



# 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

- ▶ **Administrative Measures of Zhuhai for the Financial Subsidy under the Preferential Individual Income Tax (IIT) Policy in Guangdong-Hong Kong-Macau Greater Bay Area (GBA) (Zhucui [2023] No. 25)**
- ▶ **Application guidelines of Zhuhai on the 2023 financial subsidy for the preferential IIT policy in the GBA (Zhucui [2023] No. 29)**

### 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 cities<sup>1</sup> 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 Zhuhai released Zhucai [2023] No. 25 (Circular 25, i.e., Administrative Measures of Zhuhai for the Financial Subsidy under the Preferential IIT Policy in the GBA) and Zhucai [2023] No. 29 (i.e., "Application guidelines of Zhuhai on the 2023 financial subsidy for the preferential IIT policy in the GBA" (hereinafter referred to as the "Zhuhai Guidelines")) on 6 December 2023 and 13 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://113.106.103.75/#/home> to lodge the application and submit the relevant documentations within the period from 18 December 2023 to 5 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, Dongguan and Zhaoqing, applicants are required to have worked in Zhuhai for more than 90 days for each of the years 2020, 2021, and 2022.

Circular 25 is effective from its promulgation date, i.e., 6 December 2023 until 31 December 2027.

Applicants are encouraged to read Circular 25 and Zhuhai 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.

<sup>1</sup> 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](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 25:  
[https://www.zhuhai.gov.cn/zw/fggw/gfxwj/bmgfxwj/content/post\\_3610514.html](https://www.zhuhai.gov.cn/zw/fggw/gfxwj/bmgfxwj/content/post_3610514.html)

You can click this link to access the full contents of Zhuhai Guidelines:  
[https://www.zhuhai.gov.cn/kjcxj/gkmlpt/content/3/3613/post\\_3613070.html#6196](https://www.zhuhai.gov.cn/kjcxj/gkmlpt/content/3/3613/post_3613070.html#6196)

## Business circulars

- ▶ **Notice regarding deepening the reform to further facilitate cross-border trade and investment (Huifa [2023] No. 28)**
- ▶ **Notice regarding expanding the pilot programs of high-level opening-up policies for cross-border trade and investment (Huifa [2023] No. 30)**

### Synopsis

To enhance the openness of financial sector and streamline cross-border trade and investment processes, the State Administration of Foreign Exchange (SAFE) released Huifa [2023] No. 28 (Circular 28, i.e., Notice regarding deepening the reform to further facilitate cross-border trade and investment) on 4 December 2023.

Circular 28 introduces nine strategic policy measures aimed to optimize foreign exchange operations, including:

- ▶ Four measures focused on current account transactions which aim to improve the management of foreign exchange in specific trade scenarios, extending facilitation measures that were previously successful in regional pilots to a national scale.
- ▶ Five measures regarding capital account transactions which are designed to expand and update foreign exchange management within capital account activities. Key initiatives include a nationwide rollout of cross-border financing facilitation reforms, relaxed limits on preliminary expense scales for Overseas Direct Investment (ODI).

On the other hand, the SAFE released Huifa [2023] No. 30 (Circular 30) on 4 December 2023, which aims to further broaden the high-level opening pilots<sup>2</sup> for cross-border trade and investment. This expansion now includes several key areas, i.e., Shanghai, Jiangsu Province, Guangdong Province (including Shenzhen), Beijing, Zhejiang Province (including Ningbo), and Hainan Province. This move represents a significant step in enhancing the scope and scale of these pilot programs.

The pilot policy outlined in Circular 30 comprises eight measures, five of which pertain to current account transactions. A key aspect of the pilot allows qualifying commercial banks to process individual foreign currency payments exceeding USD 50,000 in service trade or similar projects. These transactions can be initiated prior to the verification of the “Tax Record-filing Form for Overseas Payments in Service Trade or Other Projects”. This process facilitates smoother and more efficient handling of substantial foreign currency transactions under the pilot’s framework.

