

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 circular

► Tax Guide for Outbound Investment (2021 Revision)

Synopsis

To better support the “Belt and Road” initiative as well as the development of go-global enterprises, the International Taxation Department of the State Taxation Administration published the Tax Guide for Outbound Investment (2021 Revision) (hereinafter referred to as the “2021 Tax Guide”)¹ on 22 November 2021.

The 2021 Tax Guide includes 99 items in total which cover four sections, i.e., the tax policies, tax treaties, administrative regulations and service measures. Each item covers four parts, i.e., applicable entities, provisions of tax policies/treaties, conditions to apply and relevant legal basis.



The 2021 Tax Guide summarized the key features of the relevant tax policies as well as 110 tax treaties concluded by China (cut-off day is 30 September 2021). It is worth noting that the following items and various updated tax policies are incorporated into the 2021 Tax Guide:

- ▶ Overseas tax credits for resident individuals
- ▶ Simplified filing for export tax refund (exemption) and issuance of relevant certifications
- ▶ Issuance of certificate of no tax arrears

The issuance of the 2021 Tax Guide aims to help go-global enterprises manage their tax risks and fully utilize the tax preferences under the tax treaties. Go-global enterprises are encouraged to read 2021 Tax Guide for more details, get familiar with relevant regulations/practices and study/consider how to leverage the relevant policies in the actual investment activities. If in doubt, consultations with professionals are always recommended.

¹ The Tax Guide for Outbound Investment was first released in 2017 and the second revision was published in 2019.

You can click this link to access the full content of the 2021 Tax Guide:

<http://www.chinatax.gov.cn/chinatax/n810219/n810744/n1671176/n2884609/c2884646/content.html>

Business circular

▶ **Opinions on launching a pilot scheme on business environment innovation (Guofa [2021] No. 24)**

Synopsis

To encourage certain areas where conditions permit to constantly optimize a market-oriented, legalized and international business environment, the State Council issued opinions on launching a pilot scheme on business environment innovation aiming to set high standards nationwide (hereinafter referred to as the “Opinions”) via Guofa [2021] No. 24 on 31 October 2021.

Key features of the Opinions are as follows:

Scope of pilot

The first batch of pilot cities are Beijing, Shanghai, Chongqing, Hangzhou, Guangzhou and Shenzhen. Qualified pilot innovation measures will be rolled out nationwide with the consent of competent authorities.

Primary objective

After three to five years of innovation pilot, the international competitiveness of the business environment of the pilot cities shall leap to the forefront of the world and a series of replicable institutional innovation achievements shall be formed to demonstrate how a national business environment should be constructed.

Key tasks

- ▶ Improve the market access and exit mechanisms by making them more open, transparent, standardized and efficient. Further facilitate business registration, information change and bank account opening. Implement the reform of consolidated enterprise annual report.
- ▶ Constantly improve the convenience of investment and deepen the reform of investment approval system.
- ▶ Constantly improve the facilitation of cross-border trade, build a “single window” system for international trade with high standards and promote paperless operation in the whole process.

- ▶ Optimize the administration of foreign investment and international talent services, strengthen foreign-related commercial legal services, and incorporate more foreign-related approval items into the unified online government services.
- ▶ Maintain fair competition and ensure equity among all market entities to stabilize their expectations. Strengthen and improve the enforcement of anti-monopoly and anti-unfair competition laws.
- ▶ Protect the property rights and legitimate rights and interests of various market entities according to law and strengthen the protection of intellectual property rights.
- ▶ Constantly optimize tax services for businesses, deepen the reform of consolidated tax filing, and implement unified online government services and “one integrated license” for business related matters.

Guarantee and reform measures

Relevant authorities shall timely adjust rules and regulatory documents according to the adjustment of laws and administrative regulations, establish an administrative system that meet the requirement of the pilot scheme, strengthen legal guarantee, data sharing and the support for electronic certificate applications, and conduct evaluation and promotion of the pilot.

A list of the first batch of pilot reform items of business environment innovation is also released along with the Opinions, covering 101 reform measures in ten aspects, together with the arrangements for temporarily adjusting the provisions of relevant administrative regulations. Please refer to the annexes to the Opinions for details.

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

http://www.gov.cn/zhengce/content/2021-11/25/content_5653257.htm

Customs circulars

- ▶ **Order on the “Administrative Regulations of the Customs of the People’s Republic of China (PRC) on the Record-filing of Customs Declaration Entities” (GAC Order [2021] No. 253)**

Synopsis

On 19 November 2021, the General Administration of Customs (GAC) released the “Administrative Regulations of the Customs of the PRC on the Record-filing of Customs Declaration Entities” via GAC Order [2021] No. 253 (hereinafter referred to as the “Order 253”). Order 253 shall take effect on 1 January 2022 and the “Administrative Regulations of the Customs of the PRC on the Registration of Customs Declaration Entities” (i.e., Annex 37 to GAC Order [2018] No. 240) and the “Administrative Measures on Entry-exit Inspection and Quarantine Declaration Enterprises” (i.e., Annex 74 to GAC Order [2018] No. 240) shall be abolished at the same time.

Key points of Order 253 are as follows:

Qualification for record-filing

The consignee or consignor of imported and exported goods or the customs declaration entity shall obtain the qualification of market entity before applying for record filing. In addition, a consignee or consignor of imported and exported goods are also required to conduct record filing of foreign trade operators.

Record-filing materials

When applying for record filing, the customs declaration entity shall submit the “Statement of Record-filing of Customs Declaration Entity” to the customs (see the annex to Order 253).

Validity period of record-filing

The record-filing of a customs declaration entity shall be permanently valid. The validity period of temporary record-filing is 1 year. After the expiration, the entity can apply for renewal.

