

# 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 circulars

- ▶ **Public notice (PN) regarding further accelerating the implementation of the refund policy of input Value-added Tax (VAT) credits brought forward from the previous periods (MOF/STA PN [2022] No. 17)**

### Synopsis

To further improve the tax refund process and ease the burden and cash flow of enterprises, pursuant to MOF/STA PN [2022] No. 14 ("PN 14", i.e., PN regarding further enhancing the implementation of the refund policy of input VAT credits brought forward from the previous periods), the Ministry of Finance (MOF) and State Taxation Administration (STA) jointly released MOF/STA PN [2022] No. 17 ("PN 17") on 17 April 2022 with the aim to accelerate the refund process.



According to PN 17, upon receiving applications from taxpayers, the supervising tax authorities shall strive to arrange the refund of accumulated input VAT credits (存量留抵税额)<sup>1</sup> within the prescribed time frame as stated in PN 17 while the arrangements for the refund of the incremental Input VAT credits<sup>2</sup> (增量留抵税额) remain unchanged:

Types of taxpayers	Time frame for the application for refund of accumulated input VAT credits as prescribed in PN 14	Arrangements to accelerate the refund as prescribed in PN 17
Micro-sized enterprises	May apply for the refund of accumulated input VAT credits in a lump-sum in the VAT filing to be completed in April 2022 or onwards.	Upon receiving applications, the supervising tax authorities shall strive to arrange the refund of accumulated input VAT credits by 30 April 2022.
Small-sized enterprises	May apply for the refund of accumulated input VAT credits in a lump-sum in the VAT filing to be completed in May 2022 or onwards.	Upon receiving applications, the supervising tax authorities shall strive to arrange the refund of accumulated input VAT credits by 30 June 2022.
Medium-sized enterprises engaging in manufacturing industry and etc. <sup>3</sup>	May apply for the refund of accumulated input VAT credits in a lump-sum in the VAT filing to be completed in July 2022 or onwards.	Such qualified Medium-sized enterprises may apply for the refund of accumulated input VAT credits in a lump-sum in the VAT filing to be completed in May 2022 (instead of July 2022) or onwards.  Upon receiving applications lodged by such taxpayers, the authorities shall strive to arrange the refund by 30 June 2022.
Large-sized enterprises engaging in the manufacturing industry and etc. <sup>3</sup>	May apply for the refund of accumulated input VAT credits in a lump-sum in the VAT filing to be completed in October 2022 or onwards.	N/A

The detailed issues related to the application for refund should be referenced to STA PN [2022] No. 4 (“PN 4”, i.e., PN regarding administration matters related to further enhancing the implementation of the refund policy of input VAT credits brought forward from the previous periods).

Relevant taxpayers are encouraged to read PNs 17, 14 and 4 for more information and to fully leverage the benefits offered. If in doubt, timely consultations with professionals are highly recommended.

<sup>1</sup> Before obtaining the refund in a lump sum, the accumulated input VAT credits qualified for refund are as follows:

- ▶ For a taxpayer that has ending balance of input VAT credits to be carried forward of the current period exceeds or equals to its ending balance of input VAT credits to be carried forward at the end of March 2019, the accumulated input VAT credits should be the amount of its ending balance of input VAT credits to be carried forward at the end of March 2019.
- ▶ For a taxpayer that has ending balance of input VAT credits to be carried forward of the current period less than its ending balance of input VAT credits to be carried forward at the end of March 2019, the accumulated input VAT credits should be the amount of its ending balance of input VAT credits to be carried forward of the current period.

After obtaining the refund of accumulated input VAT credits in a lump sum, the amount of accumulated input VAT credits of a taxpayer should become zero.

<sup>2</sup> As prescribed in PN 14, the above taxpayers may apply for the refund of incremental input VAT credits in the VAT filing to be completed in April 2022 or onwards. Before obtaining the refund of accumulated input VAT credits in a lump sum, the incremental input VAT credits refer to the increased amount of input VAT credits of the taxpayer comparing to its ending balance of input VAT credits to be carried forward at the end of March 2019. After obtaining the refund of accumulated input VAT credits in a lump sum, the incremental input VAT credits would then be referenced to the ending balance of input VAT credits to be carried forward of the current period.

