

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

- **Public notice (PN) regarding matters related to simplifying and consolidating tax filings (STA PN [2021] No. 9)**

Synopsis

According to the Opinions on further deepening the reform of tax collection and administration (hereinafter referred to as the "Opinions"), the State Taxation Administration (STA) released STA PN [2021] No. 9 ("PN 9") on 12 April 2021 to specify the arrangements for simplifying and consolidating tax filings.



Key features of PN 9 are as follows:

	Apply to taxpayers located in Hainan, Shaanxi (陕西), Dalian and Xiamen on a pilot basis	Apply to taxpayers located in all areas
Taxes covered in the consolidated filing	<ul style="list-style-type: none"> ▶ Value-added Tax (VAT) shall be filed together with the relevant City Construction Tax (CCT), Education Surcharge (ES) and Local ES in the VAT and local levies return for general VAT taxpayers (《增值税及附加税费申报表(一般纳税人适用)》), the VAT and local levies return for small scale VAT taxpayers (《增值税及附加税费申报表(小规模纳税人适用)》), or the VAT and local levies return for prepayment (《增值税及附加税费预缴表》); and ▶ Consumption Tax (CT) and the relevant CCT, ES and Local ES to be filed in the CT and local levies return (《消费税及附加税费申报表》). 	<ul style="list-style-type: none"> ▶ Taxpayers shall file the following taxes with a new property and behavior tax (P&BT) return: <ul style="list-style-type: none"> ▶ Urban Land Usage Tax (ULUT) ▶ Real Estate Tax (RET) ▶ Vessel and Vehicle Tax (VVT) ▶ Stamp Duty (SD) ▶ Farmland Occupation Tax (FOT) ▶ Resource Tax (RT) ▶ Land Appreciation Tax ▶ Deed Tax ▶ Environmental Protection Tax ▶ Tobacco Tax ▶ Such taxpayers are also required to complete the schedule for sources of property and behavior taxes for any changes of/or newly added tax sources.
Effective date	1 May 2021	1 June 2021

It is worthy to note that the consolidated filing for ULUT, RET, VVT, SD, etc. does not mean that a taxpayer is required to file all relevant taxes in one P&BT return in one go. Instead, the taxpayer may submit several P&BT returns for these taxes within the filing period. For example, the taxpayer may file ULUT and RET in a P&BT return and SD in another P&BT return before the filing deadline of the period.

The P&BT return was first introduced in Jiangsu, Anhui, Hainan, Chongqing and Ningbo on a pilot basis. According to STA's official interpretation on PN 9, the pilot in Hainan, Shaanxi, Dalian and Xiamen shall also be further expanded to nationwide within 2021.

The issuance of PN 9 aims to further ease the tax administrative burden of both taxpayers and tax authorities. Taxpayers should read PN 9, the relevant supplemented tax returns, the STA's official interpretation as well as guidance of the local tax authorities for more details. The consolidation of tax filings shall make it easy for tax authorities to cross check information reported for different types of taxes. Taxpayers should always pay special attention to the details and ensure information reported should not be conflicting. If in doubt, consultations with professionals are always recommended.

You can click this link to access the full content of PN 9:

http://www.gov.cn/zhengce/zhengceku/2021-04/17/content_5600299.htm

You can click this link to access the full content of STA's official interpretation of PN 9:

<http://www.chinatax.gov.cn/chinatax/n810341/n810760/c5163488/content.html>

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

http://www.gov.cn/zhengce/2021-03/24/content_5595384.htm

- ▶ **Notice regarding the import-level tax policies for supporting technology innovation during the 14th Five-Year Plan period (Caiguanshui [2021] No. 23)**
- ▶ **Decisions on the abolishment of three tax related regulations (MOF/GAC/STA Order [2021] No. 106)**

Synopsis

On 15 April 2021, the Ministry of Finance (MOF), STA and General Administration of Customs (GAC) jointly released Caiguanshui [2021] No. 23 ("Circular 23"), to specify the import-level tax policies for supporting technology innovation during the 14th Five-Year Plan period.

Key features of Circular 23 are as follows:

- ▶ Importation of production materials (that cannot be produced or meet the requirements domestically) for science research, technological development and education purpose by qualifying entities (i.e., science and research institutions, technological development institutions, schools, party schools (schools of administration) and libraries) shall be exempt from import-level CD, VAT and CT.
- ▶ Importation of books and materials for science research and education purposes by publication import entities for science and research institutions, schools, party schools (schools of administration) and libraries shall be exempt from import-level VAT.

