

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.

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Tax circular

- ▶ **Notice regarding further deepening information sharing and facilitating real estate registration and related tax services (Shuizongcaixingfa [2022] No. 1)**

Synopsis

To further deepen information sharing and facilitate real estate registration and related tax services, on 7 January 2022, the State Taxation Administration (STA) and Ministry of Natural Resources (MNR) jointly released Shuizongcaixingfa [2022] No. 1 ("Circular 1").

According to Circular 1, real-time information sharing between all municipal/county level tax authorities and competent departments under the MNR shall be achieved by 31 December 2022. In this way, the tax-related information regarding the whole process of real estate registration shall be shared instantly within the authorities.

In addition, all municipal/county level tax authorities and competent departments under the MNR shall set up joint registration/tax service counters to handle manual real estate registration and tax filings by the end of 2022 to facilitate the process. By the end of 2023, registration/tax filing in this regard could be completed online (via computers or smartphones) on a nationwide basis.

Relevant entities and individuals are encouraged to read Circular 1 as well as local guidance to be released in this regard for more details.

You can click this link to access the full content of Circular 1:

<http://www.chinatax.gov.cn/chinatax/n810341/n810825/c101434/c5172035/content.html>

Business circulars

► **Opinions on promoting the categorized administration of enterprise credit risks and further improve the efficiency of supervision (Guoshijianxinf [2022] No. 6)**

Synopsis

To deepen the reform of “Delegate Power, Streamline Administration and Optimize Government Services”, on 13 January 2021, the State Administration for Market Regulation (SAMR) released Guoshijianxinf [2022] No. 6 (“Circular 6”) to promote the categorized administration of enterprise credit risks and further improve the efficiency of supervision.

Key features of Circular 6 are as follows:

Categorized administration of enterprise credit risks

The SAMR and its local competent departments (hereinafter referred to as the “competent departments”) shall identify the level of credit risks of enterprises and implement supervision measures on enterprises by category to improve the efficiency of supervision.

Categorization

The SAMR shall establish a system of categorized administration of enterprise credit risks which shall be constantly adjusted to reflect the current practices. All types of information related to enterprises’ credit risks shall be automatically collected and categorized, and risk level of each enterprise shall be arranged into a hierarchy from lower to higher as follows (Circular 6 did not reveal details on how the risk levels shall be determined):

| Categorizations | Risk level | Remarks |
|-----------------|------------|--|
| A | Lower | The categorization of each enterprise shall be subject to dynamic adjustments. |
| B | Normal | |
| C | Higher | |
| D | High | |

Unlike the existing tax credit rating management system or customs’ credit rating system, the categorization of enterprises’ credit risk to be implemented by the SAMR shall be used as internal reference for the competent departments supervision purposes and enterprises’ risk level shall not be announced to the public. Likewise, Circular 6 did not announce any incentive or punitive measures in this regard.

According to Circular 6, the competent departments shall further explore the comprehensive application of the categorization of enterprises’ credit risks and shall provide timely reminder to enterprises. Enterprises’ risk level would be considered when they lodge certain applications to the competent departments.

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 content of Circular 6:

https://gkml.samr.gov.cn/nsjg/xyjgs/202201/t20220113_339100.html

► **Notice regarding public opinions consultation on the “Notice Issued by the People’s Bank of China Regarding Implementing Cross-border RMB Settlement for Supporting New Business Models of Foreign Trade (Discussion Draft)”**

Synopsis

Recently, new business models of foreign trade, especially cross-border e-commerce, have played a vital role in stabilizing the foreign trade sector of China.

In this regard, on 7 January 2022, the People’s Bank of China released a notice regarding implementing cross-border RMB settlement for supporting new business models of foreign trade (discussion draft) (hereinafter referred to as the “Discussion Draft”) on its official website to seek public opinion. The consultation of public opinion would be opened until 22 January 2022.

As proposed in the Discussion Draft, qualifying domestic commercial banks alongside with non-bank payment institutions may provide cross-border RMB settlement services for current account transactions for entities and individuals participated in new models of foreign trade, such as businesses engaging in cross-border e-commerce, market procurement trade, consumers of goods or services, etc. based on the principles of “know your customer”, “know your business” and “due diligence review” (展业三原则).