Information change

In case of any change in the information specified in the "Statement of Record-filing of Customs Declaration Entity" such as the name of the customs declaration entity, the type of market entity, domicile (main premise), legal representative (person in charge), customs declaration personnel, etc., the customs declaration entity shall apply for change to the local customs within 30 days from the date of change.

Record-filing cancellation

Under any of the following circumstances, a customs declaration entity shall go through the formalities of cancelling record-filing with the local customs:

- ▶ Termination due to dissolution, bankruptcy or other legal reasons.
- ▶ The business registration is cancelled or revoked by the market supervision and administration authority.
- ▶ The record filing of the consignee or consignor of imported and exported goods as a foreign trade operator is invalid.
- ▶ A temporary record-filing entity is disqualified for market entity status.
- ▶ Other circumstances under which the record filing should be cancelled according to law.

Relevant customs declaration entities are advised to read Order 253 for more details and observe the regulations. If in doubt, consultations with professionals are always recommended.

You can click this link to access the full content of Order 253:

<http://www.customs.gov.cn/customs/302249/2480148/4011062/index.html>

- ▶ **Order on the "Administrative Measures of the Customs of the PRC on the Origin of Imported and Exported Goods under the 'Regional Comprehensive Economic Partnership'" (GAC Order [2021] No. 255)**
- ▶ **Order on the "Administrative Measures of the Customs of the PRC on Approved Exporters" (GAC Order [2021] No. 254)**

Synopsis

According to the Regional Comprehensive Economic Partnership Agreement (hereinafter referred to as the "RCEP") which will take effect on 1 January 2022, the GAC released the Administrative Measures of the Customs of the PRC on the Origin of Imported and Exported Goods under the RCEP (hereinafter referred to as the "Administrative Measures" via GAC Order [2021] No. 255 on 23 November 2021.

The Administrative Measures apply to the importation/exportation of originating goods among the members of RCEP that have already approved the ratification of the RCEP. (List of members shall be announced by the GAC separately.)

The Administrative Measures contain 44 articles in six chapters, which specify the details regarding the criteria of originating status, efficient administration of customs procedures, procedures for the issuance of Certificate of Origin, etc.

Under the RCEP, besides the Certificate of Origin, certification of origin also includes the Declaration of Origin issued by approved exporters. The detailed rules in this regard, including the criteria for approved exporters, application procedures, issuance of Declaration of Origin, etc. are further stipulated in the Administrative Measures of the Customs of the PRC on Approved Exporters released via GAC Order [2021] No. 254 ("Order 254") that were announced by the GAC on the same day. The stipulations regarding approved exporters as prescribed in Order 254 are also applicable to the administration of approved exporters under other bilateral free trade agreements concluded by the PRC, e.g., the Free Trade Agreement between the Government of the PRC and the Government of Iceland, etc.

Both the Administrative Measures and Order 254 shall become effective on 1 January 2022 to cope with the RCEP.

You can click this link to access the summary of the RCEP:

http://www.gov.cn/xinwen/2020-11/17/content_5562000.htm

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

<http://www.customs.gov.cn/customs/302249/2480148/4015202/index.html>

You can click this link to access the full content of Order 254:

<http://www.customs.gov.cn/customs/302249/2480148/4015185/index.html>

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

- ▶ **Notice regarding public opinions consultation on the “Regulations of the China National Intellectual Property Administration on the Credit Management in Intellectual Property Rights (Trial) (Discussion Draft)”**
http://www.cnipa.gov.cn/art/2021/11/19/art_75_171533.html
- ▶ **Notice regarding further enhancing the supports for small and medium-sized enterprises (Guobanfa [2021] No. 45)**
http://www.gov.cn/zhengce/content/2021-11/22/content_5652485.htm
- ▶ **Notice regarding the “Plan for the High-quality Development of Foreign Trade During the 14th Five-Year Plan Period”**
<http://www.mofcom.gov.cn/article/gztz/tzbjg/202111/20211103220081.shtml>
- ▶ **Notice regarding certain measures for enhancing the competitiveness of small and medium-sized enterprises (SMEs) (Gongxinbuqiye [2021] No. 169)**
https://wap.miit.gov.cn/jgsj/qyj/wjfb/art/2021/art_938e591e3c174edabfb4ea744e03545a.html
- ▶ **Notice regarding the to-do list for supporting “Specialized, Sophisticated, Distinctive and Innovative” SMEs (Gongxinbuqiye [2021] No. 170)**
https://wap.miit.gov.cn/jgsj/qyj/wjfb/art/2021/art_60e17d0e2bb14a859cb0831243e2b9ba.html
- ▶ **Notice regarding the “Plan for the High-quality Development of Foreign Trade During the 14th Five-Year Plan Period” (Wenlvzhengfafa [2021] No. 110)**
http://zwgk.mct.gov.cn/zfxxgkml/qt/202111/t20211124_929222.html
- ▶ **Notice regarding the application to be recognized as key enterprises with integrated development of information technology outsourcing and manufacturing (Shangbanfumaohan [2021] No. 360)**
<http://sw.beijing.gov.cn/zwxx/tzgg/202111/P020211122537037740588.pdf>
- ▶ **Opinions on supporting the high-quality development of the Beijing Municipal Administrative Center (Guofa [2021] No. 15)**
http://www.gov.cn/zhengce/content/2021-11/26/content_5653479.htm

Notice regarding adjusting the “List of Matters Subject to Customs Administrative Random Inspection” (Shuzonghan [2021] No. 214)

<http://www.customs.gov.cn/customs/302249/zfxxgk/zfxxgkml34/4012855/index.html>

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