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# China Tax Center

# China Tax &

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# 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

- **An executive meeting of the State Council decided to extend the implementation period of 11 preferential tax and fee policies to reduce burdens of enterprises and promote entrepreneurship and innovation**

### Synopsis

On 19 January 2022, Premier Li Keqiang presided over an executive meeting of the State Council (hereinafter referred to as the "Executive Meeting") where it was decided to extend the implementation of 11 preferential tax and fee policies to the end of 2023, involving technology, job creation, business start-ups, medical care and education, to help reduce burdens of enterprises and promote entrepreneurship and innovation. Key points of the policies are as follows:

- Value-added Tax will be exempted from incubation services for eligible technology business incubators, university science and technology parks and makerspaces; Real Estate Tax (RET) and Urban Land Use Tax (ULUT) will be exempted for real estate and land used in incubation services.

- ▶ Continue to relax the standards for the recognition of technology-based start-ups. Eligible venture capital enterprises and individual angel investors will be allowed to deduct a certain percentage of their investment in the start-ups from taxable income.
- ▶ Continue to implement the deduction for tax and related surcharges for enterprises that employ veterans and self-employed veterans.
- ▶ RET and ULUT will be exempted for agricultural product wholesale markets and farmer's markets.
- ▶ ULUT will be exempted for bus stations and land for qualified operations.
- ▶ Continue to authorize provincial-level governments to exempt, suspend or reduce the collection of local support fund for reservoir resettlement.
- ▶ Individual Income Tax will be exempted for medical staff and epidemic prevention workers on their temporary subsidies, bonuses, and preventive medicine provided by entities.
- ▶ Registration fees will be exempted for medicines and medical devices for epidemic prevention.
- ▶ RET will be exempted for college student apartments and Stamp Duty will be exempted for related leasing contracts.
- ▶ RET and ULUT will be exempted for self-use land and property of enterprises undertaking policy-based business of commodity reserves.
- ▶ A reduced Corporate Income Tax rate of 15% will be applied to third-party enterprises engaged in pollution prevention and control.

It is expected that relevant implementation rules and measures may be further released. Please stay tuned. If in doubt, consultations with professionals are always recommended.

You can click this link to access the full content of the Executive Meeting:  
[http://www.gov.cn/premier/2022-01/19/content\\_5669352.htm](http://www.gov.cn/premier/2022-01/19/content_5669352.htm)

## Business circular

- ▶ **Notice issued by the General Office of Shanghai Municipal People's Congress regarding public opinions consultation on the "Regulations of the Lin-gang Special Area of the China (Shanghai) Pilot Free Trade Zone (Draft)"**

### Synopsis

To build a special economic function zone with more international market influence, raise competitiveness, and promote comprehensive and high-level opening up, on 19 January 2022, the General Office of Shanghai Municipal People's Congress announced the "Regulations of the Lin-gang Special Area of the China (Shanghai) Pilot Free Trade Zone (Draft)" (hereinafter referred to as the "Draft Lin-gang Regulations") to seek public opinion. The consultation of public opinion shall be opened until 8 February 2022.

The Draft Lin-gang Regulations propose various measures concerning the followings:

- ▶ Strengthen the supporting policies to promote deepening of overall reform and expand the opening-up of investment, trade, free flows of capital, etc.
- ▶ Stabilize the achievements of reform in Lin-gang Special Area in terms of investment system, supervision on trade, innovation of finance, etc.
- ▶ Continue applying highest international standards as well as domestically best practices of free trade parks, free trade zones to construct Lin-gang Special Area with advantages of open economic.
- ▶ Further improve the law and regulatory system to boost the development of cutting-edge industries, e.g., artificial intelligence, biomedicine, intelligent connected vehicle and hydrogen energy industries, etc.

Also, as proposed in the Draft Lin-gang Regulations, the Lin-gang Special Area shall further ease market access of certain key areas, e.g., telecommunication, scientific research and technical services, education and hygiene, etc. according to the national strategies. In addition, Lin-gang Special Area shall strive for opportunities for trial runs of further opening-up of other sectors.

Concerned investors should read the Draft Lin-gang Regulations and are encouraged to express opinions on or before 8 February 2022 by sending mails, faxes or email to [lgi256@163.com](mailto:lgi256@163.com).