The Discussion Draft also proposes the detailed criteria for qualifying domestic banks and non-bank payment institutions, the requirement for record filing as well as the relevant supervision and administrative measures in this regard. The stipulations proposed in the Discussion Draft shall greatly simplify the RMB settlement process for current account transactions related to new business models of foreign trade.

Concerned businesses and individuals should read the Discussion Draft and are encouraged to express opinions on or before 22 January 2022 by sending mails or logging onto RMB@pbc.gov.cn.

You can click this link to access the full content of the Discussion Draft:
<http://www.pbc.gov.cn/tiaofasi/144941/144979/3941920/4442033/index.html>

► **Decision on revising the “Guiding Catalog of Industrial Structure Adjustment (2019 Version)” (NDRC Order [2021] No. 49)**

Synopsis

On 30 December 2021, the National Development and Reform Commission (NDRC) announced the decision on revising the “Guiding Catalog of Industrial Structure Adjustment (2019 Version)” (hereinafter referred to as the “Guiding Catalog”) via NDRC Order [2021] No. 49 (“Order 49”).

According to Order 49, Item 7 “Virtual currency ‘mining’ activity” is added to the “(18) Others” of the eliminated category of “I. Backward Production Technology and Equipment”.

Relevant parties are advised to read Order 49 for more details of the new Guiding Catalog 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 49:
<https://zfxxgk.ndrc.gov.cn/web/iteminfo.jsp?id=18616>

You can click this link to access the full content of Guiding Catalog:
<https://zfxxgk.ndrc.gov.cn/web/iteminfo.jsp?id=16602>

Customs circular

► **Administrative Measures of the Customs of the People’s Republic of China (PRC) on Comprehensive Bonded Zones (GAC Order [2021] No. 256)**

Synopsis

To regulate the administration of comprehensive bonded zones (CBZs) by the customs and promote the high-level opening-up and high-quality development of CBZs, the General Administration of Customs (GAC) released the “Administrative Measures of the Customs of the PRC on CBZs” (hereinafter referred to as the “Administrative Measures”) via GAC Order [2021] No. 256 on 1 January 2022.

Key features of the Administrative Measures are as follows:

Scope of business activities

Enterprises in CBZs can carry out various business activities according to law such as research and development, processing, manufacturing, maintenance, goods storage, financial leasing, cross-border e-commerce, entrepot trade, etc.

Entry and exit of goods

- ▶ The entry and exit of goods between CBZs and overseas shall not be subject to tariff quotas and license administration. Consignees, consignors or agents should truthfully declare the goods to the customs, fill in the record-filing list of entry and exit of goods and go through relevant formalities in accordance with the customs regulations.
- ▶ The customs shall levy import-level duties and taxes on the means of transport and consumer goods entering CBZs for the self-use of enterprises and administrative institutions in the zones. Unless otherwise prescribed by laws and regulations, goods transported abroad from CBZs are exempt from export duties.
- ▶ For goods entering and exiting CBZs within the territory of the PRC, enterprises in CBZs or consignees and consignors outside CBZs should pay duties and import-level taxes according to the actual status of the goods when entering and exiting CBZs. Goods circulating between the CBZs and other special customs supervision areas or bonded supervision sites are exempt from duties and import-level taxes.

Administration of goods in the CBZs

- ▶ Where enterprises transfer or circulate goods in CBZs, both parties should submit electronic information such as the name, quantity and amount of the goods to the customs in a timely manner.
- ▶ Where enterprises in CBZs transport their own machines, equipment and their parts outside CBZs for testing and maintenance in accordance with the customs regulations, the machines, equipment and their parts shall not be used for processing, production and use outside CBZs during the period and shall be returned to CBZs within 60 days from the date of exit. Where the machines, equipment and their parts cannot be returned on time, enterprises can apply for extension. The extension period shall not exceed 30 days.
- ▶ Where enterprises in CBZs transport molds, raw materials and semi-finished products out of CBZs for outward processing in accordance with the customs regulations, the outward processing period shall not exceed the validity period of the contract, and the processed goods shall be returned to CBZs as scheduled.

