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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.

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## Business circulars

- ▶ **Notice issued by the General Office of the People's Government of Hainan Province regarding regulating issues on financial and tax-related supporting policies for certain industries (Qiongfuban [2021] No. 18)**

### Synopsis

According to Guofa [2015] No. 25 ("Circular 25", i.e., Notice regarding certain matters related to various taxes and other preferential policies) and Guofa [2021] No. 5 ("Circular 5", i.e., Opinions on further deepening the reform of the budget management system), to build a fair and just business environment, on 21 May 2021, the General Office of the People's Government of Hainan Province issued Qiongfuban [2021] No. 18 ("Circular 18") to regulate issues on financial and tax-related supporting policies for certain industries in Hainan.



Key features of Circular 18 are as follows:

- ▶ Governments and departments at the municipal and county levels (hereinafter referred to as the “local government authorities”) and the relevant industrial parks are not allowed to issue any supporting policies or conclude any contracts with enterprises that are linked to their tax payments (hereinafter referred to as “tax-related incentives”).
- ▶ For the supporting policies issued, upon receiving the fiscal funds from the Hainan provincial government, the local government authorities and industrial parks should not pay the funds to enterprises as incentives linked to their tax or non-tax charge payments. Instead, the industrial parks may explore and stipulate arrangements to utilize the funds in the following ways:
  - ▶ Attract investments from enterprises by providing supports for their recruitment of talents, rental of offices, utilities, social security contributions, and supports for their staff on education, medication, transportation and accommodation, etc. so as to lower operational costs of enterprises.
  - ▶ Strengthen the construction of facilities and infrastructure in industrial parks to provide improved functional public services to enterprises to develop industrial cluster of headquarters.
  - ▶ Offer complex awards to enterprises based on their physical operations, e.g., the enterprises achieve a certain business scale in fixed asset investments, operating income, market ratio, etc.
  - ▶ Establish industrial investment funds to provide financial subsidies, awards and interest subsidies for the recognition of High-and-New Technology Enterprises, research and development of enterprises, pre-listing tutoring, etc.
  - ▶ Establish business incubators/accelerators in the industrial parks to attract business start-ups and small and medium-sized enterprises.
  - ▶ Further deepen the reform of “Delegate Power, Streamline Administration and Optimize Government Services” to further optimize the business environment in the industrial parks.
- ▶ The Hainan finance authority and relevant competent provincial government authorities shall regulate and clean up the existing local supporting policies and incentives accordingly. Any new incentives and supporting policies to be issued by the local government authorities to attract investments or support industrial developments should be agreed by the Hainan finance authority before issuance.

Circular 18 shall become effective on 25 June 2021.

It is worth-noting that Circular 18 still grants a certain degree of discretion to the local government authorities and industrial parks to stipulate their supporting policies and incentives to attract investments and boost the local economy. In this respect, it is suggested that intended investors and enterprises are encouraged to take the initiative to communicate with the relevant parties for the available incentives. For investors or enterprises that have already concluded investment contracts or obtained supporting policies linked to their tax payments that are contradict with the contents of Circular 18, they should proactively consult with the relevant parties regarding the possible transitional arrangements or alternative solutions. To ensure this is properly handled to protect the investors’ interests, consultations with professionals are always helpful.

You can click this link to access the full content of Circular 18:

<https://www.hainan.gov.cn/hainan/zmghnwwj/202105/0a46abad5c5948a4af1324d10604a1e7.shtml>

You can click this link to access the full content of Circular 25:

[http://www.gov.cn/zhengce/content/2015-05/11/content\\_9725.htm](http://www.gov.cn/zhengce/content/2015-05/11/content_9725.htm)

You can click this link to access the full content of Circular 5:

[http://www.gov.cn/zhengce/content/2021-04/13/content\\_5599346.htm](http://www.gov.cn/zhengce/content/2021-04/13/content_5599346.htm)

► **Notice regarding continuously implementing certain policies and measures for reducing burden, stabilizing jobs and expanding employment (Renshebufa [2021] No. 29)**

**Synopsis**

In order to implement the deployment of the 2021 Report on the Work of the Government to continue strengthening the priority of employment, the Ministry of Human Resources and Social Security (MOHRSS) and several administrative departments jointly released Renshebufa [2021] No. 29 ("Circular 29") on 20 May 2021, clarifying that certain policies and measures for reducing burden, stabilizing jobs and expanding employment will be continued in 2021.

Some key features of Circular 29 are as follows:

- Continue to implement the inclusive policy of unemployment insurance rebates to stabilize employment. Where insured enterprises that did not lay off employees or the lay-off rate is not higher than the control target of the national surveyed urban unemployment rate in the previous year, they can apply for a certain ratio of unemployment insurance rebates. Social organizations, foundations, social service institutions, law firms, accounting firms, and individual economic organizations can also apply in accordance with the regulation. (The deadline for accepting applications is 31 December 2021.)
- Continue to implement the policy of replacing training with work. For medium, small and micro-sized enterprises that hire people with employment difficulties, zero-employment family members, college graduates within two years from graduation and registered unemployed people instead of job training, the enterprises will get vocational training subsidies based on the number of people they employ. (The deadline for accepting applications is 31 December 2021.)
- Continue to implement the policy of subsidizing the training and living expenses of people in difficulties (poverty, employment difficulties, zero-employment family members, etc.). (The deadline for accepting applications is 31 December 2021.)
- Continue to relax the application conditions for skills upgrading subsidies. Insured employees who have obtained vocational qualification certificates or vocational skill level certificates can apply for skill upgrading subsidies in accordance with the regulation. (The deadline for accepting applications is 31 December 2021.)
- Continue to implement the policy of prepayment of internship subsidies, including providing internship subsidies for the full internship period to employers who sign labor contracts with college graduates before the end of the internship. (The deadline for accepting applications is 31 December 2021.)
- Continue to implement the policy of expanding the coverage of unemployment insurance, including providing unemployment subsidies to the unemployed who have not been employed after the expiry of the period of receiving unemployment insurance benefits and those who do not meet the conditions of receiving unemployment insurance benefits. (The deadline for accepting applications is 31 December 2021.)
- Stabilize the grassroots civil service recruitment for graduates (e.g., civil servants in rural areas, etc.), expand the enrollment of postgraduates and undergraduates, and stabilize the enlistment for graduates. (The deadline for accepting applications is 31 December 2021.)
- Support graduates' self-reliance, employment and entrepreneurship. The preferential tax policies for supporting and promoting entrepreneurship and employment of key groups such as college graduates will continue to be implemented through 31 December 2025.

Relevant enterprises and individuals are advised to read Circular 29 carefully so as to fully enjoy the benefits offered. If in doubt, consultations with professionals are always recommended.

You can click this link to access the full content of Circular 29:

[http://www.mohrss.gov.cn/xgk2020/fdzdgknr/zcfg/gfxwj/jy/202105/t20210521\\_415025.html](http://www.mohrss.gov.cn/xgk2020/fdzdgknr/zcfg/gfxwj/jy/202105/t20210521_415025.html)



## Customs circular

- ▶ **Notice regarding public opinion consultation on the “Administrative Regulations of the People’s Republic of China (PRC) on the Record-filing for Customs Declaration Entities (Discussion Draft)”**

### Synopsis

To regulate the management on record-filing of customs declaration entities, on 26 May 2021, the General Administration of Customs (GAC) released the “Administrative Regulations of the PRC on the Record-filing for Customs Declaration Entities (Discussion Draft)” (hereinafter referred to as the “Draft Regulations”) on its official website to seek public opinion. The consultation will be opened until 27 June 2021.

Draft Regulations consist of five chapters, i.e., General, Record-filing of Customs Declaration Entities, Record-filing of Non-trading Import and Export Entities, Management on Customs Declaration Entities and Supplementary.

Draft Regulations clarified certain matters related to the record-filing of customs declaration entities, including the definition of customs declaration entities, the relevant competent authorities, requirements on the application and verification, and the effectiveness of record-filing, etc.

Related parties are encouraged to read the Draft Regulations and express opinions on or before 27 June 2021 by emailing to pangping@customs.gov.cn, logging onto <http://www.customs.gov.cn> or sending mails to the GAC.

You can click this link to access the full content of Draft Regulations:  
<http://www.customs.gov.cn/customs/302452/302329/zjz/3688593/index.html>

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

- ▶ **Opinions on enhancing the collaboration in the protection of intellectual property rights (Guozhifabaozi [2021] No. 12)**  
[http://www.gov.cn/zhengce/zhengceku/2021-05/24/content\\_5611192.htm](http://www.gov.cn/zhengce/zhengceku/2021-05/24/content_5611192.htm)
- ▶ **Opinions on providing financial support for the development of new-type agricultural business entities (Yinfa [2021] No. 133)**  
<http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/4254432/index.html>
- ▶ **Opinions on further enhancing the developmental financial support for the high-quality development of culture and tourism industry**  
[http://zwgk.mct.gov.cn/zfxxgkml/cyfz/202105/t20210524\\_924698.html](http://zwgk.mct.gov.cn/zfxxgkml/cyfz/202105/t20210524_924698.html)
- ▶ **Provisional measures for implementing the examination process prescribed by the revised Patent Law (CNIPA PN [2021] No. 423)**  
[https://www.cnipa.gov.cn/art/2021/5/25/art\\_74\\_159631.html](https://www.cnipa.gov.cn/art/2021/5/25/art_74_159631.html)
- ▶ **Notice regarding the amended forms prescribed by the Patent Law**  
[https://www.cnipa.gov.cn/art/2021/5/26/art\\_75\\_159646.html](https://www.cnipa.gov.cn/art/2021/5/26/art_75_159646.html)
- ▶ **Approval on the application of certain terms and conditions of the Trademark Law (Guozhifabaohanzi [2021] No. 77)**  
[https://www.cnipa.gov.cn/art/2021/5/25/art\\_75\\_159637.html](https://www.cnipa.gov.cn/art/2021/5/25/art_75_159637.html)
- ▶ **Notice regarding public opinion consultation on the “Evaluation and Grading Standards for Banking Foreign Exchange Business Compliance and Prudence (Discussion Draft)”**  
<http://www.safe.gov.cn/safe/2021/0525/19034.html>
- ▶ **Provisional Measures for Sales of Wealth Management Products by Wealth Management Companies (CBIRC Order [2021] No. 4)**  
<http://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=986408>
- ▶ **Public notice (PN) regarding the 2020 statistical survey on the use of imported goods (GAC PN [2020] No. 37)**  
<http://www.customs.gov.cn/customs/302249/2480148/3686959/index.html>

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ED None.

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