.

Key features of Discussion Draft are as follows:

### General objective

To fully ensure the operation autonomy of enterprises, optimize the way of business scope registration, and provide more standardized and convenient registration services for enterprises; from 1 April 2021, all local market supervision authorities should comprehensively carry out the standardization of business scope registration.

## Key measures

- ▶ Further clarify the significance of business scope registration to ensure the operation autonomy of enterprises. The business scope of an enterprise shall be registered in accordance with the law. Business scope registration is a legal way for an enterprise to confirm its main business activities and to publicize its business information.
- ▶ Comprehensively use the catalogue of standards for business scope registration and optimize the way of registration.
- ▶ Further simplify the requirements for business scope registration to facilitate enterprises to carry out business activities.
- ▶ Strengthen the connection between business registration and license approval, and further clarify the relationship between permits and licenses.
- ▶ Update and maintain the catalogue of standards and provisions to support the development of emerging industries.
- ▶ Strengthen technical support where local registration authorities should improve the business scope registration function of their information systems to ensure consistency of the registration data nationwide and in accordance with the technical specifications and data standards stipulated by the SAMR.

Investors setting up new entities or enterprises that need to update/extend business scope are advised to read the Discussion Draft and pay attention to the official circular that is expected to be released later so as to follow the new measures. If in doubt, consultations with professionals are always recommended.

You can click this link to access the full content of the Discussion Draft:

[http://www.samr.gov.cn/hd/zjdc/202101/t20210112\\_325151.html](http://www.samr.gov.cn/hd/zjdc/202101/t20210112_325151.html)

### ▶ **Notice regarding the assessment of the 2021 Technology-based Small and Medium-sized Enterprises (TSMES) (Guokehuozi [2021] No. 11)**

#### **Synopsis**

To promote the innovative development of TSMES, on 8 January 2021, the Torch High Technology Industry Development Center of the Ministry of Science and Technology (MOST) released Guokehuozi [2021] No. 11 ("Circular 11") to clarify the issues related to the assessment of the 2021 TSMES.

According to Circular 11, the assessment process for TSMES shall be conducted online. Qualifying medium, small and micro-sized enterprises may register the account and submit the Information Form for TSMES via the Government Service Platform of MOST (i.e., [fuwu.most.gov.cn](http://fuwu.most.gov.cn)) by 20 October 2021 to complete the TSMES assessment.

The provincial departments under the MOST shall organize the review work on the assessment of TSMES within their jurisdictions and announce the draft list of qualifying TSMES for public opinion before 31 October 2021. Where TSMES accepted to the Information Database of National TSMES are found not qualified, their registration numbers shall be revoked and announced via the Information Service Platform of TSMES.

According to Caishui [2018] No. 76 ("Circular 76", i.e., Notice regarding extension of the loss carry-forward period of High and-New Technology Enterprises and TSMES), tax losses may be carried forward by TSMES up to 10 years. Relevant enterprises are encouraged to read Circular 11 for more details and are advised to prepare for the 2021 assessment so as to better leverage the relevant benefits.

You can click this link to access the full content of Circular 11:

<http://www.chinatorch.gov.cn/kjb/tzgg/202101/3c153dc1af414b19877c3e06e551730b.shtml>

You can click this link to access the full content of Circular 76:

<http://www.chinatax.gov.cn/n810341/n810755/c3578182/content.html>

## Other tax and business related circulars publicly announced by central government authorities in the past week:

- ▶ **Notice regarding public opinion consultation on the “PN Regarding the List of Vehicle Manufacturers and Products (340th Batch)” and “Catalog of Energy Saving & New Energy Vehicles Eligible for Preferential Vehicle and Vessel Tax Policies (23rd Batch)”**  
[http://www.caam.org.cn/chn/1/cate\\_2/con\\_5232913.html](http://www.caam.org.cn/chn/1/cate_2/con_5232913.html)
- ▶ **Notice regarding supporting public accounting firms to establish branch offices and carrying out trials in the China (Beijing) Pilot Free Trade Zone (Caikuai [2020] No. 21)**  
[http://kjs.mof.gov.cn/gongzuotongzhi/202101/t20210105\\_3639331.htm](http://kjs.mof.gov.cn/gongzuotongzhi/202101/t20210105_3639331.htm)
- ▶ **Notice regarding fully deepening the pilot program on the innovative development of trade in services (Sibantong [2021] No. 1)**  
[http://www.moj.gov.cn/government\\_public/content/2021-01/11/tzwj\\_3264285.html](http://www.moj.gov.cn/government_public/content/2021-01/11/tzwj_3264285.html)
- ▶ **Measures for counteracting unjustified extra-territorial application of foreign laws and measures (MOFCOM Order [2021] No. 1)**  
<http://www.mofcom.gov.cn/article/zwgk/zcfb/202101/20210103029710.shtml>
- ▶ **Several regulations on enhancing the supervision of private equity funds (CSRC PN [2020] No. 71)**  
[http://www.csrc.gov.cn/pub/zjhpublic/zjh/202101/t20210108\\_390463.htm](http://www.csrc.gov.cn/pub/zjhpublic/zjh/202101/t20210108_390463.htm)
- ▶ **Notice regarding revising the “Guidance for Market Makers of Inter-bank Foreign Exchange” (Huifa [2021] No. 1)**  
[http://www.gov.cn/zhengce/zhengceku/2021-01/08/content\\_5578274.htm](http://www.gov.cn/zhengce/zhengceku/2021-01/08/content_5578274.htm)
- ▶ **Plan on Building the Rule of Law in China (2020 - 2025)**  
[http://www.gov.cn/zhengce/2021-01/10/content\\_5578659.htm](http://www.gov.cn/zhengce/2021-01/10/content_5578659.htm)
- ▶ **Notice regarding promoting the green development of e-commerce enterprises**  
<http://www.mofcom.gov.cn/article/h/redht/202101/20210103030010.shtml>
- ▶ **Notice regarding public opinion consultation on the “Administrative Measures for Internet Information Services (Revised Discussion Draft)”**  
[http://www.cac.gov.cn/2021-01/08/c\\_1611676476075132.htm](http://www.cac.gov.cn/2021-01/08/c_1611676476075132.htm)
- ▶ **Notice regarding further improving the work of unified social credit code assignment (Shijianzhufa [2021] No. 1)**  
[http://gkml.samr.gov.cn/nsjg/djzcj/202101/t20210111\\_325107.html](http://gkml.samr.gov.cn/nsjg/djzcj/202101/t20210111_325107.html)
- ▶ **Administrative measures for the registration and record-filing of cosmetics (SAMR Order [2021] No. 35)**  
<https://www.nmpa.gov.cn/gk/flxzhfg/20210112114521164.html>
- ▶ **Notice regarding the “Work Guidance on Adoption of International Standards as National Standards (2020 Version)” (Guobiaoweifa [2020] No. 50)**  
[http://www.puning.gov.cn/jypnscj/gkmlpt/content/0/501/post\\_501116.html#2770](http://www.puning.gov.cn/jypnscj/gkmlpt/content/0/501/post_501116.html#2770)
- ▶ **Notice regarding the “Action Plan for the Innovative Development of Industrial Internet (2021-2023)” (Gongxinbuxinguan [2020] No. 197)**  
[https://www.miiit.gov.cn/zwgk/zcwj/wjfb/txy/art/2021/art\\_710b90df3c01495bb0429fa9ee781cdd.html](https://www.miiit.gov.cn/zwgk/zcwj/wjfb/txy/art/2021/art_710b90df3c01495bb0429fa9ee781cdd.html)
- ▶ **Notice regarding the provisional measures for the supervision and rating of insurance asset management companies (Yinbaojianbanfa [2021] No. 5)**  
[http://www.gov.cn/zhengce/zhengceku/2021-01/13/content\\_5579620.htm](http://www.gov.cn/zhengce/zhengceku/2021-01/13/content_5579620.htm)
- ▶ **Notice regarding the measures for the supervision and rating of consumer finance companies (trial)**  
<http://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=958815>
- ▶ **Notice regarding the “Implementation Rules on Licensing for Market Access of Railway Transport Enterprises” (Guotieyunshujiangui [2021] No. 2)**  
[http://www.gov.cn/zhengce/zhengceku/2021-01/15/content\\_5580128.htm](http://www.gov.cn/zhengce/zhengceku/2021-01/15/content_5580128.htm)

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