



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 circulars

- ▶ **Administrative Measures of Zhaoqing for the Financial Subsidy under the Preferential Individual Income Tax (IIT) Policy in Guangdong-Hong Kong-Macau Greater Bay Area (GBA) (Zhaocaigui [2023] No. 1)**
- ▶ **Application guidelines of Zhaoqing on the 2023 financial subsidy for the preferential IIT policy in the GBA**

Synopsis

According to Caishui [2019] No. 31 (Circular 31, i.e., Notice regarding the preferential IIT policy for the GBA), from 1 January 2019 to 31 December 2023, overseas high-end and urgently needed talents who work in the GBA shall be eligible for a financial subsidy to recover the portion of their IIT paid in the nine Mainland GBA cities¹ that exceeds 15% of their taxable income. The financial subsidy (hereinafter referred to as the "IIT subsidy") paid to the individuals shall be exempt from IIT. Caishui [2023] No. 34 (Circular 34, i.e., Notice regarding the extension of the preferential IIT policy for the GBA) extends the preferential IIT policy until 31 December 2027.

In this regard, the competent government authorities in Zhaoqing released Zhaocaigui [2023] No. 1 (Circular 1, i.e., Administrative Measures of Zhaoqing for the Financial Subsidy under the Preferential IIT Policy in the GBA) and the “Guidelines of Zhaoqing on the 2023 financial subsidy for the preferential IIT policy in the GBA” (hereinafter referred to as the “Zhaoqing Guidelines”) on 17 November 2023 and 1 December 2023 respectively, to launch the application for years 2021 and 2022.

Key features are as follows:

- ▶ Applicants who derived consolidated income and operating income in 2021 and 2022 or their withholding agent should access <https://www.wqsqfw.cn/> to lodge the application and submit the relevant documentations within the period from 1 December 2023 to 20 January 2024. If the application materials submitted are incomplete and additional documents need to be provided, the deadline can be extended to 25 January 2024. The retroactive application for year 2020 shall be accepted at the same time.
- ▶ The maximum amount of IIT subsidy per taxpayer per tax year shall not exceed RMB5 million.

Notably, similar to the regulations in Shenzhen, Huizhou and Dongguan, applicants are required to have worked in Zhaoqing for more than 90 days for each of the years 2020, 2021, and 2022 in order to qualify.

Circular 1 is effective from its promulgation date, i.e., 17 November 2023 until 31 December 2027.

Applicants are encouraged to read Circular 1 and Zhaoqing Guidelines for details and assess if they are qualified for the subsidy before lodging the applications. If in doubt, consultations with professionals are always recommended.

¹ The nine cities refer to Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing in Guangdong Province.

You can click this link to access the full contents of Circular 31:
https://www.gov.cn/xinwen/2019-03/19/content_5374437.htm

You can click this link to access the full contents of Circular 34:
<https://www.chinatax.gov.cn/chinatax/n363/c5211160/content.html>

You can click this link to access the full contents of Circular 1:
http://www.zhaoqing.gov.cn/zqcjz/gkmlpt/content/2/2916/post_2916612.html#21891

You can click this link to access the full contents of Zhaoqing Guidelines:
http://guangdong.chinatax.gov.cn/gdsw/zqsw_tzgg/2023-12/01/content_3920e571913141268b7905ef37fde716.shtml

Business circulars

- ▶ **Notice regarding improving financial measures to support the development of private economy (Yinfa [2023] No. 233)**

Synopsis

On 27 November 2023, eight central government authorities, including the People’s Bank of China, National Administration of Financial Regulation, China Securities Regulatory Commission, State Administration of Foreign Exchange, National Development and Reform Commission, All-China Federation of Industry and Commerce, Ministry of Industry and Information Technology and Ministry of Finance jointly issued Yinfa [2023] No. 233 (Circular 233), proposing 25 specific measures to support the private economy.

Among them, the following points are worth-noting:

- ▶ Clarifying the goals and priorities of financial services for private enterprises, including setting annual service targets for private enterprises and increasing the weighting of related services for private enterprises in performance appraisal. The aim is to enhance financial support for private enterprises and gradually increase the proportion of loans to private enterprises. Additionally, support will be provided for key areas, such as technological innovation, “specialized, refined, distinctive, and innovative” enterprises (专精特新), green and low-carbon initiatives, and the reconstruction of industrial foundations, as well as for micro, small and medium-sized enterprises.
- ▶ Supporting the IPO financing, merger and acquisition of private enterprises. This involves leveraging regional equity markets and equity investment funds to provide support services for private enterprises and expand the scale of high-quality private enterprise equity financing. Policies and services for facilitating foreign exchange will be enhanced to support private enterprises in international expansion and attracting foreign investment.
- ▶ Utilizing a combination of monetary policy tools, fiscal support, and insurance protection measures to enhance the enthusiasm of financial institutions in serving the private economy. Strengthening departmental cooperation, improving credit information sharing, financing guarantees, convenient bill discounting, receivables confirmation, tax policies, and other supporting policies and mechanisms to enhance the financial capacity of the private economy.

