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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 circulars

- **State Council executive meeting to take steps to stabilize economic activities and bring economy back to the normal track**

### Synopsis

On 23 May 2022, Premier Li Keqiang presided over a State Council executive meeting (hereinafter referred to as the "Meeting"), in which a package of measures was decided to adopt to get the economy back to the normal track and keep it operating within an appropriate range.



The Meeting unveiled 33 new economic measures covering six aspects. Some key measures are as follows:

#### **Fiscal and tax policies**

- ▶ The policy of refund of accumulated and incremental input Value-added Tax (VAT) credits brought forward from the previous periods will be expanded to cover more industries, which is expected to increase tax refunds by more than RMB140 billion and bring the total amount of tax relief this year to RMB2.64 trillion.
- ▶ The policy of deferred payments of employees' basic pension insurance, unemployment insurance and work injury insurance contributions by micro, small and medium-sized enterprises, self-employed industrial and commercial households and enterprises in five hard-hit sectors will be extended till the end of this year, and will also be expanded to other industries facing serious difficulties.
- ▶ Stabilize market entities and employment, and increase employment subsidies for micro, small and medium-sized enterprises to hire college graduates.

#### **Financial policies**

- ▶ The scale of the support facility for inclusive loans to small-sized enterprises with meager profits, and its support ratio will both be doubled this year.
- ▶ Banks will be supported in deferring the principal and interest repayments on loans made to micro, small and medium-sized enterprises and self-employed industrial and commercial households, as well as truck, home and consumer loans borne by individuals facing temporary difficulties in 2022.
- ▶ The commercial bill acceptance period will be shortened from one year to six months.

#### **Stabilize industry and supply chains**

- ▶ Optimize the policy for work and production resumption, improve services for enterprises that are allowed to resume work and production.
- ▶ Ensure the smooth flow of freights and remove restrictions on access from areas with low epidemic risk.
- ▶ An additional RMB150 billion of emergency loans will be provided to the civil aviation industry, and the aviation industry will be supported to issue RMB200 billion of bonds.
- ▶ Orderly increase domestic and international passenger flights, formulate measures to facilitate personnel mobility of foreign-funded enterprises.

#### **Promote consumption and effective investment**

- ▶ Restrictions on the purchase of vehicles will be relaxed. A phased reduction of purchase tax totaling RMB60 billion on certain passenger vehicles will be implemented.
- ▶ City-specific policies will be adopted to meet people's basic and advanced housing needs.
- ▶ A number of infrastructure projects will be launched, including water conservancy facilities, especially large-scale irrigation facilities, transportation facilities, the renovation of old residential communities, and multipurpose utility tunnels. Banks are encouraged to provide long-term loans.
- ▶ Support issuance of RMB300 billion of railway construction bonds.

#### **Ensure energy security**

To implement the policy to approve increased production capacity of coal mines, and accelerate procedures for designating coal mines that can enhance energy supply. A number of new hydropower and coal-fired power projects will start this year.

## Ensure people's basic livelihoods

Ensure unemployment benefits and subsistence allowances for people facing difficulties.

We have issued a WeChat news article (in Chinese) on 1 June 2022 setting out extensive discussion on the Meeting. 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 contents. 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 the Meeting:

[http://www.gov.cn/premier/2022-05/23/content\\_5691961.htm](http://www.gov.cn/premier/2022-05/23/content_5691961.htm)

- ▶ **Guidelines on Preferential Tax Policies for Entrepreneurship and Innovation**
- ▶ **Guidelines on Preferential Tax Policies for Small-sized Enterprises with Meager Profits and Self-employed Industrial and Commercial Households**
- ▶ **Guidelines on Preferential Tax Policies for Integrated Circuit (IC) and Software Enterprises**
- ▶ **Guidelines on Preferential Tax Policies for Promoting Rural Revitalization**

### **Synopsis**

To guide taxpayers through the application for relevant prevailing preferential tax policies, the State Taxation Administration (STA) recently released four guidelines in this regard, namely the Guidelines on Preferential Tax Policies for Entrepreneurship and Innovation, Guidelines on Preferential Tax Policies for Small-sized Enterprises with Meager Profits and Self-employed Industrial and Commercial Households, Guidelines on Preferential Tax Policies for IC and Software Enterprises, and Guidelines on Preferential Tax Policies for Promoting Rural Revitalization (hereinafter collectively referred to as the "Four Guidelines") which cover all prevailing preferential tax policies for the respective types of taxpayers.