<sup>3</sup> "Enterprises engaging in manufacturing industry and etc." refers to taxpayers that derive over 50% of VAT taxable income from six industries including manufacturing, scientific research and technical services, etc. as categorized in the Industrial Classification and Codes for National Economic Activities.

You can click this link to access the full content of PN 17:

<http://www.chinatax.gov.cn/chinatax/n359/c5174689/content.html>

You can click this link to access the full content of PN 14:

<http://www.chinatax.gov.cn/chinatax/n359/c5173759/content.html>

You can click this link to access the full content of PN 4:

<http://www.chinatax.gov.cn/chinatax/n359/c5173765/content.html>

▶ **PN regarding extending the seventh set of exclusions to the goods originating from the United States that are imposed additional tariffs (Customs Tariff Commission PN [2022] No. 4)**

**Synopsis**

According to Customs Tariff Commission PN [2021] No. 7 ("PN 7", i.e., PN regarding extending the fifth set of exclusions to the goods originating from the United States that are imposed additional tariffs), goods in the list of PN 7, i.e., the fifth set of exclusions to the goods originating from the United States shall not be imposed with additional tariffs until 16 April 2022. In this respect, on 14 April 2022, the Customs Tariff Commission released Customs Tariff Commission PN [2022] No. 4 to extend the exclusion.

Accordingly, 95 types of goods listed in the attachment of Customs Tariff Commission PN 4 shall continue to be excluded from imposing the additional tariffs against the US Section 301 measures from 17 April 2022 to 30 November 2022.

You can click this link to access the full content of Customs Tariff Commission PN 4:

[http://gss.mof.gov.cn/gzdt/zhengcefabu/202204/t20220415\\_3803082.htm](http://gss.mof.gov.cn/gzdt/zhengcefabu/202204/t20220415_3803082.htm)

You can click this link to access the full content of PN 7:

[http://www.gov.cn/zhengce/zhengceku/2021-09/17/content\\_5638002.htm](http://www.gov.cn/zhengce/zhengceku/2021-09/17/content_5638002.htm)

▶ **Notice regarding the special action of "Clean and Bright, Rectifying the Chaos in the Field of Online Livestreaming and Short Video"**

**Synopsis**

On 15 April 2022, the Cyberspace Administration of China (CAC) launched the special action of "Clean and Bright, Rectifying the Chaos in the Field of Online Livestreaming and Short Video" (hereinafter referred to as the "Special Action"). The Special Action will last two months, aiming to clean up the "chaos" in the online livestreaming and short video industry and promote the healthy development of the industry.

The focus of the Special Action will be to rectify content that is “pornographic, ugly, strange, fake, vulgar and gambling”. Among these, the key tasks related to preventing tax evasion are set out below:

▶ Strictly rectifying the following problems:

Online livestreaming and short video platforms fail to issue invoices as required, fail to distinguish and define the source and nature of income of network anchors or account operators according to law, fail to fulfill the obligation of tax withholding and payment according to law, and fail to report the income information of network anchors or account operators as required, etc.

▶ Strictly rectify the acts of Individual Income Tax evasion.

▶ Strictly rectify provision of illegal tax planning services.

Relevant entities in the online livestreaming and short video industry are advised to read the content of the Special Action for details and ensure compliance with the tax law. If in doubt, consultations with professionals are always recommended.

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

[http://www.cac.gov.cn/2022-04/15/c\\_1651632212222914.htm](http://www.cac.gov.cn/2022-04/15/c_1651632212222914.htm)

## Business circular

▶ **Opinions on promoting the development of individual pension (Guobanfa [2022] No. 7)**

### Synopsis

To promote the construction of a multi-level and multi-pillar pension insurance system as well as promoting the sustainable development of individual pensions, the General Office of the State Council issued certain opinions in this regard (hereinafter referred to as the “Opinions”) via Guobanfa [2022] No. 7 on 8 April 2022.

