

Issue No. 2022033

2 Sep 2022

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.

*If you wish to access the previous issues of CTIE and *China Tax & Investment News*, please contact us.

Tax circulars

- ▶ **Public notice (PN) issued by the Hainan Provincial Tax Service, State Taxation Administration (STA) regarding the pilot program of fully digitalized e-invoicing (Hainan Provincial Tax Service, STA PN [2022] No. 4)**
- ▶ **PN issued by the Tianjin Municipal Tax Service, STA regarding the pilot program of fully digitalized e-invoicing (Tianjin Municipal Tax Service, STA PN [2022] No. 5)**

Synopsis

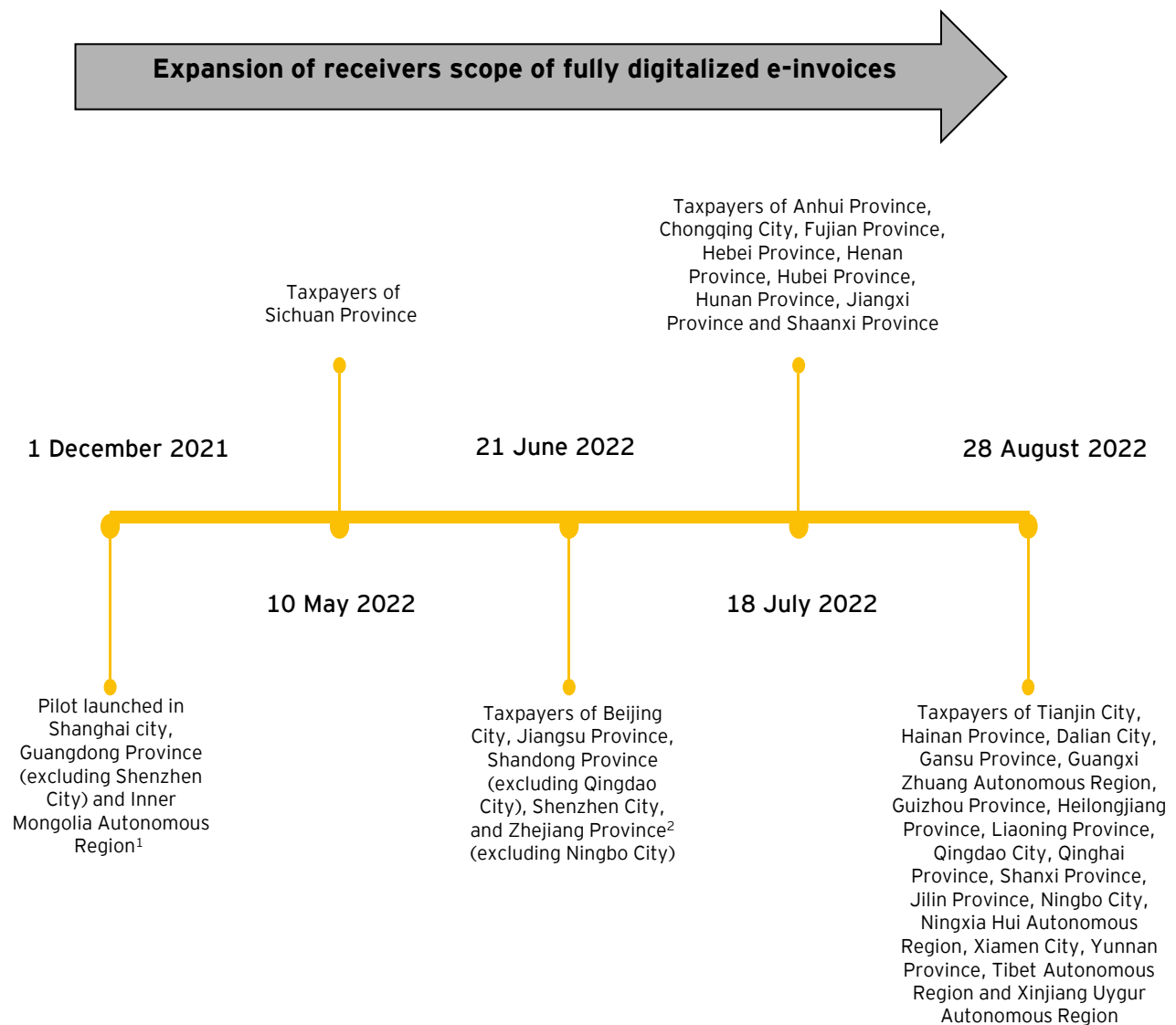
In March 2021, the General Office of the State Council and General Office of the Central Committee of the Communist Party of China jointly released the Opinions on further deepening the reform of tax collection and administration (hereinafter referred to as the "Opinions") to provide a blueprint for the construction of smart tax in the context of digitalization.

Accordingly, on 30 November 2021, certain tax authorities of Shanghai City, Guangdong Province and Inner Mongolia Autonomous Region released PNs to launch the pilot of the fully digitalized e-invoicing program (hereinafter referred to as the “pilot”) in selected areas (i.e., Shanghai City, Guangdong Province (excluding Shenzhen City) and Inner Mongolia Autonomous Region) with selected taxpayers from 1 December 2021.

