



# 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

- ▶ **Guidelines on preferential tax policies for supporting coordinated regional development**
- ▶ **Guidelines on preferential tax policies for promoting integrated development**

### Synopsis

To promote coordinated and balanced development in various regions and fields, China has implemented a series of tax and fee preferential policies. Recently, the State Taxation Administration (STA) has compiled 216 tax and fee preferential policies and formed the Guidelines on preferential tax policies for supporting coordinated regional development (hereinafter referred to as the "Guidelines") and released the Guidelines on its official website on 20 July 2023.

The Guidelines cover four aspects, i.e., the policies related to regional coordinated development, integrated urban-rural development, balanced development of material and spiritual civilization, and integrated socio-economic development. Each policy is listed with the applicable entities, relevant content, eligibility criteria, and policy basis.

For your easy reference, we have summarized certain key preferential tax policies in the table below (please click on the circular numbers and our tax publication numbers for further details):

Policies	Details	Our tax publications
<a href="#">Caishui [2022] No. 19</a> , i.e., Notice regarding the preferential Corporate Income Tax (CIT) policy for the Guangdong-Macau In-depth Cooperation Zone in Hengqin (hereinafter referred to as “Hengqin”)	<ul style="list-style-type: none"> <li>▶ Eligible enterprises engaging in qualified industries in Hengqin will be eligible for a reduced CIT rate of 15%.</li> <li>▶ Income derived from qualified incremental outbound direct investments (ODI) of eligible tourism, modern service and high-tech enterprises that are established in Hengqin as specified in the “Catalogue of Industries Eligible for the Preferential CIT Treatments for Hengqin (version 2021)” shall be exempted from CIT.</li> </ul>	<a href="#">CTIE2022021</a>
<a href="#">Caishui [2022] No. 3</a> , i.e., Notice regarding the preferential Individual Income Tax (IIT) policy for Hengqin	<ul style="list-style-type: none"> <li>▶ For qualified domestic and overseas high-end or urgently needed talents working in Hengqin, the part of their IIT burden exceeding 15% shall be exempted.</li> <li>▶ IIT imposed on Macau residents working in Hengqin that exceeds the tax burden in Macau will also be exempted.</li> </ul>	<a href="#">CTIE2022010</a>  <a href="#">WeChat article issued on 17 March 2022</a>
<a href="#">Caishui [2022] No. 40</a> , i.e., Notice regarding preferential CIT policies for Nansha district in Guangzhou (hereinafter referred to as “Nansha”)	<ul style="list-style-type: none"> <li>▶ Enterprises registered in start-up areas of Nansha<sup>1</sup> and substantially engaged in encouraged industries business shall be subject to a reduced CIT rate of 15%.</li> <li>▶ From 1 January 2022, where an eligible enterprise registered in Nansha is recognized as a High-and-new Technology Enterprise or a Technology-based Small and Medium-sized Enterprise (SME), it is allowed to carry forward its unutilized tax losses incurred for a period of up to 13 years.</li> </ul>	<a href="#">CTIE2022042</a>  <a href="#">WeChat article issued on 16 November 2022</a>
<a href="#">Caishui [2020] No. 38</a> , i.e., Notice regarding the CIT policies for key industries in the China (Shanghai) Pilot Free Trade Zone Lin-gang Special Area (hereinafter referred to as the “Special Area”)	Effective from 1 January 2020, eligible legal entities that are engaged in core products and technology of key industries such as integrated circuits, artificial intelligence, biomedicine, and civil aviation in the Special Area and carry out substantive production or research and development activities, are subject to a reduced CIT rate of 15% within five years from the date of establishment.	<a href="#">CTIE2020031</a>

Meanwhile, the STA also announced the Guidelines on preferential tax policies for promoting integrated development (hereinafter referred to as the “Integrated Development Guidelines”) on the same day. The Integrated Development Guidelines outline 182 preferential tax and fee policies primarily focusing on promoting agriculture and rural development.

