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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.

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Tax circular

- ▶ Notice regarding the second batch of measures for the “2023 Action for Simplifying Tax Procedures for Taxpayers” (Shuizongnafuhan [2023] No. 13)

Synopsis

To stimulate the vitality of market entities, maintain a fair tax environment, and promote high-quality development, on 20 February 2023, the State Taxation Administration (STA) introduced the second batch of measures for the “2023 Action for Simplifying Tax Procedures for Taxpayers” via Shuizongnafuhan [2023] No. 13 (“Circular 13”).

Key measures included in Circular 13 are as follows:

Policy implementation

- Optimize and improve the tax policy and regulation database on the STA official website to further facilitate the public to research on tax policies.

- Further strengthen the publicity of tax policies through media and strengthen the timeliness and accuracy of policy delivery.
- Push industrial tax policies to large enterprises online to help them accurately apply the policies.

Tax services

- Strengthen the coordination of regional law enforcement and promote the integration of tax collection, administration and services.
- Ensure the implementation of the first batch of tax reform measures of pilot business environment innovation that are replicated and promoted nationwide.
- Promote interactive tax services online with the promotion of digitalized electronic invoices and the construction of new electronic tax bureaus.
- Deepen the pilot data direct connection of “Bank-and-Tax Interaction” between tax authorities and banking and insurance supervision departments.

Tax matters handling

- Promote the online handling of social security contributions through local government service platforms.
- Further optimize tax terminal functions of the natural person tax management system, and constantly improve digitalization and intelligence.
- Further promote trans-provincial electronic tax payment nationwide, and optimize and improve system functions.

Simplified procedures

- Optimize the declaration of stamp duty through electronic tax bureau and promote online filing of nil tax return.
- Simplify the process of stamp duty declaration and explore the consolidated declaration of taxable contracts in the banking, insurance and tobacco industries.

Regulate law enforcement

- Promote the concepts and methods reform of tax law enforcement, and safeguard the legitimate rights and interests of taxpayers.
- Strengthen the dynamic management of information of entities with material tax-related illegal and dishonest acts, and actively carry out credit repair work.

Taxpayers are advised to read Circular 13 for details.

You can click this link to access the full contents of Circular 13:

<http://www.chinatax.gov.cn/chinatax/n810341/n810825/c101434/c5185303/content.html>



Business circulars

- ▶ Opinions on financial support for the construction of the Guangdong-Macau In-depth Cooperation Zone in Hengqin (Yinfa [2023] No. 41)
- ▶ Opinions on financial support for comprehensively deepening reform and opening-up in the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone (Yinfa [2023] No. 42)

Synopsis

In order to establish financial systems that are in line with international standards in Guangdong-Macau In-depth Cooperation Zone in Hengqin ("Hengqin") and Shenzhen-Hong Kong Modern Service Industry Cooperation Zone ("Qianhai"), the State Administration of Foreign Exchange (SAFE), the People's Bank of China, China Banking and Insurance Regulatory Commission, China Securities Regulatory Commission and Guangdong Provincial People's Government jointly released Yinfa [2023] No. 41 ("Circular 41") and Yinfa [2023] No. 42 ("Circular 42") both on 17 February 2023.

Circulars 41 and 42 proposed the two-phase development plan as below with 30 measures regarding the financial reform and innovation in Hengqin and Qianhai respectively:

Phases	Hengqin	Qianhai
Phase I: by 2025	Under the principle of "servicing Macau and integrating Macau and Hengqin", a cross-border electronic capital networking between Hengqin and Macau (电子围网系统) and the cross-border finance management system shall be established by 2025 to further explore the free flow of cross-border funding, convenience of cross-border investment, and opening-up of finance sector, etc.	A sound policy and management system on expansion and opening-up of the financial sector as well as the internationalization of RMB shall be established with high level of interconnection with the Hong Kong financial market.
Phase II: by 2035	<ul style="list-style-type: none">• Further improve the cross-border electronic capital networking between Hengqin and Macau and the cross-border finance management system, as well as enhance the financial integration between Hengqin and Macau.• Hengqin shall be built into a demonstration zone for opening-up of finance sectors, a financial service platform for China and Portuguese-speaking countries, as well as an interconnection of financial markets in Guangdong, Hong Kong and Macau.	A high level of financial liberation shall be achieved based on the implementation of negative list, which shall enable high efficiency of cross-border capital flow.

