



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 circular

- ▶ **Public notice (PN) regarding the list of social organizations through which charitable donations made are deductible for income tax purposes for year 2024-2026 (MOF/STA PN [2023] No. 72)**

Synopsis

According to the prevailing Corporate Income Tax (CIT) Law and its implementation regulations as well as MOF/STA PN [2021] No. 20 (PN 20, i.e., PN regarding certain matters related to the deduction of charitable donations made through charitable mass organizations for income tax purposes), once approved, the status of charitable mass organizations through which charitable donations made are deductible for CIT and Individual Income Tax (IIT) purposes shall be applicable nationwide and valid for three years.

On 13 November 2023, the Ministry of Finance (MOF) and State Taxation Administration (STA) jointly released MOF/STA PN [2023] No. 72 (PN 72) to announce that four organizations (i.e., the Red Cross Society of China, the All-China Federation of Trade Unions, the China Soong Ching Ling Foundation and the China International Talent Exchange Foundation) are recognized as charitable mass organizations through which charitable donations made are deductible for income tax purposes. The status of the four charitable mass organizations is valid from 2024 and 2026.

PN 72 extends the current status of charitable mass organizations for the four eligible mass organizations from 2021-2023. CIT and IIT taxpayers that made charitable donations in 2023 may also make reference to MOF/STA/MCA PN [2022] No. 40 (PN 40, i.e., PN regarding the list of charitable social organizations through which charitable donations made are deductible for income tax purposes for years 2022-2024 and 2023-2025) before claiming deductions for income tax purposes. If in doubt, consultations with professionals are always helpful.

You can click this link to access the full contents of PN 20:

http://szs.mof.gov.cn/zhengcefabu/202106/t20210603_3714132.htm

You can click this link to access the full contents of PN 72:

http://szs.mof.gov.cn/zhengcefabu/202311/t20231116_3917052.htm

You can click this link to access the full contents of PN 40:

<https://www.chinatax.gov.cn/chinatax/n810341/n810825/c101434/c5183528/content.html>

Business circulars

- ▶ **Opinions on improving special economic functions and supporting the high-quality development of the Lin-gang Special Area of China (Shanghai) Pilot Free Trade Zone**
- ▶ **Approval on the “Work Plan for Supporting Beijing in Deepening the Construction of the Comprehensive Demonstration Zone for Expanding the Opening-up of the Service Sector” (Guohan [2023] No. 130)**

Synopsis

To accelerate the construction of an independent comprehensive coastal city, CPC Shanghai Municipal Committee and Shanghai Municipal People’s Government jointly released the “Opinions on improving special economic functions and supporting the high-quality development of the Lin-gang Special Area of China (Shanghai) Pilot Free Trade Zone (Lin-gang)” (hereinafter referred to as the “Lin-gang Opinions”).

The Lin-gang Opinions aim to support the innovative development of trade in services, focus on the development of digital trade, emerging finance, high-end shipping services, technology trade and other key areas, and accelerate the upgrading of trade in services in Lin-gang. In particular, the Lin-gang Opinions also mentioned that active support shall be provided for the implementation or establishment of the pilot projects of Qualified Foreign Limited Partnership (QFLP) and Qualified Domestic Limited Partnership (QDLP) in Lin-gang.

Key points of Lin-gang Opinions also include strengthening the special functional positioning of Lin-gang, creating a more attractive environment for the development of talents, increasing the supply of financial funds and land, promoting cluster development of technology innovation, and enhancing the basic urban functions.

On the other hand, the State Council released Guohan [2023] No. 130 (Circular 130) on 18 November 2023 to support Beijing in deepening the construction of the comprehensive demonstration zone for expanding the opening-up of the service sector and promote high-quality development of the service sector.

Circular 130 proposed a series of innovative policy measures in six areas, i.e., deepening reform and expanding opening-up in key areas of the service industry, focusing on rules and regulations for emerging industry, trade and investment institutional arrangements, policy environment for public services, rights and interests protection mechanisms, and risk prevention and control systems. It is worth-noting that more attention is paid to create a stable, fair, transparent and predictable business environment, and continuously improving the satisfaction of business entities.

Relevant businesses are advised to read the above-mentioned circulars for more details and consider proposing appropriate business plans in these areas.

You can click this link to access the full contents of Lin-gang Opinions:

<https://www.shanghai.gov.cn/nw12344/20231117/152696be1bfa47e5a40e8663aa07de17.html>

You can click this link to access the full contents of Circular 130:

https://www.gov.cn/zhengce/content/202311/content_6916720.htm

► **Measures to promote the continuous high-quality development of venture capital and investment in Shenzhen (Shenjinjiangui [2023] No. 4)**

Synopsis

To further promote the innovative capital service and development strategy in Shenzhen, on 17 November 2023, the Local Financial Regulatory Bureau of Shenzhen released Shenjinjiangui [2023] No. 4 (Circular 4), i.e., the Measures to promote the continuous high-quality development of venture capital and investment in Shenzhen. These measures aim to encourage various market entities and attract venture capital/investment institutions to establish a presence in Shenzhen.