Relevant taxpayers are encouraged to read the abovementioned guidelines and our past issues of publications for greater details and to explore the benefits of relevant tax policies. If in doubt, consultations with professionals are always recommended.

<sup>1</sup> According to [Guofa \[2022\] No. 13](#) (“Circular 13”, i.e., Notice regarding an overall plan for promoting comprehensive cooperation among Guangdong, Hong Kong and Macau by further deepening the open-up of Nansha district in Guangzhou), the three start-up areas refer to Nansha Bay, Qingsheng Hub Cluster, and Nansha Hub Cluster.

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

<http://www.chinatax.gov.cn/chinatax/n810341/n810825/c101434/c5210010/content.html>

You can click this link to access the full contents of the Integrated Development Guidelines:

<http://www.chinatax.gov.cn/chinatax/n810341/n810825/c101434/c5210009/content.html>

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

[http://www.gov.cn/zhengce/content/2022-06/14/content\\_5695623.htm](http://www.gov.cn/zhengce/content/2022-06/14/content_5695623.htm)

- ▶ **Public notice (PN) issued by Zhuhai Municipal Finance Bureau regarding public opinions consultation on the “Administrative Measures on Financial Subsidies Related to the IIT Preferential Policies for the Guangdong-Hong Kong-Macau Greater Bay Area in Zhuhai (Discussion Draft)”**

### Synopsis

Pursuant to Yuecaishui [2023] No. 21 (“Circular 21”, i.e., Notice regarding further implementing the preferential IIT policies for the Guangdong-Hong Kong-Macau Greater Bay Area), a few relevant local government authorities, such as those in Zhuhai and Jiangmen, announced Discussion Drafts on the “Administrative Measures on Financial Subsidies Related to the IIT Preferential Policies” to seek for public opinions.

Take Zhuhai for example, the “Administrative Measures on Financial Subsidies Related to the IIT Preferential Policies for the Guangdong-Hong Kong-Macau Greater Bay Area in Zhuhai (Discussion Draft)” (hereinafter referred to as the “Zhuhai Discussion Draft”) was issued by Zhuhai Municipal Finance Bureau on 21 July 2023. This draft covers various aspects such as the recognition of eligible individuals, application procedures, and subsidy payments.

It is expected that, following the completion of the public consultation on the Discussion Drafts, the officially released circulars will be applicable to the tax year 2020 and subsequent years, including applications for the tax years 2021 and 2022 in the respective locations. These applications will be handled during the acceptance period in 2023.

Relevant taxpayers and enterprises are encouraged to stay updated on the local practices that will be announced by the respective local competent departments. We will closely monitor any further developments and advise you accordingly, please stay tuned.

You can click this link to access the full contents of the Zhuhai Discussion Draft:

[http://zhjr.zhuhai.gov.cn/xxgk/zhjr/content/post\\_3557509.html](http://zhjr.zhuhai.gov.cn/xxgk/zhjr/content/post_3557509.html)

You can click this link to access the full contents of the Jiangmen Discussion Draft:

[http://www.jiangmen.gov.cn/bmpd/jmsczj/zwgk/tzgg/content/post\\_2901922.html](http://www.jiangmen.gov.cn/bmpd/jmsczj/zwgk/tzgg/content/post_2901922.html)

You can click this link to access the full contents of Circular 21:

[https://www.gd.gov.cn/gdywdt/zwzt/ygadwq/zxzc/content/post\\_4206240.html](https://www.gd.gov.cn/gdywdt/zwzt/ygadwq/zxzc/content/post_4206240.html)

## Business circulars

- ▶ **Notice regarding public opinions consultation on the “Notice issued by the State Administration of Foreign Exchange regarding deepening the reform to further facilitate cross-border trade and investment (Discussion Draft)”**

### Synopsis

On 24 July 2023, the State Administration of Foreign Exchange (SAFE) released the “Notice issued by the SAFE regarding deepening the reform to further facilitate cross-border trade and investment (Discussion Draft)” (hereinafter referred to as the “Discussion Draft”) on its official website to seek public opinion. The consultation of public opinion was opened until 2 August 2023. The purpose of the Discussion Draft is to expand the previous trial of cross-border trade and investment in four pilot areas (i.e., Lingang new area of Shanghai, Nansha new area of Guangdong Pilot Free Trade Zone, Yangpu economic development zone of Hainan and Beilun District of Ningbo, Zhejiang) on a nationwide basis.