It is understood that certain measures proposed in Circulars 41 and 42 have already been implemented, such as allowing Hong Kong/Macau residents to remotely open settlement accounts with commercial banks in Qianhai/Hengqin, etc.

Relevant parties are encouraged to read full contents of Circulars 41 and 42 for more details. Our Financial Services Organization (FSO) team issued a WeChat news article (in Chinese) on 1 March 2023 setting out extensive discussion on the two circulars. For the WeChat news article, you can follow us on WeChat by scanning the QR Code on the last page of this CTIE or click the weblink below to access its full contents.

You can click this link to access the full contents of Circular 41:

http://www.gov.cn/zhengce/zhengceku/2023-02/23/content_5743034.htm

You can click this link to access the full contents of Circular 42:

<http://www.pbc.gov.cn/zhengwugongkai/4081330/4406346/4693549/4802394/index.html>

You can click this link to access the full contents of the WeChat article:

<https://mp.weixin.qq.com/s/JTk7n-385cYD3nsaPhCYGQ>

- ▶ Administrative Measures of Shanghai on the Recognition and Rewards for Headquarters of Innovative Enterprises (Hufagaiguifan [2023] No. 3)

Synopsis

To accelerate the development of innovative economy in Shanghai and promote headquarters of compound enterprises, four governmental departments of Shanghai Municipality (including Shanghai Municipal Finance Bureau and Shanghai Municipal Development and Reform Commission) jointly issued the "Administrative Measures of Shanghai on the Recognition and Rewards for Headquarters of Innovative Enterprises" (hereinafter referred to as the "Administrative Measures") via Hufagaiguifan [2023] No. 3 on 1 February 2023.

Key features of the Administrative Measures are as follows:

Recognition criteria

The Administrative Measures specify the recognition criteria of the headquarters of innovative enterprises in respect of asset size, sales revenue, research and development (R&D) expenses, intellectual property rights, etc.

Application materials

An enterprise shall submit relevant materials including application form, audit reports, tax payment certificates, business license for recognition.

Application procedures

An enterprise shall submit application and relevant materials as required to the competent authority of the district where it is registered. The competent authority will conduct a preliminary review within 10 working days, and the municipal government will conduct final review of the application.

Rewards and support

Qualified headquarters of innovative enterprises can apply for subsidies and awards as prescribed in the Administrative Measures. In addition, headquarters of innovative enterprises that meet certain conditions can also receive support grants from special funds for strategic emerging industries and intellectual property.

Supervision and administration

Relevant departments will conduct a dynamic observation of the recognized headquarters of innovative enterprises. Enterprises that no longer meet the criteria or found to be fraudulent and seriously dishonest may be disqualified immediately.

The Administrative Measures became effective on 1 March 2023 and will be valid through 29 February 2028. Innovative enterprises are advised to read the Administrative Measures for details.

You can click this link to access the full contents of the Administrative Measures:

<https://www.shanghai.gov.cn/nw12344/20230222/1aaef66e994640ab97a05a1bdfdb3987.html>

- ▶ Public notice (PN) regarding second public opinions consultation on the "Notice Issued by the State Administration for Market Regulation (SAMR) Regarding Implementing the 'Administrative Regulations on the Registration of Market Entities' to Further Improve the Registration of Market Entities (Discussion Draft)"

Synopsis

To fully implement the "Administrative Regulations on the Registration of Market Entities" (hereinafter referred to as the "Regulations") and its implementation rules (hereinafter referred to as the "Implementation Rules"), and further improve the administrative system and rules of market entity registration, the SAMR announced the second public opinions consultation on the "Notice Regarding Implementing the 'Regulations' to Further Improve the Registration of Market Entities (Discussion Draft)" (hereinafter referred to as the "second Discussion Draft") to seek public opinions on 17 February 2023.

It is notable that the two items below were added in the second Discussion Draft:

- Local supervising authorities under the SAMR (hereinafter referred to as the “local supervising authorities”) shall further regulate the residence (i.e., the business premise) registration for market entities. The local supervising authorities shall leverage the big data technology to verify whether the registered residences truly exist, and the use of such business premises are in accordance with the relevant laws and regulations. Any violations by the market entities in this regard should be rectified within a prescribed timeline.
- The provincial market entity registration systems shall be further improved to link to the SAMR’s unified platform. Meanwhile, the registration of name authentication, electronic business licenses, standardized business scope searching, assignment of unified social credit codes shall still be conducted through the SAMR’s unified platform for consistency.

