

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.

Business circulars

- ▶ The State Council's executive meeting on 20 January 2021 decided to tighten measures and curb arbitrary charges on enterprises

Synopsis

On 20 January 2021, the State Council's executive meeting (hereinafter referred to as the "meeting") chaired by Premier Li Keqiang decided to further tighten measures and curb arbitrary charges to ease burden of taxpayers, especially medium, small and micro-sized enterprises.

Various lenient approaches for enterprises were proposed in the meeting. Among those, the meeting mentioned that for tax enforcement purposes, tax authorities shall study and promote a list of tax-related matters of which the first violation by a taxpayer may be relieved and not subject to punishment.

In addition, it was emphasized in the meeting that tax authorities at the local level should not, at their sole discretion, impose a full recovery of all historical underpaid charges (including social security payments) in one go. It is also emphasized that the collection of social security by tax authorities should not increase the burden of medium, small and micro-sized enterprises and the current way of collection of social security of all provinces should not be altered within this year.

We will keep an eye on any further developments and advise you accordingly, please stay tuned.

You can click this link to access the official news regarding the meeting:

http://www.gov.cn/premier/2021-01/21/content_5581681.htm

- ▶ Administrative Regulations on the Registration of Enterprise Names (Revised in 2020) (State Council Order [2020] No. 734)

Synopsis

On 28 December 2020, the State Council issued State Council Order [2020] No. 734, passing the revised Administrative Regulations on the Registration of Enterprise Names (hereinafter referred to as the "Regulations"), which shall become effective on 1 March 2021.

The revised Regulations consist of 26 articles, among which some key changes are as follows:

Establish a self-declaration system for enterprise name registration

The Regulations clarify the specific requirements for the self-declaration of enterprise names. Applicants can submit relevant information and materials through enterprise name declaration system or at the service window of the business registration authority; inquire, compare and screen proposed names, and select the names that meet the requirements. Applicants shall undertake to bear legal responsibility in accordance with the law for infringement of the lawful rights and interests of others due to similarity of enterprise names.

Improve the standards of enterprise names

The Regulations improve the basic standards of enterprise names, refine the restrictions on enterprise names, and clarify the rules for name registration of foreign investment enterprises, branches and enterprise groups.

Establish a mechanism for enterprise name dispute resolution

Where an enterprise believes that the legitimate rights and interests of its enterprise name is infringed by some other entities, it can file a lawsuit with a people's court or request the enterprise registration authority in charge to handle the matter. The in-charge registration authority may conduct mediation after accepting the request. If the mediation fails, the registration authority shall make an administrative ruling within the prescribed time limit.

Strengthen interim- and post-event supervision

Where an enterprise name is found not to meet the requirements, the enterprise registration authority shall disapprove the registration and give the reason in writing. Where an enterprise name has already been registered but found not to meet the requirements, it shall be corrected in a timely manner. An entity or individual that believe the registered enterprise name does not meet the requirements may request the registration authority to correct it. Enterprise engaged in unfair competition with the use of enterprise name shall be punished in accordance with the relevant laws and administrative regulations.

Enterprises and investors are advised to read the Regulations for more details and observe the provisions. If in doubt, consultations with professionals are always recommended.

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

http://www.gov.cn/zhengce/content/2021-01/19/content_5581091.htm

- ▶ Notice regarding certain matters related to the recognition of animation and comics enterprises for 2021

Synopsis

To implement the preferential tax policies for the animation and comics industry, on 8 January 2021, the Industrial Development Department of the Ministry of Culture and Tourism (MOCT) released "Notice regarding certain matters related to the recognition of animation and comics enterprises for 2021" (hereinafter referred to as the "Notice").

Key features of the Notice are as follows:

Recognition

According to the Notice, recognition work on animation and comics enterprises must be carried out in strict accordance with the recognition scope, recognition standards and recognition procedures as prescribed in the "Administrative Measures for the Recognition of Animation and Comics Enterprises (Trial)" (hereinafter referred to as the "Measures"). Local cultural and tourism authorities should submit the recognition application materials of the pre-approved animation and comics enterprises to the Industrial Development Department of the MOCT before 10 April 2021.

Annual inspection

Local cultural and tourism authorities should submit the annual inspection reports of animation and comics enterprises with the official seal and annual inspection materials of the pre-approved key animation and comics enterprises to the Industrial Development Department of the MOCT before 10 April 2021. Provincial-level recognition institutions shall withdraw the certificates from the unqualified animation and comics enterprises and notify the relevant finance and taxation authorities.

Application method

The 2021 recognition of animation and comics enterprises will adopt both paper submission and online submission. Application forms can be downloaded from the public service platform of the MOCT (<http://www.ccipp.org>). Enterprises that apply for the recognition of animation and comics enterprise status and the annual inspection of key animation and comics enterprises may submit relevant application materials through the platform with the pre-approval by the local cultural and tourism authorities.

According to the Measures, qualifying animation and comics enterprises may enjoy the preferential tax policies as prescribed in the prevailing tax rules and regulations (e.g., exportation of animation and comic software that are independently developed and manufactured by an animation and comics enterprise shall be exempt from Value-added Tax). Relevant enterprises are encouraged to read the Notice for details and prepare for the recognition/annual inspection of animation and comics enterprises so as to better leverage the relevant benefits.

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

<http://ct.zj.gov.cn/module/download/downfile.jsp?classid=0&filename=0c65b6728b524edab18dd876c88d86f1.pdf>

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

http://www.gov.cn/gzdt/2009-01/17/content_1207772.htm

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

- ▶ Public notice regarding granting zero-tariff treatment to 97% of taxable goods originated from Solomon Islands (Shuiweihuigonggao [2021] No. 1)
http://gss.mof.gov.cn/gzdt/zhengcefabu/202101/t20210121_3647358.htm

- ▶ Implementation measures of the State Administration of Foreign Exchange on administrative licensing (SAFE PN [2021] No. 1)
http://www.gov.cn/zhengce/zhengceku/2021-01/17/content_5580534.htm
- ▶ Notice regarding administrative measures for the security of data for monitoring purposes (trial)
<http://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=959801>
- ▶ Opinions of the People's Court on providing judicial service and guarantee for the construction of the Hainan Free Trade Port (Fafa [2021] No. 1)
<http://www.court.gov.cn/zixun-xiangqing-284531.html>
- ▶ Notice regarding the list of policies and measures on the national comprehensive innovation pilot program for supporting the rehabilitation equipment industry (Minfa [2020] No. 150)
<http://sgs.mca.gov.cn/article/xw/tzgg/202101/20210100031775.shtml>
- ▶ Notice regarding regulations of the China Banking and Insurance Regulatory Commission on procedures for on-site inspection of project approval and implementation (trial)
<http://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=960573>
- ▶ Notice regarding public opinion consultation on revisions to the "Provisions on Banning the Entry into the Securities Market"
http://www.csrc.gov.cn/pub/zjhpublic/zjh/202101/t20210115_390795.htm
- ▶ Notice regarding the negative list of life insurance products (2021 Version) (Renshenxianbuhan [2021] No. 31)
<http://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=961048>
- ▶ Notice regarding establishing a national pilot project library for real estate investment trusts (REITs) dedicated to the infrastructure sector (Fagaibantouzi [2021] No. 35)
https://www.ndrc.gov.cn/xxgk/zcfb/tz//202101/t20210121_1265422.html
- ▶ Notice regarding public opinion consultation on the "Regulations on Non-bank Payment Institutions (Discussion Draft)"
http://www.gov.cn/xinwen/2021-01/21/content_5581574.htm



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APAC no. 03011865
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