The Four Guidelines each contain three parts, i.e., a brief introduction, a summary of preferences, and a catalog of the preferential policies. Each of the preference is set out with the scope of applicable taxpayers, details of the preferences, criteria and the legal basis.

Related taxpayers are encouraged to read the Four Guidelines for more details and fully leverage the benefits. If in doubt, consultations with professionals are always recommended.

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

<http://www.chinatax.gov.cn/chinatax/n810341/n810825/c101434/c5175498/content.html>

<http://www.chinatax.gov.cn/chinatax/n810341/n810825/c101434/c5175494/content.html>

<http://www.chinatax.gov.cn/chinatax/n810341/n810825/c101434/c5175486/content.html>

<http://www.chinatax.gov.cn/chinatax/n810341/n810825/c101434/c5175490/content.html>

- ▶ **"Guidelines on Tax Services for Enterprises to Go Public" Issued by the Guangdong Provincial Tax Service, STA**

### **Synopsis**

To further optimize the tax environment in Guangdong, promote enterprises to go public and serve the healthy development of enterprises after that, the Guangdong Provincial Tax Service, STA issued the "Guidelines on Tax Services for Enterprises to Go Public" (hereinafter referred to as the "Guidelines").

To meet the tax service needs of backup enterprises to go public, the Guidelines introduce related tax services and policies in five aspects, including enterprise restructuring, asset (share) transfer, non-monetary asset investment, equity incentive, and lifting ban of restricted shares, covering the full tax rules and guidelines for 75 tax-related matters involved in the listing of enterprises.

The release of the Guidelines will help enterprises correctly understand the tax policies related to the listing process, enhance their ability of practical operation and prevent tax risks on a timely basis. Relevant enterprises are advised to read the Guidelines for details and observe the regulations. If in doubt, consultations with professionals are always recommended.

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

<https://mp.weixin.qq.com/s/4ETiE8Dva36-6Bu2f3JYw>

## Business circular

- ▶ **Opinions on Stabilizing the Development and Improving the Quality of Foreign Trade (Guobanfa [2022] No. 18)**

### Synopsis

On 17 May 2022, the General Office of the State Council released Guobanfa [2022] No. 18 ("Circular 18") which aims to stabilize the economy, industry chain and supply chain for foreign trade.

Specifically, the measures proposed in Circular 18 regarding cross-border E-commerce are worth-noting:

- ▶ Guide enterprises engaging in cross-border E-commerce with export sales to apply for the prevailing tax refund policies in a timely manner.
- ▶ Encourage eligible enterprises engaging in cross-border E-commerce to apply for the high-and-new technology enterprise status.
- ▶ The relevant government authorities shall further announce policies to facilitate the return and exchange of export goods sold under cross-border E-commerce. Pilots shall be launched in this regard timely.

It is anticipated that the relevant government authorities shall further stipulate and announce policies in response to 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://www.gov.cn/zhengce/content/2022-05/26/content\\_5692364.htm](http://www.gov.cn/zhengce/content/2022-05/26/content_5692364.htm)

