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# 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 four public organizations recognized as the 2020 charitable organizations through which charitable donations made are deductible for income tax purposes (MOF/STA PN [2020] No. 37)**

### Synopsis

On 20 August 2020, the Ministry of Finance (MOF) and State Taxation Administration (STA) jointly released MOF/STA PN [2020] No. 37 ("PN 37") to announce that the four public 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 the 2020 charitable organizations through which charitable donations made are deductible for income tax purposes (in short "eligible charity").

In accordance with MOF/STA/MCA PN [2020] No. 27 (“PN 27”, i.e., PN regarding matters related to the deduction of charitable donations for income tax purposes) which was issued by the MOF, STA and Ministry of Civil Affairs on 13 May 2020, once a charitable social organization or a public organization is recognized as an eligible charity, the status shall be valid nationwide for three years. (Please refer to CTIE2020021 for details of PN 27.)

As for tax deductions for charitable donations made prior to 2020, taxpayers are advised to make reference to the lists of eligible charities released earlier (i.e., the eligible charities for 2019 were released under MOF/STA PN [2019] No. 89 (“PN 89”, i.e., PN regarding the list of public organizations through which charitable donations made are deductible for income tax purposes for year 2019) and MOF/STA/MCA PN [2020] No. 31 (“PN 31”, i.e., PN regarding the 2019 and the 2018 second batch of charitable social organizations through which charitable donations made are deductible for income tax purposes for 2019 and 2018) to fully utilize the tax benefits of the charitable donations made. There should be another list of eligible charitable organizations for year 2020 to be released, please stay tuned. If in doubt, consultations with professionals are always recommended. (For the lists of eligible charities for 2019 and 2018, please refer to our pervious CTIE2020025.)

You can click this link to access the full content of PN 37:  
[http://szs.mof.gov.cn/zhengcefabu/202009/t20200901\\_3578792.htm](http://szs.mof.gov.cn/zhengcefabu/202009/t20200901_3578792.htm)

You can click this link to access the full content of PN 27:  
[http://szs.mof.gov.cn/zhengcefabu/202005/t20200520\\_3516908.htm](http://szs.mof.gov.cn/zhengcefabu/202005/t20200520_3516908.htm)

You can click this link to access the full content of PN 89:  
<http://www.chinatax.gov.cn/chinatax/n810341/n810755/c5139873/content.html>

You can click this link to access the full content of PN 31:  
[http://szs.mof.gov.cn/zhengcefabu/202006/t20200612\\_3531191.htm](http://szs.mof.gov.cn/zhengcefabu/202006/t20200612_3531191.htm)

## Business circulars

### ▶ **PN regarding the public opinion consultation on the “Catalogue of Encouraged Industries in Hainan Free Trade Port (FTP) (Discussion Draft of the 2020 Version)”**

#### **Synopsis**

According to the Overall Plan for the Construction of Hainan FTP (hereinafter referred to as the “Plan”) and Caishui [2020] No. 31 (“Circular 31”, i.e., Notice regarding the Corporate Income Tax (CIT) preferential policies for enterprises in Hainan FTP), enterprises registered in Hainan FTP and engaged substantially in business under the encouraged industries are eligible for a reduced CIT rate of 15% during the period of 1 January 2020 to 31 December 2024.

To be eligible for the reduced CIT rate, an enterprise should be registered and have its effective management and substantial operation in Hainan FTP, as well as engaging in the encouraged industries with at least 60% of its revenue derived from the encouraged industries. (Please refer to CTIE2020022, our WeChat article posted on 2 June 2020 and CTIE2020026 for details of the Plan and Circular 31.)

In order to implement the Plan, expedite the development of Hainan FTP and execute above-mentioned CIT preferential treatment, on 1 September 2020, the National Development and Reform Commission (NDRC) announced the Draft 2020 version of Catalogue of Encouraged Industries in Hainan FTP (hereinafter referred to as the “Draft 2020 Catalogue”) on its official website to seek public opinion.

Similar to the prevailing Catalogue of Encouraged Industries in Western Regions, the Draft 2020 Catalogue contains two parts:

- ▶ The prevailing encouraged industries in the existing national industrial catalogues, i.e., the Guiding Catalogue of Industrial Structure Adjustment (2019 Version) released via NDRC Order [2019] No. 29 and the Catalogues of Encouraged Industries for Foreign Investments (2019 Version) released via NDRC/MOFCOM Order [2019] No. 27 (Please refer to CTIE2019044 and CTIE2019026 for details of the afore-mentioned Catalogues.)
- ▶ The newly added encouraged industries in Hainan FTP.