Unless otherwise specified, Circulars 28 and 30 took effect on their promulgation date, i.e., 4 December 2023. Businesses are encouraged to read Circulars 28 and 30 for more information to enjoy the facilitations.

<sup>2</sup> The original pilot scope includes the Lin-gang New Area of Shanghai Pilot Free Trade Zone (PFTZ), the Nansha New Area of Guangdong PFTZ, the Yangpu Economic Development Zone in Hainan Pilot Free Trade Port, and Beilun District of Ningbo.

You can click this link to access the full contents of Circular 28:

[https://www.gov.cn/zhengce/zhengceku/202312/content\\_6919254.htm](https://www.gov.cn/zhengce/zhengceku/202312/content_6919254.htm)

You can click this link to access the full contents of Circular 30:

[https://www.gov.cn/zhengce/zhengceku/202312/content\\_6920515.htm](https://www.gov.cn/zhengce/zhengceku/202312/content_6920515.htm)

- ▶ **Joint Statement between the People’s Republic of China (PRC) and Socialist Republic of Vietnam (Vietnam) on Deepening and Elevating the Comprehensive Strategic Cooperative Partnership and Building a Community with a Shared Future**

### Synopsis

On 13 December 2023, the PRC and Vietnam issued a Joint Statement on Deepening and Elevating the Comprehensive Strategic Cooperative Partnership and Building a Community with a Shared Future (hereinafter referred to as the “PRC-Vietnam Joint Statement”).

Some of the worth-noting contents are as follows:

- ▶ The two countries shall effectively implement the “Cooperation Plan for Aligning the Jointly Building the Belt and Road Initiative and the Two Corridors and One Circle Framework” between the PRC and Vietnamese governments.
- ▶ Support enterprises with advanced technologies, necessary strength and credibility to invest in encouraging sectors of each other. Both countries shall create a fair and convenient business environment for this purpose.
- ▶ Strengthen cooperation between the central banks and financial regulatory authorities of the two countries and promote monetary cooperation.

- ▶ Strengthen cooperation on agricultural product planting and processing, carry out research cooperation on integrated management of marine and island environments.

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 PRC-Vietnam Joint Statement:

[https://www.gov.cn/yaowen/liebiao/202312/content\\_6920159.htm](https://www.gov.cn/yaowen/liebiao/202312/content_6920159.htm)

## ▶ **Policies for promoting the high-quality development of advanced major industries in the Lin-gang Special Area of China (Shanghai) PFTZ (Huzimaolinguanwei [2023] No. 193)**

### **Synopsis**

To promote the high-quality development of advanced major industries in the Lin-gang New Area of China (Shanghai) PFTZ (hereinafter referred to as the "Lin-gang Area"), and implement the Overall Plan of Lin-gang Area, the Administration Committee of Lin-gang Area released Huzimaolinguanwei [2023] No. 193 (Circular 193) on 9 December 2023.

According to Circular 193, four major industries (i.e., integrated circuits, artificial intelligence, biomedicine, and civil aviation) that have been identified as key development areas in the Lin-gang Area by the State and Shanghai are comprehensively supported, and financial support is provided for each of the following four categories:

- ▶ Independent, secured and controllable industrial supply chain: supporting the development of product research and development in advanced major industries, and providing support according to the proportion of 10%-30% of the new investment in the project, with financial support of up to RMB50 million.
- ▶ Enhancing core competitiveness of industrial clusters: enterprises purchasing technical products developed and manufactured by enterprises in key areas will be subsidized up to 10% of the actual purchase invoice, with an annual support amount not exceeding RMB10 million.
- ▶ Industrial intelligence and green integration: intelligent, green upgrading and technology service industry projects will be supported in accordance with the proportion of 10%-30% of the new investment, with a financial support of up to RMB50 million.
- ▶ Creating the ecological atmosphere of industrial innovation: supporting the development of industrial innovative platforms, with a financial support not exceeding RMB50 million per platform (maximum amount of RMB100 million for a platform at the municipal level and above).