Moving forward, the People’s Bank of China and the other relevant central government authorities will guide financial institutions to promptly implement Circular 233 and formulate the respective detailed implementation rules. 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 Circular 233:

https://www.gov.cn/zhengce/zhengceku/202311/content_6917272.htm

- ▶ **Notice issued by the Administrative Committee of Beijing Economic-Technological Development Area regarding the “Measures for Further Promoting the High-quality Development of Specialized and High and New Technology Enterprises” (Jingjiquanfa [2023] No. 32)**

Synopsis

To encourage innovation and support the construction of Beijing International Science and Technology Innovation Center and Yizhuang New Town, the Administrative Committee of Beijing Economic-Technological Development Area released the “Measures for Further Promoting the High-quality Development of Specialized and High and New Technology Enterprises” via Jingjiquanfa [2023] No. 32 (Circular 32) on 28 November 2023.

Circular 32 applies to enterprises registered and paid taxes within Yizhuang New Town provided that these enterprises have neither been charged any major administrative penalties or criminal records in the past three years nor been included in the list of serious violations and dishonest subjects.

Circular 32 encompasses 10 provisions, including eight financial support policies and two service guarantee measures. Notably, on top of the prevailing supporting policies for talents and initial public offering (listing), new clauses for “Incentives for Outstanding ‘Specialized, Refined, Distinctive, and Innovative’ Enterprises” and “Support for High and New Technology Enterprise Certification” have been newly added.

Among these, various awards would be available to attract national specialized, refined, distinctive, and innovative “small giant” enterprises, and high and new technology enterprises to move into Yizhuang New Town.

Circular 32 is effective from its promulgation date, i.e., 28 November 2023 until 31 December 2025. Relevant businesses are encouraged to read Circular 32 for more details and enjoy the financial support offered, if any.

You can click this link to access the full contents of Circular 32:

https://kfqgw.beijing.gov.cn/zwgkfkf/zcfg/zcwj/bqzc/202311/t20231130_3328766.html

- ▶ **Public notice (PN) issued by the General Office of Shanghai Municipal People's Congress regarding public opinions consultation on the "Regulations on Building Shanghai into an International Trade Center (Revised Draft)"**

Synopsis

To further implement the new requirements for the construction of trade centers and deepen the construction of Shanghai International Trade Center, the General Office of Shanghai Municipal People's Congress released the revised draft on the "Regulations on Building Shanghai into an International Trade Center (Revised Draft)" (hereinafter referred to as "Revised Draft") to seek public comments. The consultation of public opinion will be open from 24 November 2023 to 8 December 2023.

The Revised Draft consists of 60 articles of nine chapters, including the General Provisions, Trade in Goods, Trade in Services, Digital Trade, Trade Promotion, Trade Facilitation, Trade Order, Safeguards and Supplementary Provisions.

In particular, Chapter 5, i.e., the Chapter of Trade Promotion, covers topics, such as the integrated development of domestic and foreign trade, support for the regional headquarters of multinational corporations to enhance their trade functions, promotion of tax-exemption and tax-refund, support for professional service organizations to set up overseas branches, cultivation and introduction of high-capacity trade enterprises, and support for upgrading to Asia-Pacific headquarters and global headquarters.

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 Revised Draft:

<http://www.spcsc.sh.cn/n8347/n8481/n9650/index.html>

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

- ▶ **PN regarding the "Catalog of Non-transport Specialized Operation Vehicles Equipped with Fixtures That Are Exempt from Vehicle Purchase Tax" (twelfth batch) (STA PN [2023] No. 18)**
<https://fgk.chinatax.gov.cn/zcfgk/c100012/c5217074/content.html>
- ▶ **Measures on Country-by-country Risk Management of Financial Institutions in the Banking Sector (Jingui [2023] No. 12)**
<http://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=1137833&itemId=928>
- ▶ **Notice regarding public opinions consultation on the "Notice Regarding Updating the Classification of Merchant Category Codes for Domestic Bank Cards Used Abroad (Discussion Draft)"**
<http://www.safe.gov.cn/safe/2023/1124/23535.html>
- ▶ **List of 2023 5G factories (Gongxintingxinguanhan [2023] No. 320)**
https://www.miit.gov.cn/zwgk/zcwj/wjfb/tz/art/2023/art_53532488d3394047b85116f5b29b3e32.html
- ▶ **PN regarding optimizing and adjusting the list of enterprise-related deposits of State Council departments (MIIT/MOF PN [2023] No. 31)**
https://www.miit.gov.cn/zwgk/zcwj/wjfb/gg/art/2023/art_766ba85f401c4d5fbd414621ba03eab0.html

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