Key features of the Opinions are as follows:

### Participation scope

Laborers who currently contribute to the employees’ basic pension insurance or urban and rural residents’ basic pension insurance can participate in the individual pension system on a voluntary basis.

### Pension system

Participants shall make contributions to individual pension entirely by themselves and contributions are fully accumulated. Participants can use their individual pension to purchase financial products such as bank financial products, savings deposits, commercial pension insurance, publicly-offered funds, etc. through qualified financial institutions or sales channels in accordance with the law and shall bear the corresponding risks.

### Tax policies

Individual pension is eligible for certain preferential tax policies which have yet to be announced.

### Pension contribution

Participants are allowed to contribute up to RMB 12,000 annually to their individual pension accounts. The upper limit of contributions may be adjusted from time to time based on factors such as the level of economic and social development.

## Pension distribution

Participants who have reached the age to receive basic pension, completely lost their ability to work, settled abroad, or subject to other circumstances prescribed by relevant provisions, can receive individual pension on a monthly, phased or one-time basis.

Individual pension fund accounts are subject to closed-end operation, and their rights and interests belong to the participants. Unless otherwise stipulated, they cannot be withdrawn in advance.

Individuals who are interested in the individual pension system are advised to read the Opinions for details. We will keep an eye on any further developments, particularly on the one related to upcoming tax policies, and advise you accordingly, please stay tuned.

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

[http://www.gov.cn/zhengce/content/2022-04/21/content\\_5686402.htm](http://www.gov.cn/zhengce/content/2022-04/21/content_5686402.htm)

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

- ▶ **Reply on approving the construction of National Independent Innovation Demonstration Zone in Changchun and Changchun Jingyue High and New Technology Industrial Development Zone (Guohan [2022] No. 28)**  
[http://www.gov.cn/zhengce/content/2022-04/15/content\\_5685398.htm](http://www.gov.cn/zhengce/content/2022-04/15/content_5685398.htm)
- ▶ **Notice regarding the financial support for freight logistics (Yinbaojianbanfa [2022] No. 40)**  
[http://www.gov.cn/zhengce/zhengceku/2022-04/16/content\\_5685511.htm](http://www.gov.cn/zhengce/zhengceku/2022-04/16/content_5685511.htm)
- ▶ **Notice regarding ensuring financial services for the development of economy and society in the period of COVID-19 epidemic**  
<http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/4533227/index.html>
- ▶ **Opinions on utilizing the role of associations of self-employed workers and private enterprises to promote the high-quality development of individual private economy under the new situation (Guoshijianbanfa [2022] No. 43)**  
[http://scjg.hebei.gov.cn/uploads/1/file/public/202204/20220419163532\\_7v0b75ecwa.pdf](http://scjg.hebei.gov.cn/uploads/1/file/public/202204/20220419163532_7v0b75ecwa.pdf)
- ▶ **Regulations of the People's Bank of China on Administrative Punishment Procedures (PBOC Order [2022] No. 3)**  
<http://www.pbc.gov.cn/tiaofasi/144941/144957/4532497/index.html>
- ▶ **Regulations of the People's Bank of China on Law Enforcement and Inspection Procedures (PBOC Order [2022] No. 2)**  
<http://www.pbc.gov.cn/tiaofasi/144941/144957/4532504/index.html>
- ▶ **Futures and Derivatives Law of the People's Republic of China (Chairman's order [2022] No. 111)**  
<http://www.npc.gov.cn/npc/c30834/202204/162cfe3a6d6d493fb5c1660ba9a4c1c5.shtml>
- ▶ **Notice regarding the list of the 2021 National Technology Business Incubators (Guokefahuo [2022] No. 94)**  
<http://www.chinatorch.gov.cn/kjb/tzgg/202204/f9c19c921a684ffa9790e879796c7033.shtml>

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APAC no. 03014422  
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