You can click this link to access the full content of the Draft Lin-gang Regulations:  
<http://www.spcsc.sh.cn/n8347/n8481/n9227/index.html>

## Customs circulars

- ▶ **Public notice (PN) regarding supplementary items to the Regional Comprehensive Economic Partnership (RCEP) agreement (GAC PN [2022] No. 8)**
- ▶ **PN regarding applying the preferential tariff rates under the RCEP to certain imported goods originated from South Korea (Customs Tariff Commission PN [2022] No. 1)**

### Synopsis

On 9 January 2022, the Customs Tariff Commission released Customs Tariff Commission PN [2022] No. 1 ("PN 1") announcing the application of the preferential tariff rates under the RCEP to certain imported goods (as indicated in the attachment of PN 1) originated from South Korea which shall become effective on 1 February 2022.

Subsequent to issuance of PN 1, the General Administration of Customs (GAC) released GAC PN [2022] No. 8 ("PN 8") on 20 January 2022 to supplement the prevailing Administrative Measures of the General Customs of the PRC on the Origin of Imported and Exported Goods under the RCEP released via GAC Order [2021] No. 255 ("Order 255") as follows:

- ▶ Include South Korea to the list of member countries as prescribed in Article 2 of Order 255
- ▶ Include the List of Special Goods Exported to South Korea to the List of Special Goods as prescribed in Article 14 of Order 255

Both PN 1 and PN 8 shall become effective on 1 February 2022. 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 a summary of the RCEP:  
[http://www.gov.cn/xinwen/2020-11/17/content\\_5562000.htm](http://www.gov.cn/xinwen/2020-11/17/content_5562000.htm)

You can click this link to access the full content of PN 1:  
[http://gss.mof.gov.cn/gzdt/zhengcefabu/202201/t20220113\\_3782412.htm](http://gss.mof.gov.cn/gzdt/zhengcefabu/202201/t20220113_3782412.htm)

You can click this link to access the full content of PN 8:  
<http://www.customs.gov.cn/customs/302249/2480148/4132531/index.html>

You can click this link to access the full content of Order 255:  
<http://www.customs.gov.cn/customs/302249/2480148/4015202/index.html>