Administration of enterprises in CBZs

Enterprises and their branches in CBZs should obtain the market entity qualification, go through the registration or record-filing formalities with the customs according to law, cooperate with the customs in inspection, and truthfully provide relevant books, documents and other materials and electronic data.

The Administrative Measures shall become effective on 1 April 2022. Relevant enterprises in CBZs are advised to read the Administrative Measures for 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 the Administrative Measures:

<http://www.customs.gov.cn/customs/302249/2480148/4105208/index.html>

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

- ▶ **Notice regarding the “List of Market Supervision and Law Enforcement Matters Subject to Random Inspection and Public Release Issued by the Ministry of Commerce (Third Edition)”**
<http://www.mofcom.gov.cn/article/zwgk/gkqztz/202201/20220103237014.shtml>
- ▶ **Notice regarding the administrative measures for project subsidiary companies established by financial leasing companies (Yinbaojianbanfa [2021] No. 143)**
<http://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=1030448&itemId=928>

- ▶ **Notice regarding the “Development Plan of the Civil Aviation During the 14th Five-year Plan Period” (Minhangfa [2021] No. 56)**
http://www.gov.cn/zhengce/zhengceku/2022-01/07/content_5667003.htm
- ▶ **Notice regarding public opinions consultation on the “Administrative Measures for the Courier Industry (Revised Draft)”**
http://www.moj.gov.cn/pub/sfbgw/lfyjzj/lflfyjzj/202201/t20220106_445915.html
- ▶ **Notice regarding the implementation opinions on deepening the reform of “Delegate Power, Streamline Administration and Optimize Government Services” and optimizing the business environment in the field of energy (Guonengfafaqai [2021] No. 63)**
http://zfxgk.nea.gov.cn/2021-12/22/c_1310417594.htm
- ▶ **Opinions on ensuring cross-cycle adjustments to further stabilize foreign trade (Guobanfa [2021] No. 57)**
http://www.gov.cn/zhengce/content/2022-01/11/content_5667631.htm
- ▶ **Notice regarding the “Administrative Measures for the Permanent Representative Offices Established in China by Foreign Professional Patent Agencies” (Guozhifayunzi [2022] No. 1)**
http://www.cnipa.gov.cn/art/2022/1/11/art_75_172715.html
- ▶ **Notice regarding public opinions consultation on the “Regulations on Local Financial Supervision and Administration (Discussion Draft)”**
<http://www.pbc.gov.cn/tiaofasi/144941/144979/3941920/4436904/index.html>
- ▶ **Notice regarding public opinions consultation on the “Guiding Opinions on Accelerating the Construction of Modern Light Industry System (Discussion Draft)”**
https://wap.miit.gov.cn/qyhxxhb/jgsj/xfpgys/qzdt/art/2022/art_c063e69230d54ed399599765f81bb3aa.html
- ▶ **Notice regarding the development plan on digital economy during the 14th Five-year Plan period (Guofa [2021] No. 29)**
http://www.gov.cn/zhengce/content/2022-01/12/content_5667817.htm
- ▶ **Notice regarding creating a better environment to support the research and development (R&D) of small and medium-sized technology-based enterprises (Guokebanqu [2022] No. 2)**
http://www.most.gov.cn/xxgk/xinxifenlei/fdzdgknr/fqzc/gfxwj/gfxwj2022/202201/t20220113_179017.html
- ▶ **Regulations on the On-site Supervision of Listed Companies (CSRC Order [2022] No 21)**
<http://www.csrc.gov.cn/csrc/c101954/c1719822/content.shtml>
- ▶ **Public notice (PN) regarding applying the preferential tariff rates under the RCEP Agreement to certain imported goods originated from South Korea (Customs Tariff Commission PN [2022] No. 1)**
http://gss.mof.gov.cn/gzdt/zhengcefabu/202201/t20220113_3782412.htm
- ▶ **PN regarding specifications for the import interface of data and attachments of certificate of origin (GAC PN [2022] No. 1)**
<http://www.customs.gov.cn/customs/302249/2480148/4110189/index.html>



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