Circular 23 also specified the definition of qualifying entities, arrangements on the list of imported materials, which are eligible for tax exemption, and administrative measures related to above-mentioned tax policies. Circular 23 is valid from 1 January 2021 to 31 December 2025.

Accordingly, to better implement the transitional work, the MOF, STA and GAC jointly released MOF/GAC/STA Order [2021] No. 106 ("Order 106") on 13 April 2021 to abolish three tax-related regulations for the production materials imported for science research and education. Order 106 took effect from 1 January 2021.

Related parties are encouraged to read Circular 23 and Order 106 for more details and leverage the benefits. If in doubt, consultations with professionals are always recommended.

You can click this link to access the full content of Circular 23:

http://gss.mof.gov.cn/qzdt/zhengcefabu/202104/t20210420_3688785.htm

You can click this link to access the full content of Order 106:

http://tfs.mof.gov.cn/caizhengbuling/202104/t20210421_3689672.htm

Business circulars

- ▶ **2021 Legislative Work Plan of the Standing Committee of the National People's Congress**

Synopsis

On 21 April 2021, the Standing Committee of National People's Congress released the annual legislative work plan for 2021 (hereinafter referred to as the "2021 Legislative Plan"). The 2021 Legislative Plan divides the legislative projects into three categories, i.e., the legislative projects for continuous deliberation, legislative projects for initial deliberation, as well as preparatory legislative projects.

Among which, the 2021 Legislative Plan includes the following business and tax related projects:

Legislative projects for continuous deliberation

- ▶ Hainan Free Trade Port Law
- ▶ Revised Administrative Penalty Law (passed and announced via Chairman Order [2021] No. 70)

Legislative projects for initial deliberation

- ▶ SD Law
- ▶ Company Law (revised)
- ▶ Company Bankruptcy Law (revised)
- ▶ Administrative Reconsideration Law (revised)

- ▶ Audit Law (revised)
- ▶ Futures Law
- ▶ Customs Duty Law and relevant tax-related laws

It is worth-noting that the VAT Law (Discussion Draft), CT Law (Discussion Draft), as well as the Land Appreciation Tax Law (Discussion Draft) that were previously announced to seek public opinions and deliberated to the State Council are not literally mentioned in the 2021 Legislative Plan.

Relevant enterprises and individuals are encouraged to read the 2021 Legislative Plan for more details. We will keep an eye on any further progress in this regard and bring you the most updated news. Please stay tuned.

You can click this link to access the full content of the 2021 Legislative Plan:

<http://www.npc.gov.cn/npc/c30834/202104/1968af4c85c246069ef3e8ab36f58d0c.shtml>

- ▶ **Approval on the comprehensive pilot program for expanding the opening-up of service industries in Tianjin, Shanghai, Hainan and Chongqing (Guohan [2021] No. 37)**
- ▶ **Notice regarding the “Overall Plan of Tianjin for the Comprehensive Pilot Program for Expanding the Opening-up of Service Industries” (Shangzifa [2021] No. 62)**
- ▶ **Notice regarding the “Overall Plan of Shanghai for the Comprehensive Pilot Program for Expanding the Opening-up of Service Industries” (Shangzifa [2021] No. 63)**
- ▶ **Notice regarding the “Overall Plan of Hainan for the Comprehensive Pilot Program for Expanding the Opening-up of Service Industries” (Shangzifa [2021] No. 64)**
- ▶ **Notice regarding the “Overall Plan of Chongqing for the Comprehensive Pilot Program for Expanding the Opening-up of Service Industries” (Shangzifa [2021] No. 65)**

Synopsis

The State Council issued Guohan [2021] No. 37 (hereinafter referred to as “Circular 37”) on 9 April 2021, approving the comprehensive pilot programs for expanding the opening-up of service industries in Tianjin, Shanghai, Hainan and Chongqing and the overall plans of the four provinces and municipalities for the pilot programs (hereinafter referred to as the “Overall Plan”).

Some key points of the four Overall Plans are summarized as follows:

Overall Plan of Tianjin for the Comprehensive Pilot Program for Expanding the Opening-up of Service Industries

Principles

Focus on key areas such as digital, financial services, logistics, trade, information services, medical and healthcare, education, etc., relax access restrictions, and improve the regulatory system to enhance the international competitiveness and overall development of service industries.