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

- ▶ **Notice regarding the revision to the "List System for the Record of Dishonest Acts of Tax Information Service Providers (Trial)" (Shuizongbanzhengkefa [2022] No. 1)**  
<http://www.chinatax.gov.cn/chinatax/n810341/n810825/c101434/c5172093/content.html>
- ▶ **Notice regarding the "List of Market Supervision and Law Enforcement Matters Subject to Random Inspection and Public Release Issued by the Ministry of Commerce (Third Edition)"**  
<http://www.mofcom.gov.cn/article/zwgk/gkgztz/202201/20220103237014.shtml>
- ▶ **Notice regarding creating a better environment to support the research and development (R&D) of small and medium-sized technology-based enterprises (Guokebanqu [2022] No. 2)**  
[http://www.most.gov.cn/xxgk/xinxifenlei/fdzdgknr/fgzc/gfxwj/gfxwj2022/202201/t20220113\\_179017.html](http://www.most.gov.cn/xxgk/xinxifenlei/fdzdgknr/fgzc/gfxwj/gfxwj2022/202201/t20220113_179017.html)
- ▶ **Administrative Measures for Related-party Transactions of Banking and Insurance Institutions (CBIRC Order [2022] No. 1)**  
<http://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=1031903&itemId=928>
- ▶ **Guiding opinions on fully exerting judicial functions to promote the development of medium, small and micro-sized enterprises (Fafa [2022] No. 2)**  
<http://www.court.gov.cn/fabu-xiangqing-341891.html>
- ▶ **Guiding opinions on promoting orderly relocations of the manufacturing industry (Gongxinbulianzhengfa [2021] No. 215)**  
[http://www.gov.cn/zhengce/zhengceku/2022-01/15/content\\_5668321.htm](http://www.gov.cn/zhengce/zhengceku/2022-01/15/content_5668321.htm)
- ▶ **Notice regarding the "Development Plan on Promoting the High-quality Integration of Traditional Chinese Medicine into the 'Belt and Road Initiative'" (Guozhongyiyaoguojifa [2021] No. 6)**  
[http://www.gov.cn/zhengce/zhengceku/2022-01/15/content\\_5668349.htm](http://www.gov.cn/zhengce/zhengceku/2022-01/15/content_5668349.htm)
- ▶ **Notice regarding foreign banks applying for medium and long-term foreign debt quota in 2022 (Fagaibanwaizi [2022] No. 17)**  
[https://www.ndrc.gov.cn/xxgk/zcfb/tz//202201/t20220118\\_1312192.html](https://www.ndrc.gov.cn/xxgk/zcfb/tz//202201/t20220118_1312192.html)
- ▶ **Notice regarding the "General Standards for Certified Public Accountants (CPA) of China on Assurance Engagements" and other ten standards (Caikuai [2022] No. 1)**  
[http://kjs.mof.gov.cn/zhengcefabu/202201/t20220107\\_3781413.htm](http://kjs.mof.gov.cn/zhengcefabu/202201/t20220107_3781413.htm)
- ▶ **PN regarding the "Measures for Rapid Review of Trademark Registration Applications (Trial)" (CNIPA PN [2022] No. 467)**  
[https://www.cnipa.gov.cn/art/2022/1/18/art\\_74\\_172820.html](https://www.cnipa.gov.cn/art/2022/1/18/art_74_172820.html)
- ▶ **Opinions of the People's Court on supporting the high-level reform and opening-up of Pudong New Area to build it into a pioneer area for socialist modernization (Fafa [2022] No. 1)**  
<https://www.court.gov.cn/fabu-xiangqing-342461.html>
- ▶ **Opinions on promoting the integrated development of domestic and foreign trade (Guobanfa [2021] No. 59)**  
[http://www.gov.cn/zhengce/content/2022-01/19/content\\_5669289.htm](http://www.gov.cn/zhengce/content/2022-01/19/content_5669289.htm)
- ▶ **Opinions on promoting the healthy and sustainable development of the platform economy (Fagaigaoji [2021] No. 1872)**  
[https://www.ndrc.gov.cn/xwdt/tzgg/202201/t20220119\\_1312327.html](https://www.ndrc.gov.cn/xwdt/tzgg/202201/t20220119_1312327.html)
- ▶ **Provisional Measures for the Off-site Supervision of Insurance Companies (CBIRC Order [2022] No. 3)**  
<http://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=1033153>

- ▶ **Notice regarding simplifying the reporting matters related to the supervision of insurance funds utilization (Yinbaojiangui [2022] No. 1)**  
<http://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=1033065>
- ▶ **Notice regarding the development plan of the tourism industry during the 14th Five-year Plan period (Guofa [2021] No 32)**  
[http://www.gov.cn/zhengce/content/2022-01/20/content\\_5669468.htm](http://www.gov.cn/zhengce/content/2022-01/20/content_5669468.htm)
- ▶ **Notice regarding the "Plan of Patent and Trademark Review During the 14th Five-year Plan Period" (Guozhifafazi [2021] No. 41)**  
[http://www.cnipa.gov.cn/art/2022/1/20/art\\_75\\_172861.html](http://www.cnipa.gov.cn/art/2022/1/20/art_75_172861.html)
- ▶ **Supplementary notice regarding matters related to implementing preferential import-level tax policies for imported seeds and species during the 14th Five-year Plan period (Shuiguanhan [2022] No. 6)**  
<http://www.customs.gov.cn/customs/302249/zfxxgk/zfxxgkml34/4125035/index.html>
- ▶ **PN regarding implementing the mutual recognition of "Authorized Economic Operator" (AEO) between the Customs of China and Uruguay (GAC PN [2022] No. 6)**  
<http://www.customs.gov.cn/customs/302249/2480148/4129616/index.html>
- ▶ **Notice regarding adjusting regulations on the operating and bidding periods of duty-free shops at entry and exit ports during the COVID-19 epidemic (Caiguanshui [2022] No. 3)**  
[http://gss.mof.gov.cn/gzdt/zhengcefabu/202201/t20220119\\_3783374.htm](http://gss.mof.gov.cn/gzdt/zhengcefabu/202201/t20220119_3783374.htm)



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