



China Tax Center China Tax & Investment Express

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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.

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Tax circulars

- ▶ **Notice regarding the adjustments to the catalogs of key technological equipment that are entitled to certain import-level tax policies (Gongxinbulianzhongzhuang [2021] No. 198)**
- ▶ **Notice regarding applications of enterprises eligible for import-level tax policies of key technological equipment (Gongcaihan [2021] No. 203)**

Synopsis

In accordance with the relevant requirements of Caiguanshui [2020] No. 2 (“Circular 2”, i.e., Notice regarding the “Administrative Measures for the Import-level Tax Policies on Key Technological Equipment (KTE)”) and the changes of domestic and international situation, the Ministry of Industry and Information Technology (MIIT) and several other departments jointly released Gongxinbulianzhongzhuang [2021] No. 198 (“Circular 198”) on 10 December 2021, adjusting related catalogs of KTE that are entitled to certain import-level tax policies¹.

Three catalogs including the “Catalog of State Encouraged KTE and Products (2021)” (hereinafter referred to as “2021 KTE Catalog”), “Commodity Catalog of Key Components and Raw Materials of KTE and Products (2021)” (hereinafter referred to as “2021 Commodity Catalog”) and “Catalog of Non-tax-exempt imported KTE and Products (2021)” (hereinafter referred to as “2021 Non-tax-exempt Catalog”) are annexed to Circular 198, which will take effect on 1 January 2022 and Caiguanshui [2019] No. 38 (“Circular 38”, i.e., Notice regarding the adjustments to the catalogs of KTE that are entitled to certain import-level tax policies) will become abolished at the same time.

Circular 198 also introduced transitional arrangements for enterprises and projects that are granted to enjoy the preferential import-level tax policies on or before 31 December 2021 and will import the KTE not later than 30 June 2022.

On the same day, the MIIT issued another notice, Gongcaihan [2021] No. 203 (“Circular 203”) to clarify certain matters related to the applications of enterprises eligible for import-level tax policies of KTE. The key points include:

Application conditions

An enterprise that applies for enjoying the import-level tax policies of KTE shall be an enterprise producing encouraged KTE or products, and must also meet all the following conditions:

- ▶ The enterprise is an independent legal entity.
- ▶ The enterprise did not commit any illegal or serious dishonest acts.
- ▶ The enterprise has its own core technology and intellectual property rights.
- ▶ The KTE and products applied for the tax benefits should meet the relevant requirements of the “Catalog of State Encouraged KTE and Products”.

Application procedures

The applicant enterprise and owner of nuclear power projects shall submit the applications to the local competent industry and information technology authorities. The applicant enterprise and the owner of nuclear power projects under a central enterprise group shall submit the applications to the MIIT through the group. The application deadline is 17 December 2021.

Relevant entities are advised to read Circular 198 and Circular 203 for details so as to fully utilize the benefits offered. If in doubt, consultations with professionals are always recommended.

¹ According to Circular 2, imported key components and raw materials for the production of encouraged KTE or products by qualified enterprises and nuclear power project owners are exempt from Custom Duty and import-level Value-added Tax.

You can click this link to access the full content of Circular 198:

https://www.miiit.gov.cn/zwgk/zcwj/wjfb/tz/art/2021/art_e8514d1785cd41ddae3672e03729ce7f.html

You can click this link to access the full content of Circular 203:

<https://jxj.wuhu.gov.cn/group4/M00/06/E3/rBgXDmG3DvyADYFtABkMdbRdW0q603.pdf>

You can click this link to access the full content of Circular 2:

<http://www.chinatax.gov.cn/chinatax/n810341/n810755/c5142591/content.html>

You can click this link to access the full content of Circular 38:

<http://www.chinatax.gov.cn/chinatax/n810341/n810755/c5140651/content.html>

► **Notice regarding clarifying the tax filing deadlines in 2022 (Shuizongbanzhengkehan [2021] No. 201)**

Synopsis

On 7 December 2021, the General Office of the State Taxation Administration (STA) released Shuizongbanzhengkehan [2021] No. 201 (“Circular 201”) to clarify tax filing deadlines in 2022 for taxes reported either on a monthly or quarterly basis and within 15 days after the end of each tax period.

According to Circular 201, tax filing deadlines in 2022 are as follows:

Months for tax filing	Tax filing Deadlines
March, July, August, November, December	15th day of the month
January, May	19th day of the month
April, June, September	20th day of the month
February	23 February
October	25 October

If the local tax administration departments need to adjust the filing deadlines under special circumstances, they shall report to the STA for record in advance. Taxpayers are encouraged to read Circular 201 for more details and pay attention to notices issued by tax authorities at the local level.

