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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

- ▶ **Public notice (PN) regarding the effectiveness and enforcement of the “Protocol to the Agreement Between the Government of the People’s Republic of China (PRC) and the Government of the State of Qatar (Qatar) for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income” (STA PN [2021] No. 27)**

### Synopsis

On 11 March 2021, the governments of the PRC and Qatar signed a “Protocol to the Agreement Between the Government of the PRC and the Government of Qatar for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income” (hereinafter referred to as the “Protocol”).

According to the Protocol, in addition to Article 2 (i.e., Taxes Covered) of the Agreement Between the Government of the PRC and the Government of Qatar for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (hereinafter referred to as the “PRC-Qatar Agreement”), profits from the operation of aircraft in international traffic derived in the other Contracting State by an enterprise of a Contracting State shall be exempt from Value-added Tax or other similar taxes in the other Contracting state.

On 1 September 2021, the State Taxation Administration (STA) released STA PN [2021] No. 27 (“PN 27”) to announce that the Protocol has come into effect since 24 August 2021 upon the internal legal procedures of both countries being completed. The Protocol is applicable to income derived on or after 1 April 2021.

You can click this link to access the full content of PN 27:

<http://www.chinatax.gov.cn/chinatax/n810341/n810825/c101434/c5168768/content.html>

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

<http://www.chinatax.gov.cn/n810341/n810770/c1153858/content.html>

You can click this link to access the full content of the PRC-Qatar Agreement:

<http://www.chinatax.gov.cn/n810341/n810770/c1153858/content.html>

## Business circulars

### ▶ **Notice regarding public opinions consultation on the “Implementation Rules on the Administrative Regulations on the Registration of Market Entities (Discussion Draft)”**

#### **Synopsis**

To supplement the Administrative Regulations of the PRC on the Registration of Market Entities (hereinafter referred to as the “Administrative Regulations”) released via State Council Order [2021] No. 746, the State Administration for Market Regulation released the “Implementation Rules on the Administrative Regulations on the Registration of Market Entities (Discussion Draft)” (hereinafter referred to as the “Discussion Draft”) on 3 September 2021 on its official website to seek public opinion. The consultation of public opinion shall be opened until 3 October 2021.

The Discussion Draft covers 93 articles in 11 chapters, including items for registration, registration for set up, alteration, de-registration, suspension, etc. Among these, the following contents proposed in the Discussion Draft are worth noting:

- ▶ Detailed rules for equity investment and debt-equity swap involved in the registration matters are specifically proposed in the Discussion Draft.
- ▶ The registration for set up/alteration/de-registration for all types of market participants are specifically proposed in the Discussion Draft. The relevant documentation requirements are further simplified, e.g., certain application documents such as the business license is no longer required for the registration of set up.
- ▶ The simplified de-registration is also included in the Discussion Draft and shall be further expanded to apply to all types of market participants except for those fall into the situations set out in the Discussion Draft, e.g., the business license of market participant has been revoked, etc.
- ▶ The Discussion Draft also proposed details on substitute de-registration (代位注销), e.g., where a branch or investee cannot be de-registered due to its head office or investor has already been de-registered, its succession or investor may apply for de-registration of the branch or investee company as a substitute de-registration.

Concerned parties should read the Discussion Draft and are encouraged to express opinions on or before 3 October 2021 by sending mails, emailing to [djjzdc@samr.gov.cn](mailto:djjzdc@samr.gov.cn) or logging onto <http://www.samr.gov.cn>.

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

[http://www.samr.gov.cn/hd/zjdc/202109/t20210903\\_334370.html](http://www.samr.gov.cn/hd/zjdc/202109/t20210903_334370.html)

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

[http://www.gov.cn/zhengce/content/2021-08/24/content\\_5632964.htm](http://www.gov.cn/zhengce/content/2021-08/24/content_5632964.htm)

## ▶ **Plan for Comprehensively Deepening the Reform and Opening-up of the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone**

### **Synopsis**

Following the State Council's approval of the Development Plan for the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone (hereinafter referred to as the "Qianhai Cooperation Zone") in August 2010, the Central Committee of the Communist Party of China and the State Council recently issued the Plan for Comprehensively Deepening the Reform and Opening-up of the Qianhai Cooperation Zone (hereinafter referred to as the "Plan"), in accordance with the 14th Five-year Plan and the latest economic development needs, so as to further promote the comprehensive deepening of the reform and opening-up of the Qianhai Cooperation Zone.