The Draft 2020 Catalogue shall apply to enterprises operating in Hainan FTP, while foreign investment enterprises should also observe the prevailing Catalogues of Encouraged Industries for Foreign Investments.

According to the Draft 2020 Catalogue, 128 items of newly added encouraged industries for Hainan FTP are listed under the following 14 sectors:

- ▶ Agriculture, forestry, animal husbandry and fishery
- ▶ Manufacturing
- ▶ Construction
- ▶ Wholesale and retail
- ▶ Traffic, transportation, storage and postal
- ▶ Accommodation and catering
- ▶ Information transmission, software and information technology services
- ▶ Finance
- ▶ Leasing and commercial services
- ▶ Science research and technology services
- ▶ Water conservatory, environmental and public facility management
- ▶ Education
- ▶ Hygiene and public services
- ▶ Culture, sports and entertainment

It is worth-noting that financial data services, establishment of cross-border investment and two-way financing service system (跨境投融资双向开放服务体系建设), as well as the construction and commercial application of 5G and 6G are listed as newly added encouraged industries in Hainan FTP.

Concerned enterprises should read the Draft 2020 Catalogue and are encouraged to express their opinions on or before 15 October 2020 by sending email to [liuyin@ndrc.gov.cn](mailto:liuyin@ndrc.gov.cn) or sending mails to the address of the NDRC.

You can click this link to access the full content of the Draft 2020 Catalogue:  
[https://www.ndrc.gov.cn/hdjl/yjqz/202009/t20200901\\_1237491.html](https://www.ndrc.gov.cn/hdjl/yjqz/202009/t20200901_1237491.html)

You can click this link to access the full content of the Plan:  
[http://www.gov.cn/zhengce/2020-06/01/content\\_5516608.htm](http://www.gov.cn/zhengce/2020-06/01/content_5516608.htm)

You can click this link to access the full content of Circular 31:  
[http://szs.mof.gov.cn/zhengcefabu/202006/t20200630\\_3540842.htm](http://szs.mof.gov.cn/zhengcefabu/202006/t20200630_3540842.htm)

You can click this link to access the full content of the Guiding Catalogue of Industrial Structure Adjustment (2019 Version):  
[http://fgw.hunan.gov.cn/fgw/xxgk\\_70899/zcfq/gjfg/201911/t20191107\\_10510232.html](http://fgw.hunan.gov.cn/fgw/xxgk_70899/zcfq/gjfg/201911/t20191107_10510232.html)

You can click this link to access the full content of the Catalogues of Encouraged Industries for Foreign Investments (2019 Version):  
[http://www.ndrc.gov.cn/zcfb/zcfbl/201906/t20190628\\_940276.html](http://www.ndrc.gov.cn/zcfb/zcfbl/201906/t20190628_940276.html)

You can click this link to access the full content of the prevailing Catalogue of Encouraged Industries in Western Regions:  
<http://www.sdpc.gov.cn/zcfb/zcfbl/201408/W020140822645483892093.pdf>



▶ **Rules on Handling Complaints of Foreign-Invested Enterprises (MOFCOM Order [2020] No. 3)**

**Synopsis**

To improve the mechanism on handling complaints of foreign-invested enterprises (FIEs), on 25 August 2020, the Ministry of Commerce (MOFCOM) released the “Rules on Handling Complaints of FIEs” (hereinafter referred to as the “Complaints Rules”) via MOFCOM Order [2020] No. 3.

Complaints Rules consist of five chapters, i.e., General Provisions, Filing and Acceptance of Complaint, Complaint Handling, Administrative Systems of Complaint Handling and Supplementary Provisions.

Key features of Complaints Rules are as follows:

- ▶ The scope of complaint issues is expanded. According to Complaints Rules, where the FIEs and foreign investors consider their legal rights or interests have been infringed by administrative acts, they may apply to complaint agencies for coordination. They may also report issues concerning investment environment to complaint agencies and suggest improvement of relevant policies and measures. In addition, the chambers of commerce and associations can also report issues concerning investment environment to complaint agencies.
- ▶ The working mechanism on complaints is promoted. At the central level, the inter-ministerial joint meeting system for complaints of FIEs as well as the National Center for Complaints of FIEs shall be established. At the local level, the local people’s government at or above the county-level shall designate a department or institution to be responsible for handling complaints. Complaints Rules also specify the regulations on document management, reporting, periodical inspection, proposal on protecting FIE’s rights and interests, etc.
- ▶ Regulations on complaints work are clarified. Complaints Rules stipulate the regulations on the filing, acceptance, handling methods, time limits for handling complaints and objection on handling results to facilitate the work.
- ▶ The protection of rights and interests are enhanced. Based on the Complaints Rules, the filing of a complaint will not affect the rights to initiate administrative reviews or administrative litigation. The complaint agencies shall take effective measures to protect trade secrets, confidential business information and personal privacy of complainants. Entities or individuals shall not suppress or retaliate against the complainants.