According to Circular 4, rewards will be granted to venture capital institutions based on their actual investment contributions in Shenzhen. Compared to the previous measures, the maximum reward for a single investment in this regard will be increased from RMB15 million to RMB20 million. Additionally, Circular 4 aims to attract top-tier institutions to establish their presence in Shenzhen. For instance, for each cumulative investment of RMB400 million (or an equivalent amount in foreign currency) in non-listed enterprises in Shenzhen by newly established or relocated equity investment and venture capital enterprises, the respective management company will be granted a reward of RMB5 million. The maximum reward amount for a single investment should not exceed RMB20 million.

Furthermore, Circular 4 also aims to encourage venture capital institutions to invest in early-stage and technology-oriented startups. Venture capital institutions that invest in seed-stage and early-stage innovative enterprises in Shenzhen will be eligible for a reward equal to 10% of their investment amount, with a maximum cap of RMB5 million.

Relevant investors are encouraged to read Circular 4 for more details and enjoy the preference offered.

You can click this link to access the full contents of Circular 4:

http://jr.sz.gov.cn/sjrb/xxgk/zcfg/dfjzrc/jrfzcc/content/post_10972531.html

Customs circulars

► **PN regarding matters related to recognition standards of enterprises acting in bad faith (GAC PN [2023] No. 170)**

Synopsis

To support businesses in overcoming difficulties and to stimulate market vitality, the General Administration of Customs (GAC) released GAC PN [2023] No. 170 (PN 170) on 21 November 2023.

According to PN 170, from 1 December 2023 to 31 December 2025, where enterprises that are not customs declaration agents unintentionally violate customs regulations within a one-year period, they will not have these acts recorded as part of their credit history and exposed them to be treated as untrustworthy enterprises.

The issuance of PN 170 offers a more lenient approach for non-customs declaration agents that have unintentionally violated customs regulations and would help to prevent them from facing unnecessary stricter customs administrative measures (i.e., the ones applicable to untrustworthy enterprises), such as a higher inspection rate (80% or higher) for imported and exported goods, among others.

Relevant businesses are encouraged to read PN 170 for more details. If in doubt, consultations with professionals are always recommended.

You can click this link to access the full contents of PN 170:

https://www.gov.cn/zhengce/zhengceku/202311/content_6917196.htm

▶ **Notice regarding public opinions consultation on the “Measures of the People’s Republic of China (PRC) for Customs Administrative Reconsideration (Discussion Draft)”**

Synopsis

On 22 November 2023, the GAC released the “Measures of the PRC for Customs Administrative Reconsideration (Discussion Draft)” (hereinafter referred to as the “Draft Measures”) to seek public opinion. The consultation of public opinion shall be opened until 22 December 2023.

The Draft Measures include 89 articles in seven chapters, i.e., the general principles, application for administrative reconsideration, acceptance of administrative reconsideration, review of administrative reconsideration, administrative reconsideration decisions, legal responsibilities, and supplementary provisions.

Of note, the following contents proposed in the Draft Measures aim to further optimize the customs’ administrative reconsideration review process:

- ▶ Articles 29, 49, and 50 clearly set out the scope of cases that would be subject to the regular procedures and simplified procedures for customs’ administrative reconsideration review.
- ▶ Article 38 further clarifies the burden of proof for the respondent.
- ▶ Article 40 specifies the right of the applicant to make copies to better safeguard the applicant’s participation in the reconsideration.
- ▶ Article 47 further optimizes the regular procedure of reconsideration, specifying the principle of hearing opinions in the regular procedure.
- ▶ Section 4 of Chapter 4 optimizes the procedure for reviewing normative.
- ▶ Articles 59 and 60 optimize the clauses related to reconsideration decisions, further clarifying the circumstances for changing, revoking, or partially revoking reconsideration decisions.

Concerned businesses are encouraged to read the Draft Measures for details and express their opinions on or before 22 December 2023 by sending mails, emailing to hgfg@customs.gov.cn or logging onto <http://www.customs.gov.cn>.

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

<https://www.chinatax.gov.cn/chinatax/n359/c5211663/content.html>



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

- ▶ **PN regarding the “Catalog of Energy Saving & New Energy Vehicles Eligible for Preferential Vehicle and Vessel Tax Policies (55th Batch)”, “Catalog of New Energy Vehicles Eligible for Vehicle Purchase Tax Exemption (71st Batch)” (MIIT PN [2023] No. 29)**
https://www.miit.gov.cn/zwgk/zcwj/wjfb/gg/art/2023/art_eef75198fdc347bf9b2d9b0c0bec15dc.html
- ▶ **Notice regarding improving banks' digital services for business under capital accounts (Yinfa [2023] No. 231)**
<http://www.pbc.gov.cn/tiaofasi/144941/3581332/5141067/index.html>
- ▶ **Notice regarding strictly prohibiting accounting firms from providing audit services on a contingent fee basis (Caikuai [2023] No. 25)**
http://kjs.mof.gov.cn/gongzuotongzhi/202311/t20231117_3917275.htm
- ▶ **Notice regarding matters related to the submission of the new version of the permanent resident card for foreigners in the registration and licensing of technology import and export contracts**
http://swj.xm.gov.cn/jmzx/tzgg/202311/t20231120_2798916.htm
- ▶ **PN regarding the third batch of filed domestic financial information service institutions**
http://www.cac.gov.cn/2023-11/21/c_1702230143102599.htm



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

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

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

Karina Wong

Business Tax Services

+852 2849 9175

Karina.Wong@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

Raymond Zhu (China Central)

+86 21 2228 2860

Raymond.Zhu@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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