Some key points mentioned in the Plan are as follows:

### **Expanded area**

The total area of the Qianhai Cooperation Zone is expanded from 14.92 square kilometers to 120.56 square kilometers.

### **Reform and innovation**

Build a pilot reform and innovation platform, specific measures including:

- ▶ Promote the innovative development of the modern service industry, establish and improve the system and mechanism for the development of the modern service industry that connects Hong Kong and Macao with international standards.
- ▶ Accelerate the reform and innovation of the system and mechanism for technological development, focusing on the advantageous fields of Hong Kong and Macao, such as artificial intelligence, health care, financial technology, smart city, Internet of things, new energy materials, etc.
- ▶ Create a world-class business environment, study and formulate investor protection regulations in the Qianhai Cooperation Zone, and improve the protection mechanism for the rights and interests of foreign-funded and private enterprises. Establish and improve the service guarantee system for foreign talents and provide convenience for foreign talents to apply for visas, residence certificates and permanent residence certificates.

### **High-level opening-up**

- ▶ Deepen the liberalization of trade in services with Hong Kong and Macao. Under the framework of the Mainland-Hong Kong and Mainland-Macao Closer Economic Partnership Arrangement (CEPA), support the expanded opening-up of service fields to Hong Kong and Macao in the Qianhai Cooperation Zone.
- ▶ Expand the opening-up of the financial industry and support the implementation of the policies and measures for expanding the opening-up of the financial industry in Qianhai Cooperation Zone.
- ▶ Improve the opening level of legal affairs. Build an international legal service center and an international commercial dispute resolution center in the Qianhai Cooperation Zone, and explore the connection of different legal systems and cross-border legal rules.
- ▶ Participate in international cooperation at a high level. Improve overseas investment guarantee mechanisms such as investment insurance, policy guarantee and foreign-related legal services, make full use of Hong Kong's professional services that are in line with international standards, and support enterprises in the Qianhai Cooperation Zone to go global.

### **Support policies**

Except for the preferential Corporate Income Tax (CIT) policy<sup>1</sup>, all the prevailing support policies for the Qianhai Cooperation Zone shall be applicable to the expanded area.

We have issued a WeChat news article (in Chinese) on 13 September 2021 setting out extensive discussion on the Plan. For the WeChat news article, you can follow us on WeChat by scanning the QR Code on the last page of this CTIE and search key words to access its full content.

Relevant enterprises and individuals are advised to read the Plan for greater details so as to fully utilize the benefits offered. If in doubt, consultations with professionals are always recommended.

<sup>1</sup> Qualifying enterprises established in the Qianhai Cooperation Zone (i.e., areas covered in the Overall Development Plan for the Qianhai Cooperation Zone approved by the State Council in August 2010) engaging in encouraged industries are subject to a reduced CIT rate of 15%.

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

[http://www.gov.cn/zhengce/2021-09/06/content\\_5635728.htm](http://www.gov.cn/zhengce/2021-09/06/content_5635728.htm)

▶ **Notice regarding the “Plan of the Financial and Tax Support Policies for Fully Promoting the Development of the Yangtze River Economic Belt” (Caiyu [2021] No. 108)**

**Synopsis**

In order to promote the high-quality development of the Yangtze River Economic Belt, on 2 September 2021, the Ministry of Finance (MOF) released Caiyu [2021] No. 108 (“Circular 108”, i.e., Notice regarding the “Plan of Financial and Tax Support Policies for Fully Promoting the Development of the Yangtze River Economic Belt (YREB)” ), clarifying the plan of relevant financial and tax support policies (hereinafter referred to as the “YREB Plan”).