Key measures

- ▶ Promote the deepening of reform and opening-up in key industries, including logistics and transportation services, technology services, exhibition services, wholesale and retail, financial services, medical and healthcare services, education services, telecommunications services and power supplies.
- ▶ Expand the pilot opening-up of service industries in key platforms and parks such as the Beijing-Tianjin-Hebei Cooperative Industrial Park.
- ▶ Optimize the system and mechanism for the opening-up of service industries, streamline administration and delegate power, and promote trade and investment facilitation.
- ▶ Enhance policy support in talent development, intellectual property protection, facilitation of cross-border capital flow, and financial risk prevention and control.

Overall Plan of Shanghai for the Comprehensive Pilot Program for Expanding the Opening-up of Service Industries

Principles

Focus on key areas such as telecommunications, Internet, medical care, transportation, culture, and education, etc., relax access restrictions, delegate approval authority, improve the regulatory system, and deepen the reform to enhance the international competitiveness and overall development of Shanghai's service industries.

Key measures

- ▶ Promote the deepening of reform and opening-up in key industries, including technology services, business services, logistics and transportation services, education services, financial services, medical and healthcare services, tourism services and telecommunications services.
- ▶ Expand the pilot opening-up of service industries in key platforms and parks such as the Hongqiao Business District, Pudong Software Park, etc.
- ▶ Optimize the system and mechanism for the opening-up of service industries, streamline administration and delegate power, and optimize the business environment.
- ▶ Enhance policy support in trade and investment facilitation, talent development, intellectual property protection and financial risk prevention and control.

Overall Plan of Hainan for the Comprehensive Pilot Program for Expanding the Opening-up of Service Industries

Principles

Focus on key areas such as tourism, transportation, financial services, business services, technical services, medical and healthcare services, education, culture and entertainment, etc., relax access restrictions, improve the regulatory system, and deepen the reform to enhance the international competitiveness and overall development of service industries.

Key measures

- ▶ Promote the deepening of reform and opening-up in key industries, including technology services, business services, education services, financial services, medical and healthcare services, power supplies, cultural, sports and entertainment services.
- ▶ Optimize the system and mechanism for the opening-up of service industries, streamline administration and delegate power, and improve the regulation system.
- ▶ Enhance policy support in trade and investment facilitation, talent development, fiscal and tax measures, financial risk prevention and control and intellectual property protection.

Overall Plan of Chongqing for the Comprehensive Pilot Program for Expanding the Opening-up of Service Industries

Principles

Focus on key areas such as technology services, leasing and business services, education, financial services, healthcare and community work, electric power, telecommunications, etc., relax access restrictions, improve the regulatory system, and deepen the reform to enhance the international competitiveness and overall development of service industries.

Key measures

- ▶ Promote the deepening of reform and opening-up in key industries, including technology services, business services, education services, financial services, medical and healthcare services, electric power and telecommunications services.
- ▶ Expand the pilot opening-up of service industries in key platforms and parks such as the Western (Chongqing) Science City, Chongqing Liangjiang New Area, etc.

- ▶ Optimize the system and mechanism for the opening-up of service industries, streamline administration and delegate power, improve the regulation system, and build a promotion system.
- ▶ Enhance policy support in trade and investment facilitation, talent development, intellectual property protection and financial risk prevention and control.

Relevant enterprises in the service industries are advised to make reference to the Overall Plans for greater details so as to formulate development plans in line with the measures mentioned.

You can click this link to access the full content of Circular 37:

http://www.gov.cn/zhengce/content/2021-04/20/content_5600751.htm

You can click this link to access the full content of the Overall Plan of Tianjin:

<http://www.mofcom.gov.cn/article/b/f/202104/20210403054528.shtml>

You can click this link to access the full content of the Overall Plan of Shanghai:

<http://www.mofcom.gov.cn/article/b/f/202104/20210403054527.shtml>

You can click this link to access the full content of the Overall Plan of Hainan:

<http://www.mofcom.gov.cn/article/b/f/202104/20210403054529.shtml>

You can click this link to access the full content of the Overall Plan of Chongqing:

<http://www.mofcom.gov.cn/article/b/f/202104/20210403054530.shtml>

- ▶ **Notice regarding public opinion consultation on the “Notice Issued by State Administration for Market Regulation and STA Regarding Further Improving the Simplified De-registration and Facilitating the Market Exit of Medium, Small and Micro-sized Enterprises (Discussion Draft)”**

Synopsis

To further optimize the business environment, the “Notice Issued by State Administration for Market Regulation (SAMR) and STA Regarding Further Improving the Simplified De-registration and Facilitating the Market Exit of Medium, Small and Micro-sized Enterprises (Discussion Draft)” (hereinafter referred to as the “Discussion Draft”) was announced on SAMR’s official website on 16 April 2020 to seek public opinion. The consultation of public opinion shall be opened until 16 May 2021.

