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*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 the entry into force of the "Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (BEPS)" for China and the commencement of the application to certain tax treaties (STA PN [2022] No. 16)**

Synopsis

The Action Plans on BEPS were published by the Organization for Economic Cooperation and Development (OECD) at the request of the Group of 20 ("G20"). There are 15 Action Plans in total, of which the Action 15 proposes the "Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS" (hereinafter referred to as "Convention"). The Convention was officially adopted on 24 November 2016. As of 30 June 2022, 97 countries and regions including China have signed the Convention.

On 1 August 2022, the State Taxation Administration (STA) released STA PN [2022] No. 16 (hereinafter referred to as "PN 16") to clarify certain matters related to the entry into force of the Convention for China and the commencement of the application to certain tax treaties.

Key features of PN 16 are as follows:

Entry into force

The Convention shall enter into force for China on 1 September 2022.

Application of tax treaties

As of 30 June 2022, the Convention shall be applicable to 47 tax treaties signed by China (please see the annex to PN 16 for details) upon the completion of the entry into force procedures of the Convention by the contracting parties of the tax treaties. The date of application shall be determined according to Article 35 (Application) of the Convention, which shall usually be the date on which the Convention enters into force for the latter of the contracting parties.

Impact on existing tax treaties

China will incorporate the tax treaties signed with 100 countries into the application scope of the Convention. In addition to the 47 contracting countries that have completed the entry into force procedures of the Convention, more countries and regions will sign the Convention and complete the entry into force procedures. The scope of application of the Convention to China's existing tax treaties will then be further expanded.

Interested parties are advised to read PN 16 for details. Our International Tax and Transaction Services team will soon issue a WeChat news article (in Chinese) setting out extensive discussion on PN 16. For more information, you can follow us on WeChat by scanning the QR Code on the last page of this CTIE.

You can click this link to access the full content of PN 16:

<http://www.chinatax.gov.cn/chinatax/n810341/n810825/c101434/c5178626/content.html>

Business circulars

► **Administrative Regulations on Insurance Asset Management Companies (CBIRC Order [2022] No. 2)**

Synopsis

Further to the prevailing Provisional Administrative Regulations on Insurance Asset Management Companies (hereinafter referred to as the "Provisional Regulations") which was issued in 2004, on 28 July 2022, the China Banking and Insurance Regulatory Commission (CBIRC) released the Administrative Regulations on Insurance Asset Management Companies (hereinafter referred to as the "New Regulations") via CBIRC Order [2022] No. 2 which will become effective on 1 September 2022.

Certain significant changes are made in the New Regulations compared to prevailing Provisional Regulations (e.g., specifying certain enterprises which are not qualified as shareholders of insurance asset management companies, setting out requirements of independent directors). Among these, it is worth-noting that the restriction of foreign investment ratio has been removed in the New Regulations:

New Regulations	Provisional Regulations
50% or above equity of an insurance asset management company should be held by domestic/overseas insurance companies.	75% or above equity of an insurance asset management company should be held by domestic insurance companies ¹ .

This is in accordance with the decision by the State Council to further open-up and provide level playing field to both foreign and Chinese investors. On the other hand, the New Regulations also set out strict administrative measures on shareholders of insurance asset management companies that are not finance enterprises.

Concerned parties are encouraged to read the New Regulations for more details.

¹ As prescribed in the prevailing Provisional Regulations, 75% or above equity of an insurance asset management company should be held by domestic insurance companies, which makes the foreign investment ratio cannot exceed 25%.

You can click this link to access the full content of the New Regulations:
http://www.gov.cn/zhengce/zhengceku/2022-08/06/content_5704449.htm

You can click this link to access the full content of Provisional Regulations:
<http://www.mofcom.gov.cn/article/b/g/200405/20040500226867.html>

► **Supervision and administrative measures regarding energy conservation and ecological environmental protection for central state-owned enterprises (SASAC Order [2022] No. 41)**

Synopsis

On 29 June 2022, the State-owned Assets Supervision and Administration Commission (SASAC) released SASAC Order [2022] No. 41 ("Order 41") to set out the supervision and administrative measures regarding energy conservation and ecological environmental protection for central state-owned enterprises (hereinafter referred to as "central SOEs").