Complaints Rules shall become effective from 1 October 2020. The “Provisional Rules on Handling Complaints of FIEs”, which released via MOFCOM Order [2006] No. 2, shall be revoked simultaneously. Relevant parties are encouraged to read Complaints Rules for more details.

You can click this link to access the full content of the Complaints Rules:

<http://www.mofcom.gov.cn/article/b/f/202008/20200802996409.shtml>

You can click this link to access the full content of the Provisional Rules on Handling Complaints of FIEs :

<http://www.mofcom.gov.cn/article/b/c/200609/20060903283275.shtml>

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

- ▶ **Notice regarding the preferential tax policies for imported exhibits sold during the period of the 2020 China International Fair for Trade in Services (Caiguanshui [2020] No. 36)**  
[http://gss.mof.gov.cn/qzdt/zhengcefabu/202009/t20200904\\_3581917.htm](http://gss.mof.gov.cn/qzdt/zhengcefabu/202009/t20200904_3581917.htm)
- ▶ **Approval on the “Detailed Control Plan of Core Functional Areas in Beijing (Neighborhood Level) (2018-2035)”**  
[http://www.gov.cn/zhengce/2020-08/27/content\\_5538010.htm](http://www.gov.cn/zhengce/2020-08/27/content_5538010.htm)
- ▶ **PN regarding the revision to the “Catalog of Technologies Banned or Restricted for Export” (Shangwubu/MOST PN [2020] No. 38)**  
[http://www.most.gov.cn/tztg/202008/t20200828\\_158545.htm](http://www.most.gov.cn/tztg/202008/t20200828_158545.htm)

- ▶ **Notice regarding the three-year action plan for promoting the governance of banking and insurance enterprises (2020-2022) (Yinbaojianfa [2020] No. 40)**  
<http://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=925393>
  
- ▶ **Approval on the overall development plan for the Sino-Singapore Guangzhou Knowledge City (2020-2035) (Guohan [2020] No. 119)**  
[http://www.gov.cn/zhengce/content/2020-08/28/content\\_5538191.htm](http://www.gov.cn/zhengce/content/2020-08/28/content_5538191.htm)
  
- ▶ **Notice regarding the "Guidelines for Foreign Exchange Business under Current Account (2020 Version)" (Huifa [2020] No. 14)**  
<http://www.safe.gov.cn/safe/2020/0831/17002.html>
  
- ▶ **Provisional regulations on the administration of online travel services (MCT Order [2020] No. 4)**  
[http://zwgk.mct.gov.cn/auto255/202008/t20200831\\_874550.html?keywords=](http://zwgk.mct.gov.cn/auto255/202008/t20200831_874550.html?keywords=)
  
- ▶ **Notice regarding the public opinion consultation on the "PN issued by the People's Bank of China, China Securities Regulatory Commission and State Administration of Foreign Exchange Regarding Issues Related to Foreign Institutional Investors Investing in China's Domestic Bond Market (Discussion Draft)"**  
<http://www.safe.gov.cn/safe/2020/0902/17022.html>
  
- ▶ **Notice regarding regulating the names of local patent and trademark authorities and promoting "One Window Services" for handling of intellectual property matters (Guozhifayunzi [2020] No. 36)**  
<http://www.cnipa.gov.cn/qztz/1151133.htm>
  
- ▶ **PN regarding the public opinion consultation on the "Regulations on the Protection of Confidential Business Information (Discussion Draft)"**  
[http://www.samr.gov.cn/hd/zjdc/202009/t20200904\\_321386.html](http://www.samr.gov.cn/hd/zjdc/202009/t20200904_321386.html)
  
- ▶ **PN regarding adjustments to the supervision of certain import and export goods (GAC PN [2020] No. 99)**  
<http://www.customs.gov.cn/customs/302249/2480148/3262223/index.html>
  
- ▶ **PN regarding issues related to the electronic networking for the country of origin between the People's Republic of China and Indonesia (GAC PN [2020] No. 100)**  
<http://www.customs.gov.cn/customs/302249/2480148/3268486/index.html>



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