You can click this link to access the full content of Circular 201:

<http://www.chinatax.gov.cn/chinatax/n810341/n810825/c101434/c5171274/content.html>

Customs circulars

- **Public notice (PN) regarding matters related to implementing the “Regional Comprehensive Economic Partnership Agreement (RCEP)” (GAC PN [2021] No. 106)**
- **PN regarding matters related to implementing the “Administrative Measures of the Customs of the People’s Republic of China (PRC) on Approved Exporters” (GAC PN [2021] No. 105)**

Synopsis

According to the RCEP which will take effect on 1 January 2022 and the Administrative Measures of the Customs of the PRC on the Origin of Imported and Exported Goods under the RCEP which was issued by the General Administration of Customs (GAC) via GAC Order [2021] No. 255 (hereinafter referred to as the “Administrative Measures”), the GAC released GAC PN [2021] No. 106 (“PN 106”) on 14 December 2021 to further specify following matters related to implementing the RCEP:

- Members of the RCEP as prescribed in the Administrative Measures and PN 106 refer to the members that have already approved the ratification of the RCEP from 1 January 2022, i.e., 10 countries including the PRC, Singapore, Japan, New Zealand, etc. Any changes in this regard shall be announced by the GAC under a separate PN.
- PN 106 also specifies the detailed procedures regarding the application of conventional tariff rates under the RCEP and other relevant processes regarding the application of Certificate of Origin, etc.

Earlier on 12 November 2021, the GAC also released GAC PN [2021] No. 105 ("PN 105") to further elaborate the Administrative Measures of the Customs of the PRC on Approved Exporters released via GAC Order [2021] No. 254 ("Order 254") from aspects related to the application, de-registration, and withdrawal of the status of Approved Exporters, etc.

Approved Exporters should follow the regulations of GAC and through the system of Approval Exporters to issue declaration of country of origin in order to enjoy the benefits under various trade agreements including RCEP. Exporters who were approved before 31 December 2021 can still issue declaration of country of origin according to the original regulations before 31 March 2022.

PNs 106 and 105 would both become effective on 1 January 2022 to cope with the implementation of RCEP. Relevant businesses are encouraged to read the abovementioned circulars for details. If in doubt, consultations with professionals are always recommended.

You can click this link to access the summary of the RCEP:
http://www.gov.cn/xinwen/2020-11/17/content_5562000.htm

You can click this link to access the full content of PN 106:
<http://www.customs.gov.cn/customs/302249/2480148/4061635/index.html>

You can click this link to access the full content of PN 105:
<http://www.customs.gov.cn/customs/302249/2480148/4061727/index.html>

You can click this link to access the full content of the Administrative Measures:
<http://www.customs.gov.cn/customs/302249/2480148/4015202/index.html>

You can click this link to access the full content of Order 254:
<http://www.customs.gov.cn/customs/302249/2480148/4015185/index.html>

► **Notice regarding the 2022 tariff adjustment plan (Shuiweihui [2021] No. 18)**

Synopsis

On 13 December 2021, the Customs Tariff Commission of the State Council released Shuiweihui [2021] No. 18 ("Circular 18") regarding the 2022 tariff adjustment plan which shall become effective on 1 January 2022.

According to Circular 18, from 1 January 2022, 954 import commodities shall be subject to temporary tariff rates (i.e. rates that are lower than the most favored nation tariff rates applying to these commodities before 1 January 2022). Among these, the temporary tariff rates that apply to seven information technology products shall be cancelled from 1 July 2022. Eight categories of commodities, including wheat, shall still be under the administration of tariff quota. Importation of cotton outside the tariff quota shall be subject to Sliding Scale Duty. Upon adjustment, tariff items of 2022 Customs Tariff of Import and Export Commodities shall be increased to 8,930.

It is worth-noting that the PRC shall reduce tariff rates on certain commodities imported from the nine countries (e.g., Japan, Australia, New Zealand, etc.) that have already ratified the implementation of the RCEP. Details are specified in Appendix 5 of Circular 18.

