

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

- ▶ Thirteen cases of tax services and risk alerts related to annual Individual Income Tax (IIT) filing

Synopsis

With regard to the 2023 annual IIT filing for consolidated income (hereinafter referred to as the "annual IIT filing"), which should be completed between 1 March 2024 and 30 June 2024, the State Taxation Administration (STA) has summarized and released thirteen cases highlighting tax services and risk alerts related to the annual IIT filing (hereinafter referred to as the "Annual IIT Filing Cases") on 13 March 2024.

Key messages covered in the Annual IIT Filing Cases that aim to convey to taxpayers include:

- Taxpayers shall prepare relevant information and materials for annual IIT filing in a timely manner, including IIT app login credentials, bank account details, etc. to avoid delays. Beware of false information and suspicious links to avoid falling into scams.

- Taxpayers shall understand the annual IIT filing policies accurately. For those with multiple types of income (i.e., wages and salaries, personal service remuneration, authors' remuneration and royalties), all income must be combined for annual IIT calculation, which may result in either additional IIT due or refund.
- Taxpayers shall honestly report all income and deduction information. Tax authorities will cross-check the information and handle any violations in accordance with the law.
- Taxpayers shall file the annual IIT filing promptly, as both additional tax payments and tax refunds have deadlines, missing those will impact taxpayers' legitimate rights and interests. Failure to pay any shortfall by the due date will result in surcharge and penalties.
- Overseas income derived by China tax resident are subject to China IIT. The same should be reported in the annual IIT filing in accordance with the prevailing regulations.

It is worth noting that the STA reminds taxpayers that a tax refund application is not a one-time effort. During the annual IIT reconciliation and refund review process, if taxpayers have provided unclear or incomplete information for certain items, the tax authorities will contact them to supplement their filing or submit relevant supporting documents. If the details and supporting documents are not provided in a timely manner, the tax authorities may deny the IIT refund application.

Relevant individuals and IIT withholding agents are encouraged to read the Annual IIT Filing Cases for more details. If in doubt, consultations with professionals are always recommended.

You can click this link to access the full contents of the Annual IIT Filing Cases:

<https://fgk.chinatax.gov.cn/zcfgk/c100015/c5221740/content.html>

- ▶ Guidelines on major preferential tax and fee policies for supporting scientific and technological innovation

Synopsis

Innovation is the primary driving force for leading development. In order to make all sectors of society fully aware of prevailing preferential tax and fee policies for scientific and technological innovation, on 12 March 2024, the Ministry of Finance (MOF), Ministry of Science and Technology, General Administration of Customs and STA jointly released the guidelines on major preferential tax and fee policies for supporting scientific and technological innovation (hereinafter referred to as the "Guidelines").

According to activities of scientific and technological innovation, the policies in the Guidelines are classified from six aspects, i.e., venture capital, preferential tax policies for attracting and cultivating talent, research and experimental development, achievement transformation, development of key industries, and the whole industrial chain. It also lists in detail the policy types, tax types, preferential contents, scope of applicable taxpayers, application criteria, timeframe, methods and documents, legal basis, etc. In addition, the Guidelines are attached with a table of relevant preferential tax policies to facilitate the application for taxpayers.

Relevant parties are encouraged to read the Guidelines for more details to fully leverage the benefits. If in doubt, consultations with professionals are always recommended.

We will issue a WeChat news article soon (in Chinese only) to discuss the Guidelines in greater detail. You can follow us on WeChat by scanning the QR Code on the last page of this CTIE.

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

<https://fgk.chinatax.gov.cn/zcfgk/c100022/c5221728/content.html>

► Work Report of the Standing Committee of the National People's Congress

Synopsis

On 8 March 2024, the Standing Committee of the National People's Congress (NPC) delivered the Work Report of the Standing Committee of the NPC (hereinafter referred to as the "Work Report") in the second session of the 14th NPC to summarize the work of the past year and arrange the tasks for the year ahead.

Some key information concerning the tasks for the year ahead disclosed in the Work Report are as follows:

- Strengthen the implementation and supervision of the Constitution.
- Improve the socialist legal system with Chinese characteristics that include:
 - Accelerate the construction of a new development pattern and comprehensively deepen reforms: certain laws will be formulated, such as the Value-added Tax Law, Financial Stability Law, and Private Economy Promotion Law, and some other laws will be revised, such as the Mineral Resources Law, Enterprise Bankruptcy Law, Anti-Unfair Competition Law, and Accounting Law.
 - Strengthen legislation in the field of foreign affairs: Customs Duty Law will be formulated and Anti-Money Laundering Law, etc. will be revised to promote the construction of a legal system for the extraterritorial application of Chinese laws.
- Fully strengthen the role of people's congress deputies in legislation, supervision, and external communication work.
- Expand and deepen the NPC's external exchanges.