Key features proposed in the Discussion Draft include:

- ▶ To improve the policies for cross-border trade openness, four policies related to the current account were proposed:
  - ▶ Optimize foreign exchange management of market procurement trade
  - ▶ Relax settlement of net offset in processing trade receipts and payments
  - ▶ Improve cross-border trade funds settlement under entrusted agency
  - ▶ Facilitate foreign currency funds settlement for domestic institutions engaging in operational leasing business.
- ▶ To expand facilitation measures for the capital account, three policies related to the capital account were proposed:
  - ▶ Facilitate cross-border financing for technology-based SMEs
  - ▶ Relax the scale limit for initial expenses of ODI
  - ▶ Facilitate use of funds for equity transfer under the reinvestment of foreign direct investment (FDI) in China and use of funds raised from overseas listings
- ▶ To optimize management measures for foreign exchange administration on capital account, three policies were proposed:
  - ▶ Refine the negative lists for the use of capital account income
  - ▶ Cancel the approval requirements for opening foreign loan accounts in a different location
  - ▶ Streamline certain capital account categories

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 Discussion Draft:

<http://www.safe.gov.cn/safe/2023/0724/22972.html>

▶ **Notice regarding further stimulating the vitality of private investment (Fagaitouzi [2023] No. 1004)**

**Synopsis**

To encourage and attract more private capital to participate in national major projects and key industrial and supply chain projects, on 14 July 2023, the National Development and Reform Commission (NDRC) released Fagaitouzi [2023] No. 1004 (“Circular 1004”, i.e., Notice regarding further stimulating the vitality of private investment).

According to Circular 1004, the NDRC will encourage private capital to actively participate in selected sectors (e.g., transportation, water conservancy, clean energy, new infrastructure, advanced manufacturing, and modern agriculture). The NDRC will comprehensively review and release a list of projects that attract private capital and more measures would be brought into place for these investments, e.g., optimize financing facilities for relevant private capital.

Investors and private enterprises are advised to closely monitor the implementation and progress of these policies and seize investment opportunities.