As prescribed in Order 41, the SASAC shall implement a dynamic and classified supervision and administration scheme on central SOEs for the purpose of energy conservation and ecological environment protection. The central SOEs shall be categorized into three types based on the industries they are engaging in, their energy consumption, discharge of major pollutants, and impacts to the ecological environment.

It is worth-noting that Order 41 specified that the administration of mergers and acquisitions of central SOEs shall be further strengthened, and a special due diligence for energy conservation and ecological environment protection shall be conducted as an ex-ante procedure for mergers and acquisitions.

Relevant central SOEs are encouraged to read Order 41 for more details to make proper arrangements.

You can click this link to access the full content of the Order 41:
<http://www.sasac.gov.cn/n2588030/n2588939/c25677916/content.html>

► **Implementation plan for achieving carbon peak in the industrial field (Gongxinbulianjie [2022] No. 88)**

Synopsis

On 7 July 2022, the Ministry of Industry and Information Technology, National Development and Reform Commission, Ministry of Ecology and Environment jointly issued the "Implementation Plan for Achieving Carbon Peak in the Industrial Field" (hereinafter referred to as the "Plan") via Gongxinbulianjie [2022] No. 88.

Some key fiscal and tax measures mentioned in the Plan include:

- Implement the preferential tax policies for supporting the comprehensive utilization of resources and encourage local governments to carry out evaluation on resource utilization.
- Improve the tax policy system to promote green and low-carbon development, implement the preferential tax policies for encouraging energy and water conservation and comprehensive utilization of resources, and enhance the role of tax in promoting green and low-carbon development of market entities.
- Implement the policies for renewable energy. Make overall use of the existing funding sources to achieve carbon peak and carbon neutrality in the industrial field.
- Improve the policies for supporting the application of the first set of major technical equipment and first batch of key new materials, and support the application of qualified green and low-carbon technical equipment and materials.
- Optimize the tariff structure.

Relevant enterprises are encouraged to make reference to the Plan for greater detail so as to leverage the preferential treatments.

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

https://www.miit.gov.cn/zwgk/zcwj/wjfb/tz/art/2022/art_df5995ad834740f5b29fd31c98534eea.html

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

- ▶ **PN regarding granting zero tariff treatment on 98% of taxable items originating from the Republic of Togo and 15 other countries (Customs Tariff Commission PN [2022] No. 8)**
http://czj.cq.gov.cn/zwgk_268/cszc/202208/t20220803_10974435.html
- ▶ **Notice regarding accelerating the implementation of one-off subsidies for expanding employment (Renshetingfa [2022] No. 41)**
http://www.mohrss.gov.cn/xxgk2020/fdzdgknr/zcfg/gfxwj/shbx/202207/t20220728_479507.html
- ▶ **Notice regarding certain measures for promoting consumption of green and smart appliances (Shangliutongfa [2022] No. 107)**
<http://www.mofcom.gov.cn/article/zwgk/gkzcfb/202207/20220703336952.shtml>
- ▶ **Catalog of Currently Enforceable Regulations on Foreign Exchange Administration (as of 30 June 2022)**
<https://www.safe.gov.cn/safe/2022/0729/21263.html>
- ▶ **Notice regarding further enhancing the financial management of state-owned financial enterprises (Caijin [2022] No. 87)**
http://www.gov.cn/zhengce/zhengceku/2022-08/03/content_5704064.htm
- ▶ **Notice regarding the special rectification work on the compliance of certification authority services (Gongxintinxinfahan [2022] No. 183)**
https://wap.miit.gov.cn/jgsj/xxjsfzs/wjfb/art/2022/art_51deff22f42044d0b837169fceed49c9.html
- ▶ **Implementation Rules on the Declaration of Balance of International Payments Statistics through Banks (2022) (Huifa [2022] No. 22)**
http://www.gov.cn/zhengce/zhengceku/2022-08/05/content_5704328.htm
- ▶ **PN regarding clarifying matters related to the supervision of the inbound and outbound ships changing to conduct domestic transportation (GAC PN [2022] No. 70)**
<http://www.customs.gov.cn/customs/302249/302266/302267/4506102/index.html>
- ▶ **Decisions of the General Administration of Customs on abolishing certain regulations (GAC Order [2022] No. 258)**
<http://www.customs.gov.cn/customs/302249/2480148/4493011/index.html>



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