Relevant parties are encouraged to refer to the Work Report for greater details. We will closely monitor any further developments and provide you with timely updates. Please stay tuned.

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

http://www.npc.gov.cn/npc/c2/kgfb/202403/t20240314_436015.html

► Notice regarding public opinions consultation on the "Administrative Reconsideration Procedures of the State Administration of Foreign Exchange (Discussion Draft)"

Synopsis

To implement the newly revised Administrative Reconsideration Law of the People's Republic of China and strengthen the administrative reconsideration work of the State Administration of Foreign Exchange (SAFE) and its local bureaus, on 11 March 2024, the SAFE released the "Administrative Reconsideration Procedures of the SAFE (Discussion Draft)" (hereinafter referred to as the "Discussion Draft") to seek public opinion. The consultation period for public comments was open until 21 March 2024.

The Discussion Draft contains thirty-four articles in five chapters, covering the general provisions, applications and acceptance of administrative reconsideration, administrative reconsideration review, administrative reconsideration decisions, and supplementary provisions.

The main revisions proposed in the Discussion Draft include:

- Clarifying the application and acceptance procedures for administrative reconsideration by the SAFE:
 - Adjusting the scope of accepted administrative reconsideration cases, changing “specific administrative acts” in the original procedures to “administrative acts”.
 - Adding provisions for “third-party participation in administrative reconsideration”.
 - Specifying channels for administrative reconsideration application and standardizing procedures for verbal applications.
 - Adding clauses for supplementing application materials.
 - Allowing applications for administrative reconsideration against on-site administrative penalty decisions through the local bureau of SAFE that issued the penalty.
- Improving SAFE’s administrative reconsideration review procedures:
 - Clearly distinguishing between ordinary and simplified case review procedures.
 - Adding provisions for suspending and resuming administrative reconsideration.
 - Adding provisions for terminating administrative reconsideration.
 - Adding provisions for suspending enforcement of administrative acts.
 - Clarifying the applicant’s right to reproduce and review relevant materials.
 - Clarifying procedures for hearing parties’ opinions during the review.
 - Clarifying hearing procedures got administrative reconsideration.
 - Clarifying requirements for reviewing normative documents.
- Updating SAFE’s administrative reconsideration decisions:
 - Clarifying the types of decisions.
 - Adding provisions for administrative mediation and settlement, and accordingly adding the respondent’s obligation to comply with mediation agreements/opinions, as well as provisions for compulsory enforcement.

Concerned parties are encouraged to read the Discussion Draft for more details. 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:

<https://www.safe.gov.cn/safe/2024/0311/24081.html>

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

- ▶ Notice regarding the export tax refund rate database (2024A Version) (Shuizonghuolaohan [2024] No. 20)
<https://fgk.chinatax.gov.cn/zcfgk/c102424/c5221709/content.html>

- ▶ Public notice (PN) regarding the “Catalog of Energy Saving & New Energy Vehicles Eligible for Preferential Vehicle and Vessel Tax Policies (59th Batch)”, “Catalog of New Energy Vehicles Eligible for Vehicle Purchase Tax Reduction and Exemption (3rd Batch)” (MIIT PN [2024] No. 2)
https://www.miit.gov.cn/zwgk/zcwj/wjfb/gg/art/2024/art_81fe0cef6af2447194c83992b99a91c8.html
- ▶ PN regarding the third batch of products in the product catalog related to bonded maintenance in comprehensive bonded zones (MOFCOM/MEE/GAC PN [2024] No. 7)
<http://www.mofcom.gov.cn/article/zcfb/zcdwmy/202403/20240303480741.shtml>
- ▶ Action plan on promoting large-scale equipment renewals and trade-ins of consumer goods (Guofa [2024] No. 7)
https://www.gov.cn/zhengce/content/202403/content_6939232.htm
- ▶ Payment guide for inbound expatriates (Chinese version)
<http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/5273993/index.html>
- ▶ Report on the implementation of the 2023 plan for national economic and social development and on the 2024 draft plan for national economic and social development
https://www.gov.cn/yaowen/liebiao/202403/content_6939276.htm
- ▶ Report on the implementation of the central and local budgets for 2023 and the draft central and local budgets for 2024
https://www.gov.cn/yaowen/liebiao/202403/content_6939289.htm
- ▶ Notice regarding the 2023 annual report of accounting firms (Caibankuai [2024] No. 7)
https://kjs.mof.gov.cn/gongzuotongzhi/202403/t20240313_3930568.htm



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ED None.

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