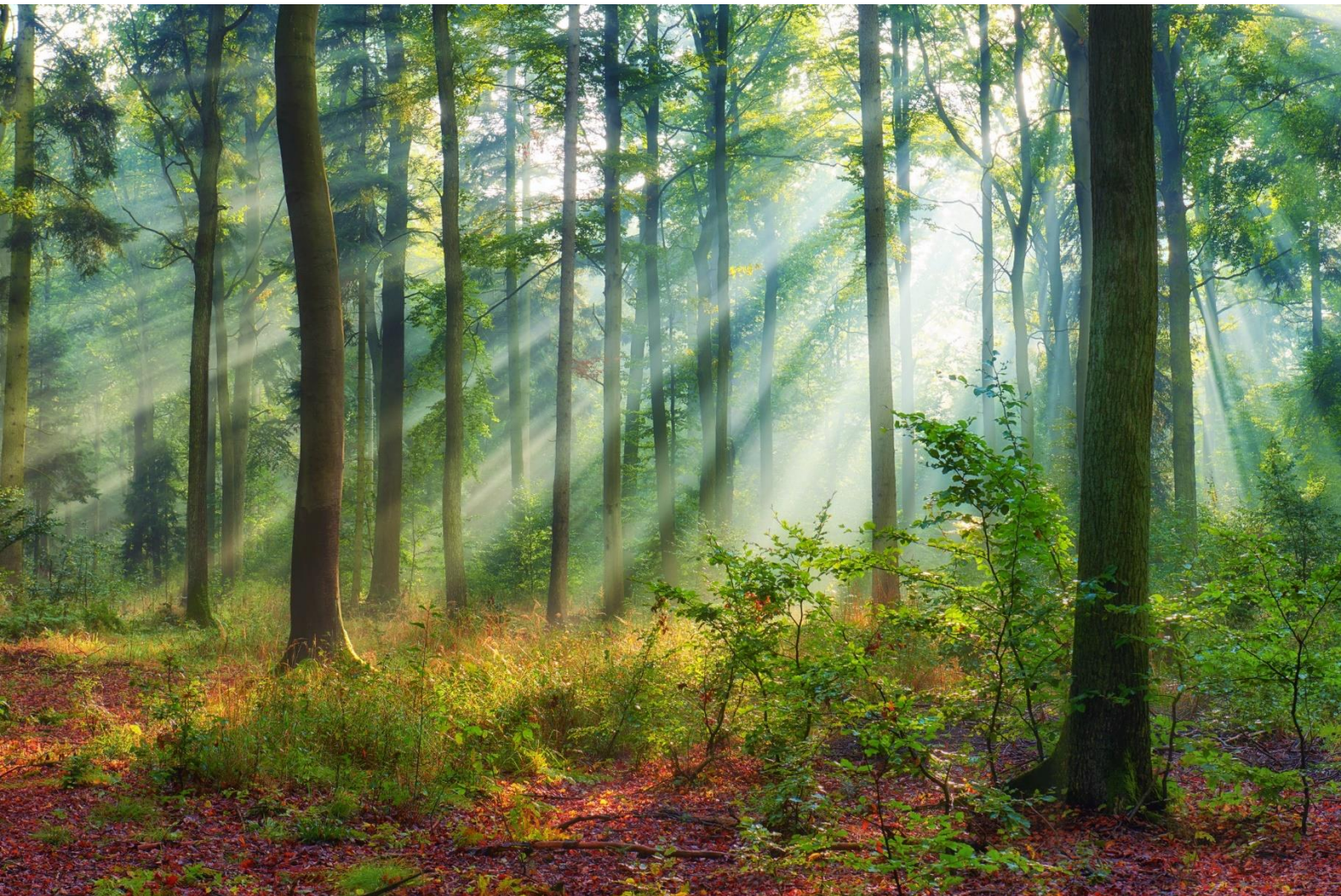
You can click this link to access the full contents of Circular 1004:

[https://www.gov.cn/zhengce/zhengceku/202307/content\\_6893858.htm](https://www.gov.cn/zhengce/zhengceku/202307/content_6893858.htm)



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

- ▶ **PN regarding the application for the import quotas with preferential tariff rates other than cotton tariff quotas in 2023 (NDRC PN [2023] No. 4)**  
[https://www.ndrc.gov.cn/xxgk/zcfb/gg/202307/t20230721\\_1358598.html](https://www.ndrc.gov.cn/xxgk/zcfb/gg/202307/t20230721_1358598.html)
- ▶ **PN regarding public opinions consultation on the "Implementation Measures on Administrative Licensing Items for Non-bank Financial Institutions (Discussion Draft)"**  
<http://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=1118880>
- ▶ **Notice regarding public opinions consultation on the "Administrative Measures on Data Security Management for Business Operations of the People's Bank of China (Discussion Draft)"**  
<http://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=1118880>
- ▶ **Notice regarding promoting the healthy development of the modern coal chemical industry (Fagaichanye[2023] No. 773)**  
[https://www.ndrc.gov.cn/xxgk/zcfb/tz/202307/t20230727\\_1358715.html](https://www.ndrc.gov.cn/xxgk/zcfb/tz/202307/t20230727_1358715.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

## EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients, nor does it own or control any member firm or act as the headquarters of any member firm. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via [ey.com/privacy](https://ey.com/privacy). EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit [ey.com](https://ey.com).

© 2023 Ernst & Young, China.  
All Rights Reserved.

APAC no. 03017968  
ED None.

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, legal or other professional advice. Please refer to your advisors for specific advice.

[ey.com/china](https://ey.com/china)

### Follow us on WeChat

Scan the QR code and stay up-to-date with the latest EY news.