Key features of the YREB Plan are as follows:

**Green development**

- ▶ Increase the transfer payments in key ecological function areas and increase compensation for ecological protection in the provinces and cities along the Yangtze River.
- ▶ Increase the investment of special funds for pollution prevention and control, and actively support and promote the protection and restoration of ecological environment.

**Infrastructure construction**

- ▶ Improve the function of the golden waterway of the Yangtze River and support the improvement projects of major waterway and the construction of water traffic safety supervision and rescue system in the mainstream of the Yangtze River.
- ▶ Support the construction of water conservancy in the YREB and the construction of transportation network connecting key areas.
- ▶ Increase support for local government bonds. Support the provinces and cities along the Yangtze River to issue local government bonds for the construction of major public welfare projects in the YREB.

**High-level opening-up**

- ▶ Support accelerating the construction of open platforms. Support pilot free trade zones in the provinces and cities along the Yangtze River to carry out pilot schemes, experience promotion and opening-up cooperation.
- ▶ Support the promotion of trade transformation and upgrading. Support the development of new foreign trade models such as cross-border e-commerce, pilot market-procurement-oriented trade, foreign trade comprehensive service enterprises, etc. in the provinces and cities along the Yangtze River.

- ▶ Implement the prevailing tax refund policy for port of shipment to solve the key problems that restrict the speed of export tax refund, such as the long route of the Yangtze River and the long time-consuming transfer.

#### Innovation driven

- ▶ Support accelerating the conversion of new and old kinetic energy and increase preferential support for the provinces and cities along the Yangtze River.
- ▶ Support the construction of science and technology innovation platforms and talent teams, support the provinces and cities along the Yangtze River to implement preferential policies of Individual Income Tax, subsidies and scientific research funds according to law, and attract high-level talents to innovate and create start-ups.

Interested parties are advised to read Circular 108 for more details of the YREB Plan.

You can click this link to access the full content of Circular 108:

[http://yss.mof.gov.cn/zhengcequizhang/202109/t20210903\\_3750392.htm](http://yss.mof.gov.cn/zhengcequizhang/202109/t20210903_3750392.htm)

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

- ▶ **Notice regarding the best practice cases of Beijing on the construction of the comprehensive demonstration zone for expanding the opening-up in the service sector (Shangzihan [2021] No. 469)**  
<http://www.mofcom.gov.cn/article/b/f/202109/20210903194705.shtml>
- ▶ **Notice regarding implementing provisional measures of convenience services for enterprises (Zhuangbeizhongxin [2021] No. 540)**  
[http://www.miit-eidc.org.cn/art/2021/9/3/art\\_54\\_14096.html](http://www.miit-eidc.org.cn/art/2021/9/3/art_54_14096.html)
- ▶ **Notice regarding public opinions consultation on the “Administrative Measures for the Liquidity Risk of Wealth Management Products of Wealth Management Companies (Discussion Draft)”**  
<http://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=1006120&itemId=951&generaltype=2>
- ▶ **Notice regarding public opinions consultation on the “Administrative Measures for the Credit of Patent Agencies (Discussion Draft)”**  
[https://www.cnipa.gov.cn/art/2021/9/8/art\\_75\\_169861.html](https://www.cnipa.gov.cn/art/2021/9/8/art_75_169861.html)
- ▶ **Notice regarding the registration and record filling of overseas Chinese-funded enterprises (institutions) during the COVID-19 epidemic**  
<http://www.mofcom.gov.cn/article/zwgk/bnjg/202109/20210903196018.shtml>
- ▶ **2020 Statistical Bulletin of China’s Foreign Contracted Projects**  
<http://www.mofcom.gov.cn/article/zwgk/tjsj/202109/20210903196388.shtml>
- ▶ **PN regarding abolishing a batch of regulatory documents (MOFCOM PN [2021] No. 24)**  
<http://www.mofcom.gov.cn/article/zwgk/zcfb/202109/20210903196611.shtml>
- ▶ **Notice regarding the implementation of the preferential tax policies for imported exhibits sold during the period of the China International Fair for Trade in Services (Shuiguanhan [2021] No. 93)**  
<http://www.customs.gov.cn/customs/302249/zfxxgk/zfxxgkml34/3854893/index.html>

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ED None.

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