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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 circular

- ▶ **Provisional Measures of the Guangdong-Macau In-depth Cooperation Zone in Hengqin (Hengqin) on the Lists of Administration of High-end and Urgently-needed Talents who are eligible for Preferential Individual Income Tax (IIT) Policies (Yueaoshenheguanmi [2023] No. 3)**

Synopsis

According to Caishui [2022] No. 3 ("Circular 3", i.e., Notice regarding the preferential IIT policy for Hengqin), qualifying individuals are eligible for the following preferential IIT treatments:

- ▶ For domestic and overseas high-end or urgently needed talents working in Hengqin, their IIT burden exceeding 15% shall be exempt from IIT.
- ▶ For IIT imposed on Macau residents working in Hengqin that exceeds the tax burden in Macau, the excess shall be exempted.

On 3 March 2023, the Management Committee of Hengqin announced the Provisional Measures of Hengqin on the Lists of Administration of High-end and Urgently-needed Talents who are eligible for Preferential IIT Policies (hereinafter referred to as the "Provisional Measures"). The Provisional Measures outline the relevant criteria for assessing high-end or urgently needed talents, the scope of qualifying individuals, and the detailed application procedures, among other things.

Key features of the Provisional Measures include:

Items	Details
Basic conditions for eligible high-end and urgently-needed talents	<ul style="list-style-type: none"> ▶ Comply with laws and regulations and pay taxes according to the law. ▶ Work in industries as prescribed in the Catalogue of Encouraged Industries in Hengqin (hereinafter referred to as the "Catalogue") or in the public management and service industries that facilitate the livelihood and employment of Macau residents. ▶ Work in Hengqin and sign a labor/service contract, etc. for more than one year with a company or institution that substantially operates in Hengqin. ▶ Have paid social insurance for at least six months in Hengqin during a tax year (must include December of the year and there are no situations such as single payment or payment of social insurance in two places), except for those being exempt from mainland social insurance or reaching the statutory retirement age.
Additional criteria for high-end talents	<p>High-end talents must meet one of the following conditions in addition to the above basic conditions:</p> <ul style="list-style-type: none"> ▶ Be recognized as outstanding talents who have made significant contributions and are socially recognized as being at the leading level in a certain field or profession. (Details are to be further formulated by the Management Committee of Hengqin) ▶ Have an annual income of at least RMB500,000 in Hengqin.
Additional criteria for urgently-needed talents	<p>Urgently-needed talents must meet one of the following conditions in addition to the above basic conditions:</p> <ul style="list-style-type: none"> ▶ Have a bachelor's degree or above or equivalent overseas qualifications. ▶ Have associate or higher level professional and technical qualifications or equivalent overseas professional qualifications (record filing procedures should be completed). ▶ Have obtained a technician-level or higher national vocational qualification certificate or vocational skill level certificate, or equivalent overseas professional qualifications (record filing procedures should be completed).
Application procedures and effectiveness	<p>Eligible high-end and urgently-needed talents working in Hengqin are required to apply with the supervising department and provide relevant supporting materials. Both the individuals and their employers are required to commit to the authenticity of registered information.</p> <p>The Provisional Measures took retroactive effect from 1 January 2021.</p>

Our People Advisory Services Team has issued a WeChat news article in this regard on 17 April 2023 (in Chinese only), you can follow us on WeChat by scanning the QR Code on the last page of this CTIE and search keywords to access the full contents of the WeChat news article.

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

http://www.hengqin.gov.cn/macao_zh_hans/zwgk/zcfg/hqzc/rczc/content/post_3511338.html

You can click this link to access the full contents of Circular 3:

http://czt.gd.gov.cn/tzgg/content/post_3876408.html

You can click this link to access the full contents of the Catalogue:
http://www.hengqin.gov.cn/macao_zh_hans/zwgk/tzgg/gg/content/post_3508153.html

You can click this link to access the full contents of the WeChat article:
<https://mp.weixin.qq.com/s/JXhXxRYkLggiz8YhU2J7wA>

Business circulars

► **Joint Announcement of the People's Republic of China (PRC) and the French Republic (France)**

Synopsis

On 7 April 2023, the PRC and France issued a Joint Announcement (hereinafter referred to as the "Joint Announcement"). The objective of the Joint Announcement is to strengthen political dialogue, promote political mutual trust, facilitate economic exchanges, resume cultural exchanges, and jointly address global challenges, among other things.

Notably, the two countries have committed to provide fair and non-discriminatory conditions of competition to businesses, especially in the areas of:

- Cosmetics
- Agriculture and agri-food products
- Air traffic management
- Finance (banking, insurances and asset managers)
- Health (i.e., medical supplies and vaccines)
- Energy
- Investment and sustainable development; etc.

To achieve this goal, both countries are committed to provide a favorable environment for business cooperation, which includes improving market access for companies, improving the business environment, and ensuring protection for the intellectual properties of all companies from both countries.

In the field of digital economy, including 5G, France has pledged to continue to process authorization and licensing applications from Chinese companies in a fair and non-discriminatory manner, based on the laws and regulations of both countries, including national security.