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

- ▶ **List of online tax services**  
<http://www.chinatax.gov.cn/chinatax/n810341/n810825/c101434/c5175619/content.html>
- ▶ **Notice regarding certain measures for further promoting the foreign exchange market to serve the real economy (Huifa [2022] No. 15)**  
<http://www.safe.gov.cn/safe/2022/0520/20982.html>
- ▶ **Notice regarding further enhancing the function of capital market to support the recovery of industries in response to the COVID-19 epidemic (Zhengjianfa [2022] No. 46)**  
<http://www.csfc.gov.cn/csfc/c100028/c2805526/content.shtml>
- ▶ **Notice regarding public opinions consultation on the "Regulations on Domestic Securities Transaction Registration and Settlement of Qualified Foreign Institutional Investors (QFII) and RMB Qualified Foreign Institutional Investors (RQFII) (Discussion Draft)"**  
<http://www.csfc.gov.cn/csfc/c101981/c2801575/content.shtml>

- ▶ **Notice regarding promoting the development of national high-tech zones and accelerating the implementation of policies for technology enterprises in response to the COVID-19 epidemic (Guokehuozi [2022] No. 116)**  
<http://www.chinatorch.gov.cn/kjb/tzgg/202205/f41ec7fba11744cfb73a163c9f6b4e75.shtml>
- ▶ **Opinions on further revitalizing stock assets and expanding effective investment (Guobanfa [2022] No. 19)**  
[http://www.gov.cn/zhengce/content/2022-05/25/content\\_5692190.htm](http://www.gov.cn/zhengce/content/2022-05/25/content_5692190.htm)
- ▶ **Notice regarding implementing the phased support policy for housing provident fund (Jianjin [2022] No. 45)**  
[http://www.gov.cn/zhengce/zhengceku/2022-05/24/content\\_5692136.htm](http://www.gov.cn/zhengce/zhengceku/2022-05/24/content_5692136.htm)
- ▶ **Notice regarding the list of the 2021 national technology business incubators (Guokefahuo [2022] No. 94)**  
[http://www.most.gov.cn/xxgk/xinxifenlei/fdzdgknr/qtwj/qtwj2022/202205/t20220524\\_180741.html](http://www.most.gov.cn/xxgk/xinxifenlei/fdzdgknr/qtwj/qtwj2022/202205/t20220524_180741.html)
- ▶ **Notice regarding exerting the guiding function of fiscal policies to strengthen financial support for the development of market entities in difficulty (Caijin [2022] No. 60)**  
[http://jrs.mof.gov.cn/zhengcefabu/phjr/202205/t20220525\\_3812954.htm](http://jrs.mof.gov.cn/zhengcefabu/phjr/202205/t20220525_3812954.htm)
- ▶ **Notice regarding promoting the establishment of long-term mechanism of financial services for financing of small-sized enterprises with meager profits (Yinfa [2022] No. 117)**  
<http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/4564172/index.html>
- ▶ **Notice regarding matters related to central state-owned enterprises supporting small and micro-sized enterprises and promoting collaborative development (Guozifacaiping [2022] No. 40)**  
[http://www.gov.cn/zhengce/zhengceku/2022-05/25/content\\_5692242.htm](http://www.gov.cn/zhengce/zhengceku/2022-05/25/content_5692242.htm)
- ▶ **Notice regarding the implementation of phased support policies to ensure housing provident fund services for central and state organs (Guojifangzi [2022] No. 5)**  
[http://www.gov.cn/zhengce/zhengceku/2022-05/26/content\\_5692338.htm](http://www.gov.cn/zhengce/zhengceku/2022-05/26/content_5692338.htm)
- ▶ **Notice regarding phased implementation of fiscal subsidies for the operation of domestic passenger flights (Caijian [2022] No. 142)**  
[http://jjs.mof.gov.cn/tongzhigonggao/202205/t20220526\\_3813354.htm](http://jjs.mof.gov.cn/tongzhigonggao/202205/t20220526_3813354.htm)
- ▶ **Opinions on Strengthening Blockchain Application in the Judicial Field (Fafa [2022] No. 16)**  
<https://www.chinacourt.org/article/detail/2022/05/id/6704551.shtml>
- ▶ **Notice regarding supporting foreign economic and trade enterprises to improve their exchange rate risk management capabilities (Shangcaihan [2022] No. 146)**  
<http://www.safe.gov.cn/safe/2022/0526/20999.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

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### 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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