Initially, the selected taxpayers under the pilot (hereinafter referred to as the “pilot taxpayers”) can only issue fully digitalized e-invoices to taxpayers of the pilot areas. Over time, although the pilot areas have not yet been expanded to include other cities/provinces, the scope of taxpayers that may receive the fully digitalized e-invoices have been steadily expanded to cover more cities/provinces.

On 19 August 2022, Hainan Provincial Tax Service, STA, Tianjin Municipal Tax Service, STA and several tax authorities at the municipal/provincial level released PNs to announce that, from 28 August 2022, the taxpayers of these areas shall be able to receive fully digitalized e-invoices issued by pilot taxpayers in Shanghai City, Guangdong Province (excluding Shenzhen City) and Inner Mongolia Autonomous Region. It means that, taxpayers nationwide are able to receive fully digitalized e-invoices from 28 August 2022.

Please refer to the following Illustration for details:



¹ Selected taxpayers in the pilot areas were only allowed to issue fully digitalized e-invoices to certain taxpayers in the same area. The scope of the receivers of fully digitalized e-invoices were later expanded to all taxpayers of the same area.

² Meanwhile, according to the PNs released by Shanghai City, Guangdong Province and Inner Mongolia Autonomous Region in June 2022 (i.e., Shanghai Municipal Tax Services, STA PN [2022] No. 2, Guangdong Provincial Tax Services, STA PN [2022] No. 3 and Inner Mongolia Autonomous Region Tax Services, STA PN [2022] No. 5), from 21 June 2022, the pilot taxpayers in one pilot area (e.g., in Shanghai) can issue fully digitalized e-invoices to taxpayers in other two pilot areas (e.g., in Guangdong Province and Inner Mongolia Autonomous Region).

It is worth-noting that taxpayers might encounter problems and potential tax risks along with the implementation of the pilot as well as the adoption of the Golden Tax System Phase IV by the tax authorities. In this respect, it might be helpful for the taxpayers to run an internal tax health check by tax professionals to smoothen the daily invoicing/finance processes, i.e., particularly on changing the invoice system from tax control machine to e-invoices platform.

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

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

You can click this link to access the full content of Hainan Provincial Tax Service, STA PN [2022] No. 4:

http://hainan.chinatax.gov.cn/xxgk_6_1/19141913.html

You can click this link to access the full content of Tianjin Municipal Tax Service, STA PN [2022] No. 5:

<http://tianjin.chinatax.gov.cn/11290000000/0100/010003/20220829114358879.shtml>

You can click this link to access the full content of Shanghai Municipal Tax Services, STA PN [2022] No. 2:

<http://shanghai.chinatax.gov.cn/zcfw/zcfgk/swzsgl/202206/t463015.html>

You can click this link to access the full content of Guangdong Provincial Tax Services, STA PN [2022] No. 3:

https://guangdong.chinatax.gov.cn/gdsw/zqsw_tzgg/2022-06/21/content_819e6c57931143da8e94ac7f4558dff0.shtml

You can click this link to access the full content of Inner Mongolia Autonomous Region Tax Services, STA PN [2022] No. 5:

http://neimenggu.chinatax.gov.cn/nmgzzqswj/xxgkml/zcfg/zcwj/202206/t20220620_768231.html

Business circular

► **Provisional Measures of the China (Beijing) Pilot Free Trade Zone (PFTZ) on the Market Entity Registration and Confirmation System**

Synopsis

To deepen the reform of “delegate power, streamline administration and optimize government services” and optimize the business environment, on 12 August 2022, the Beijing Municipal Administration for Market Regulation issued the “Provisional Measures of the China (Beijing) PFTZ on the Market Entity Registration and Confirmation System” (hereinafter referred to as the “Provisional Measures”).

The Provisional Measures are applicable to the establishment, modification (record filing) and deregistration of domestic corporate enterprises (excluding listed companies) and their branches in the Beijing PFTZ. The Daxing Airport Area (Beijing) of the China (Hebei) PFTZ shall follow the above provisions by reference.

The market entity registration and confirmation system (hereinafter referred to as the “confirmation system”) is a market entity registration mechanism based on independent declaration, credit commitment, review, confirmation and intelligent registration, which fully respects the autonomy rights of market entities. Under the previous administrative licensing system, applications had to be assessed by registration authority before they could be registered. While under the confirmation system, market entities shall bear the responsibility for the authenticity, legality and effectiveness of the application materials and the registration authority shall review and confirm the application materials, which can be deemed as completion of the registration.

According to the Provisional Measures, market entities should submit the materials as required and sign the letter of commitment declaring that the information submitted is complied with relevant provisions and requirements. The registration authority shall verify the qualification and registered items and publicize them through the National Enterprise Credit Information Publicity System. In addition, under the confirmation system, the application materials of market entities are simplified, and the materials submission is optimized as well.