Key features of the Discussion Draft are as follows:

Further expanded scope of applicants

- ▶ All market participants that have no unsettled credit or debt (including unsettled expenses, employees’ wages, social security contributions, statutory compensations, tax payables as well as any surcharges and penalties, etc.) shall be applicable to the simplified de-registration procedures.

Simplified de-registration for self-employed industrial and commercial households

- ▶ Self-employed industrial and commercial households who file simplified de-registration are neither required to submit certificate for tax clearance/commitment letter of investors, nor make announcements through the National Enterprise Credit Information Publicity System for the de-registration.

Review conducted by tax authorities

- ▶ The supervising tax authorities shall access the information regarding the application for simplified de-registration of enterprises via the information sharing system and review the tax-related matters of such applicants. In this respect, the tax authorities shall not raise objections for those taxpayers who have not been involved in any tax matters, those have been involved in tax matters but have not collected tax invoices or had no underpaid taxes (surcharges) or penalties within the announcement period.

Further reduced announcement period

- ▶ The announcement period for simplified de-registration shall be reduced from 45 to 20 days (self-employed industrial and commercial households are exempt).

A fault-tolerant mechanism

- ▶ A fault-tolerant mechanism shall be established. An enterprise that is not eligible for simplified de-registration process in the past due to being listed in the Directory of Enterprises with Abnormal Operations, etc. may re-apply for the simplified de-registration when it meets the relevant criteria.

In addition, the Discussion Draft also mentions that an optimized online platform for de-registration shall be established. Qualifying market participants shall be able to complete the whole simplified de-registration process online.

Concerned market participants should read the Discussion Draft and are encouraged to express opinions on or before 16 May 2021 by sending mails, logging onto <http://www.samr.gov.cn> or emailing to djjzdc@samr.gov.cn.

You can click this link to access the full content of the Discussion Draft:
http://www.samr.gov.cn/hd/zjdc/202104/t20210416_327892.html

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

- ▶ **Notice regarding implementing the "Administrative Measures on Government Procurement for Promoting the Development of Small and Medium-sized Enterprises" (Shuizonghan [2021] No. 67)**
<http://www.chinatax.gov.cn/chinatax/n810341/n810825/c101434/c5163592/content.html>
- ▶ **Measures for the Supervision and Administration of Anti-Money Laundering and Countering the Financing of Terrorism of Financial Institutions (PBOC Order [2021] No. 3)**
<http://www.pbc.gov.cn/tiaofasi/144941/144957/4232619/index.html>
- ▶ **Notice regarding promoting trans-provincial registration to facilitate used car transactions in other places (Shangbanxiaofeiha [2021] No. 126)**
<http://www.chinatax.gov.cn/chinatax/n810341/n810825/c101434/c5163551/content.html>
- ▶ **Notice regarding further enhancing the reform to constantly improve services for business start-ups (Guoshijianzhufa [2021] No. 24)**
http://gkml.samr.gov.cn/nsjg/djzcj/202104/t20210421_328072.html
- ▶ **Notice regarding the "Catalog of Programs Financed by Green Bonds (2021 Version)" (Yinfa [2021] No. 96)**
<http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/4236341/index.html>
- ▶ **Decisions on revising the "Regulations on the Case Jurisdiction of Shanghai Financial Court" (Fashi [2021] No. 9)**
<http://www.court.gov.cn/fabu-xiangqing-297951.html>
- ▶ **Notice regarding the "Plan of the People's Court for the Judication Protection of Intellectual Property Rights (2021-2025)" (Fafa [2021] No. 14)**
<https://www.chinacourt.org/law/detail/2021/04/id/150257.shtml>
- ▶ **Notice regarding the top 10 intellectual property cases and 50 typical intellectual property cases of Chinese Courts in 2020 (Faban [2021] No. 146)**
<https://www.chinacourt.org/article/detail/2021/04/id/5991264.shtml>
- ▶ **Decisions on the abolishment and amendment of certain government regulations (SAMR Order [2021] No. 38)**
http://gkml.samr.gov.cn/nsjg/fqs/202104/t20210422_328098.html

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