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 contents of the Joint Announcement:
http://www.gov.cn/yaowen/2023-04/07/content_5750444.htm

► **Implementation Plan of Beijing on Comprehensively Optimizing the Business Environment and Supporting the High-quality Development of Enterprises (Jingzhengbanfa [2023] No. 8)**

Synopsis

On 6 April 2023, the General Office of the Beijing Municipal People's Government released the "Implementation Plan of Beijing on Comprehensively Optimizing the Business Environment and Supporting the High-quality Development of Enterprises" (hereinafter referred to as the "Implementation Plan") via Jingzhengbanfa [2023] No. 8, aiming to create a market-oriented, legal, and international first-class business environment and achieve high-quality development of the capital economy.

Some key points of the Implementation Plan are as follows:

- ▶ Implement measures to facilitate the registration of market entities and comprehensively implement the list-based administrative licensing management system.
- ▶ Ensure fair competition among market entities.
- ▶ Increase efforts to promote and protect intellectual property rights.
- ▶ Fully implement the pre-establishment national treatment and negative-list system for foreign investors.
- ▶ Implement unified standards for recognizing foreign high-end and urgently-needed talents.
- ▶ Gradually achieve swift enjoyment of preferential policies.
- ▶ Fully promote online tax payment and intelligent tax refunds.
- ▶ Strengthen employment services for college graduates.
- ▶ Constantly improve the efficiency of investment and construction project approval.
- ▶ Increase credit support for small, medium and micro-sized enterprises and accelerate the development of green finance.
- ▶ Promote the coordinated and open development of cross-border trade between Beijing, Tianjin, and Hebei, as well as the full-chained and coordinated protection of intellectual property rights.

You can click this link to access the full contents of the Implementation Plan:

https://www.beijing.gov.cn/zhengce/zhengcefagui/202304/t20230407_2992308.html

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

- ▶ **List of major preferential fiscal, tax and financial policies for the transportation industry in 2023 (as of 11 April 2023)**
https://xxgk.mot.gov.cn/2020/jigou/cwsjs/202304/t20230412_3796167.html
- ▶ **Public notice (PN) regarding public opinions consultation on regulations and regulatory documents to be abolished and amended**
<https://yyglxxbsgw.ndrc.gov.cn/htmls/article/article.html?articleId=2c97d16b-8678801b-0187-59bd283d-0006#iframeHeight=805>
- ▶ **Notice regarding further regulating the tourism market (Wenlvfadian [2023] No. 119)**
http://www.gov.cn/zhengce/zhengceku/2023-04/11/content_5750805.htm
- ▶ **PN regarding launching a trade barrier investigation into Taiwan's trade restrictions against products from the Chinese mainland (MOFCOM PN [2023] No. 11)**
<http://www.mofcom.gov.cn/article/zwgk/gkzfb/202304/20230403403369.shtml>
- ▶ **PN regarding further enhancing the inspection and supervision of imported hazardous chemicals (GAC PN [2023] No. 29)**
<http://www.customs.gov.cn/customs/302249/2480148/4945781/index.html>
- ▶ **PN regarding the abolishment of eight customs PNs (GAC PN [2023] No. 31)**
<http://www.customs.gov.cn/customs/302249/302266/302267/4951578/index.html>

Contact us

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

Greater China Tax Leader

Vickie Tan

+86 21 2228 2648

Vickie.Tan@cn.ey.com

Our tax leaders by service segment

Andrew Choy

International Tax and Transaction Services

+86 10 5815 3230

Andrew.Choy@cn.ey.com

Becky Lai

Tax Policy

+852 2629 3188

Becky.Lai@hk.ey.com

Alan Lan

Global Compliance and Reporting

+86 10 5815 3389

Alan.Lan@cn.ey.com

Jesse Lv

ITTS - Transaction Tax

+86 21 2228 2798

Jesse.Lv@cn.ey.com

Travis Qiu

ITTS - Transfer Pricing

+86 21 2228 2941

Travis.Qiu@cn.ey.com

Chuan Shi

Tax Technology and Transformation

+86 21 2228 4306

Chuan.Shi@cn.ey.com

Carrie Tang

Business Tax Services

+86 21 2228 2116

Carrie.Tang@cn.ey.com

Bryan Tang

Indirect Tax - Global Trade

+86 21 2228 2294

Bryan.Tang@cn.ey.com

Paul Wen

People Advisory Services

+852 2629 3876

Paul.Wen@hk.ey.com

Kevin Zhou

Indirect Tax - VAT

+86 21 2228 2178

Kevin.Zhou@cn.ey.com

Our tax leaders by service areas

Andrew Choy (China North)

+86 10 5815 3230

Andrew.Choy@cn.ey.com

Ho Sing Mak (China South)

+86 755 2502 8289

Ho-Sing.Mak@cn.ey.com

Wilson Cheng (Hong Kong)

SAR/Macau SAR

+852 2846 9066

Wilson.Cheng@hk.ey.com

Heidi Liu (Taiwan)

+886 2 2757 8888

Heidi.Liu@tw.ey.com

Author - China Tax Center

Jane Hui

+852 2629 3836

Jane.Hui@hk.ey.com

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