The relevant parties are encouraged to express opinions on or before 18 March 2023 by logging onto the official website of the SAMR (<http://www.samr.gov.cn>) or by sending emails to djjzdc@samr.gov.cn.

You can click this link to access the full contents of the second Discussion Draft and its official interpretation: https://www.samr.gov.cn/hd/zjdc/202302/t20230217_353332.html

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

- ▶ Notice regarding the export tax refund rate database (2023A Version) (Shuizonghuolaohan [2023] No. 12) <http://www.chinatax.gov.cn/chinatax/n377/c5185269/content.html>
- ▶ Notice regarding the “List of Vehicle Manufacturers and Products (367th Batch)”, the “Catalog of Energy Saving & New Energy Vehicles Eligible for Preferential Vehicle and Vessel Tax Policies (46th Batch)” and the “Catalog of New Energy Vehicles Eligible for Vehicle Purchase Tax Exemption (62nd Batch)” (MIIT PN [2023] No. 2) https://www.miit.gov.cn/zwgk/zcwj/wjfb/gg/art/2023/art_28f39774453b492386be7ca43bad6b0d.html
- ▶ PN regarding two companies being added to the unreliable entity list (Mechanisms for unreliable entity list PN [2023] No. 1) <http://www.mofcom.gov.cn/article/zwgk/gkzcfb/202302/20230203391289.shtml>
- ▶ Decisions on the abolishment of certain administrative regulations and documents (State Council Order [2023] No. 758) http://www.gov.cn/zhengce/content/2023-02/17/content_5741936.htm
- ▶ Notice regarding the record-filing administration of domestic enterprises issuing securities and going public overseas http://www.gov.cn/zhengce/zhengceku/2023-02/18/content_5742032.htm
- ▶ Provisional Measures for the Administration of Domestic Enterprises Issuing Securities and Going Public Overseas (CSRC PN [2023] No. 43) <http://www.csrc.gov.cn/csrc/c101954/c7124478/content.shtml>
- ▶ Guiding opinions on promoting comprehensive cross-departmental supervisions (Guobanfa [2023] No. 1) http://www.gov.cn/zhengce/content/2023-02/17/content_5741898.htm
- ▶ Notice regarding enhancing the rectification of arbitrary charges by industry associations and chambers and supporting market entities in difficulty (Minhan [2023] No. 25) http://www.gov.cn/zhengce/zhengceku/2023-02/18/content_5742012.htm
- ▶ Notice regarding public opinions consultation on the “Provisional Measures for the Administration of Interconnection and Cooperation of Mainland and Hong Kong Swap Connect (Discussion Draft)” <http://www.pbc.gov.cn/tiaofasi/144941/144979/3941920/4797472/index.html>

- ▶ PN regarding public opinions consultation on the “Administrative Measures for the Capital of Commercial Banks (Discussion Draft)”
<http://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=1096426&itemId=951&generalType=2>
- ▶ Implementation opinions of banking and insurance industry on implementing the “Opinions of the State Council on Supporting New and Old Kinetic Energy Conversion and Promoting Green, Low-carbon and High-quality Development in Shandong”
<http://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=1096677>
- ▶ Notice regarding the fifth batch of “specialized, sophisticated, distinctive and innovative” enterprises for cultivation and second batch of “specialized, sophisticated, distinctive and innovative” enterprises for re-assessment (Gongxintingqiyehan [2023] No. 23)
https://www.miit.gov.cn/zwgk/zcwj/wjfb/tz/art/2023/art_8b5db52eb1864c4da842a61543c9ecf7.html
- ▶ Notice regarding the lists of the 29th batch of newly recognized and all national corporate technology centers (Fagaigaoji [2023] No. 139)
https://www.ndrc.gov.cn/xxgk/zcfb/tz/202302/t20230222_1349179.html
- ▶ Guidelines on the Pilot Record-filing of Real Estate Private Equity Funds (Trial) (Zhongjixiefa [2023] No. 4)
https://www.amac.org.cn/governmentrules/czxf/zlqz/zlqz_smjj/zlqz_smjj_cpba/202302/t20230220_14478.html
- ▶ A catalog of currently enforceable regulations on foreign exchange administration (as of 31 December 2022)
<http://www.safe.gov.cn/safe/2023/0222/22378.html>
- ▶ PN regarding adjusting the requirements for declaration of imported goods (GAC PN [2023] No. 14)
<http://www.customs.gov.cn/customs/302249/2480148/4852887/index.html>



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