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

You can click this link to access the full content of Circular 18:
http://gss.mof.gov.cn/gzdt/zhengcefabu/202112/t20211215_3775137.htm

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

- **PN regarding granting zero tariff treatment to 98% of taxable items from the least developed countries (Shuiweihui PN [2021] No. 8)**
http://gss.mof.gov.cn/gzdt/zhengcefabu/202112/t20211215_3775102.htm

- ▶ **Notice regarding providing tax services for the elderly, the disabled and other special people (Shuizongnafuhan [2021] No. 297)**
<http://www.chinatax.gov.cn/chinatax/n810341/n810825/c101434/c5171314/content.html>

- ▶ **Notice regarding the development plan of cold chain logistics during the 14th Five-year Plan period (Guobanfa [2021] No. 46)**
http://www.gov.cn/zhengce/content/2021-12/12/content_5660244.htm

- ▶ **Notice regarding the “Measures for Further Implementing Certain Policies Related to Technology Innovation” (Ziranzibanfa [2021] No. 69)**
http://gi.mnr.gov.cn/202112/t20211213_2713154.html

- ▶ **Reply on approving the pilot program for the high-quality development of infrastructure in Shenzhen (Fagaijichu [2021] No. 1662)**
https://www.ndrc.gov.cn/xxgk/zcfb/tz//202112/t20211213_1307564.html

- ▶ **Notice regarding the 2020 National Technology Business Incubators evaluation results (Guokehuozi [2021] No. 192)**
<http://www.chinatorch.gov.cn/kjb/tzgg/202112/cf9c651e2e9946ad960e8a8a0403a3e9.shtm>

- ▶ **PN regarding the pilot scheme of non-five-star flag international navigation vessels owned by overseas international container liner companies carry on piggybacking business (MOT PN [2021] No. 72)**
https://xxgk.mot.gov.cn/2020/jigou/syj/202112/t20211213_3631052.html

- ▶ **Notice regarding the implementation plan for revitalizing the operation of the industrial economy and promoting the high-quality development of the industry (Fagaichanye [2021] No. 1780)**
https://www.ndrc.gov.cn/xxgk/zcfb/tz//202112/t20211214_1307766.html

- ▶ **Catalog of Encouraged Industrial Water-saving Craft, Technology and Equipment (2021) (MIIT/MWR PN [2021] No. 35)**
http://www.gov.cn/zhengce/zhengceku/2021-12/14/content_5660688.htm

- ▶ **Notice regarding establishing collecting and reporting systems for the cases that involve violations of the negative list of market access (Fagaitigai [2021] No. 1670)**
https://www.ndrc.gov.cn/xxgk/zcfb/tz//202112/t20211216_1307998.html

- ▶ **Notice regarding the “Judgement Standards for General Trademark Violations” (Guozhifabaozi [2021] No. 34)**
https://www.cnipa.gov.cn/art/2021/12/16/art_75_172237.html

- ▶ **PN regarding matters related to the implementation of the “Administrative Regulations of the People’s Republic of China (PRC) on the Registration of Overseas Manufacturers of Imported Food” and “Administrative Measures of the PRC for the Safety of Imported and Exported Food” (GAC PN [2021] No. 103)**
<http://www.customs.gov.cn/customs/302249/2480148/4053483/index.html>



Contact us

For more information, please contact your usual EY contact or one of the following EY's China tax leaders.

Author - China Tax Center

Jane Hui
+852 2629 3836
jane.hui@hk.ey.com

Greater China Tax Leader

Henry Chan
+86 10 5815 3397
henry.chan@cn.ey.com

Our tax leaders by market segment and service areas

Martin Ngai (China North)

+86 10 5815 3231
martin.ngai@cn.ey.com

Patricia Xia (China Central)

+86 21 2228 2878
patricia.xia@cn.ey.com

Ho Sing Mak (China South)

+86 755 25028289
Ho-Sing.Mak@cn.ey.com

David Chan (Hong Kong SAR/Macau SAR)

+852 2629 3228
david.chan@hk.ey.com

Heidi Liu (Taiwan)

+886 2 2757 8888
heidi.liu@tw.ey.com

Carrie Tang

Business Tax Services
+86 21 2228 2116
carrie.tang@cn.ey.com

Vickie Tan

Global Compliance and Reporting
+86 21 2228 2648
vickie.tan@cn.ey.com

Becky Lai

Tax Policy
+852 2629 3188
becky.lai@hk.ey.com

Andrew Choy

International Tax and Transaction Services
+86 10 5815 3230
andrew.choy@cn.ey.com

Travis Qiu

ITTS - Transfer Pricing
+86 21 2228 2941
travis.qiu@cn.ey.com

Jesse Lv

ITTS - Transaction Tax
+86 21 2228 2798
jesse.lv@cn.ey.com

Kevin Zhou

Indirect Tax - VAT
+86 21 2228 2178
kevin.zhou@cn.ey.com

Bryan Tang

Indirect Tax - Global Trade
+86 21 2228 2294
bryan.tang@cn.ey.com

Patricia Xia

Tax Technology
and Transformation
+86 21 2228 2878
patricia.xia@cn.ey.com

Paul Wen

People Advisory Services
+852 2629 3876
paul.wen@hk.ey.com

Catherine Li

Financial Services
+86 10 5815 3890
catherine.li@cn.ey.com

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