Circular 193 is effective from 1 September 2023 until 31 August 2028. It is anticipated that detailed implementation rules in this regard will be formulated and announced by the relevant government authorities in Shanghai. We will closely monitor any further developments and provide you with updated information. Please stay tuned.

You can click this link to access the full contents of Circular 193:

<https://www.lingang.gov.cn/html/website/lq/index/government/file/1735000382740926465.html>

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

### ▶ **Public notice (PN) regarding the adjustments of the technical requirements for new energy vehicles exempted from Vehicle Purchase Tax (MIIT/MOF/STA PN [2023] No. 32)**

[https://www.miit.gov.cn/zwgk/zcwj/wjfb/gg/art/2023/art\\_62216a180da4437cad5c2710e4b6924e.html](https://www.miit.gov.cn/zwgk/zcwj/wjfb/gg/art/2023/art_62216a180da4437cad5c2710e4b6924e.html)

- ▶ **Notice regarding the “Catalog of Energy Saving & New Energy Vehicles Eligible for Preferential Vehicle and Vessel Tax Policies (56th Batch)”, “Catalog of New Energy Vehicles Eligible for Vehicle Purchase Tax Exemption (72nd Batch)” (MIIT PN [2023] No. 34)**  
[https://www.miit.gov.cn/zwgk/zcwj/wjfb/gg/art/2023/art\\_ad77622c8a904f2a846f90f4452b23eb.html](https://www.miit.gov.cn/zwgk/zcwj/wjfb/gg/art/2023/art_ad77622c8a904f2a846f90f4452b23eb.html)
- ▶ **Notice regarding the establishment of a mechanism to strengthen anti-monopoly supervision (Shuangfanbanfa [2023] No. 1)**  
[https://www.samr.gov.cn/zw/zfxxgk/fdzdgnr/jzcxds/art/2023/art\\_515052484fd94fb1a2d8a648615b4c1c.html](https://www.samr.gov.cn/zw/zfxxgk/fdzdgnr/jzcxds/art/2023/art_515052484fd94fb1a2d8a648615b4c1c.html)
- ▶ **Collection of policies for easing burdens on enterprises (2023)**  
[https://wap.miit.gov.cn/jgsj/yxi/jqyfdgz/qzdt/art/2023/art\\_76012831b0194fdeb26c22064babd1b0.html](https://wap.miit.gov.cn/jgsj/yxi/jqyfdgz/qzdt/art/2023/art_76012831b0194fdeb26c22064babd1b0.html)
- ▶ **Measures for accelerating the integrated development of domestic and foreign trade (Guobanfa [2023] No. 42)**  
[https://www.gov.cn/zhengce/content/202312/content\\_6919596.htm](https://www.gov.cn/zhengce/content/202312/content_6919596.htm)
- ▶ **Notice regarding enhancing human resources and social security measures to support the growth and development of private economy (Renshebufa [2023] No. 61)**  
[http://www.mohrss.gov.cn/xxgk2020/fdzdgnr/zcfg/gfxwj/jy/202312/t20231211\\_510336.html?keywords=](http://www.mohrss.gov.cn/xxgk2020/fdzdgnr/zcfg/gfxwj/jy/202312/t20231211_510336.html?keywords=)
- ▶ **PN regarding public opinions consultation on the “Implementation Measures on the Discretion of Administrative Penalties (Discussion Draft)”**  
<http://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=1140313&itemId=951&generalType=2>
- ▶ **PN regarding implementing the mutual recognition of “Authorized Economic Operator (AEO)” between the Customs of China and Australia (GAC PN [2023] No. 177)**  
<http://www.customs.gov.cn/customs/302249/302266/302267/5557704/index.html>
- ▶ **PN regarding facilitating the railway customs clearance procedures (GAC PN [2023] No. 178)**  
<http://www.customs.gov.cn/customs/302249/2480148/5557215/index.html>
- ▶ **Standards of the Customs of the PRC on Discretion for Administrative Penalties (GAC PN [2023] No. 182)**  
<http://www.customs.gov.cn/customs/302249/2480148/5565127/index.html>



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