The Provisional Measures became effective on 1 September 2022 for a trial period of two years. Market entities in the Beijing PFTZ are advised to read the Provisional 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 Provisional Measures:

http://scjgj.beijing.gov.cn/zwxx/zcwj/qtwj/202208/t20220822_2797342.html

► **PN regarding the decision on commodity classification for 2022 (GAC PN [2022] No. 78)**

Synopsis

To facilitate consignees and consignors of import and export goods and their agents to correctly declare the classification of commodities and to ensure the unification of commodity classification of the customs, the General Administration of Customs (GAC) issued the decision on commodity classification for 2022 (see Annex 1 to PN 78) via GAC PN [2022] No. 78 (hereinafter referred to as “PN 78”) on 17 August 2022. At the same time, the GAC also issued the decision on commodity classification for 2022 according to the World Customs Organization’s opinion (see Annex 2 to PN 78) in line with the actual situation of China’s import and export commodities and international trade.

PN 78 became effective on 1 September 2022. Import and export enterprises and related agencies are encouraged to make reference to PN 78 for greater detail of the commodity classification for 2022. If in doubt, consultations with professionals are always recommended.

You can click this link to access the full content of PN 78:

<http://www.chinatax.gov.cn/chinatax/n810341/n810755/c5139992/content.html>

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

- **PN regarding the implementation of electronic registration certificates for cosmetics (NMPA PN [2022] No. 64)**
<https://www.nmpa.gov.cn/hzhp/hzhpfgwj/hzhpgzwj/20220819144730179.html>
- **Implementation plan on accelerating the construction of a unified and standardized statistical accounting system for carbon emissions (Fagaihuanzi [2022] No. 622)**
https://www.ndrc.gov.cn/xwdt/tzqg/202208/t20220819_1333233.html
- **2022 Legislation Plan of the Ministry of Civil Affairs (Minbanfa [2022] No. 12)**
<http://www.scmiyi.gov.cn/zwgk/zdlyxxgk/shzzhjjg/4266467.shtml>
- **Notice regarding promoting the coordinated development of the photovoltaic industry chain and supply chain (Gongxintingliandianzihan [2022] No. 205)**
http://www.gov.cn/zhengce/zhengceku/2022-08/25/content_5706744.htm
- **Letter in response to Proposal No. 03404 (Tax and Finance Category No. 225) of the Fifth Session of the 13th National Committee of the CPPCC (Caifahan [2022] No. 225)**
http://tfs.mof.gov.cn/jytafwgk_8383/2022jytafwgk/zxwytafwgk/202208/t20220822_3835184.htm
- **Administrative Measures for the Internal Controls of Wealth Management Companies (CBIRC Order [2022] No. 4)**
http://www.gov.cn/zhengce/zhengceku/2022-08/25/content_5706850.htm
- **Notice regarding the “Plan of the National Energy Administration on Division of 2022 Key Tasks for Deepening the Reform of ‘Delegate Power, Streamline Administration and Optimize Government Services’ and Optimizing the Business Environment” (Guonengzongtongfagai [2022] No. 45)**
http://www.nea.gov.cn/2022-08/25/c_1310655795.htm
- **Action Plan on Accelerating the Construction of Charging Infrastructure Along the Highway (Jiaogonglufa [2022] No.80)**
https://xxgk.mot.gov.cn/2020/jigou/glj/202208/t20220825_3670513.html
- **PN regarding further optimizing the supervision of entry-exit quarantine treatment (GAC PN [2022] No. 77)**
<http://www.customs.gov.cn/customs/302249/2480148/4536021/index.html>

Contact us

For more information, please contact your usual EY contact or one of the following EY's China tax leaders.

Greater China Tax Leader

Vickie Tan

+86 21 2228 2648

Vickie.Tan@cn.ey.com

Our tax leaders by service segment

Andrew Choy

International Tax and Transaction Services

+86 10 5815 3230

Andrew.Choy@cn.ey.com

Becky Lai

Tax Policy

+852 2629 3188

Becky.Lai@hk.ey.com

Alan Lan

Global Compliance and Reporting

+86 10 5815 3389

Alan.Lan@cn.ey.com

Jesse Lv

ITTS - Transaction Tax

+86 21 2228 2798

Jesse.Lv@cn.ey.com

Travis Qiu

ITTS - Transfer Pricing

+86 21 2228 2941

Travis.Qiu@cn.ey.com

Chuan Shi

Tax Technology and Transformation

+86 21 2228 4306

Chuan.Shi@cn.ey.com

Carrie Tang

Business Tax Services

+86 21 2228 2116

Carrie.Tang@cn.ey.com

Bryan Tang

Indirect Tax - Global Trade

+86 21 2228 2294

Bryan.Tang@cn.ey.com

Paul Wen

People Advisory Services

+852 2629 3876

Paul.Wen@hk.ey.com

Kevin Zhou

Indirect Tax - VAT

+86 21 2228 2178

Kevin.Zhou@cn.ey.com

Our tax leaders by service areas

Andrew Choy (China North)

+86 10 5815 3230

Andrew.Choy@cn.ey.com

Ho Sing Mak (China South)

+86 755 2502 8289

Ho-Sing.Mak@cn.ey.com

Wilson Cheng (Hong Kong

SAR/Macau SAR)

+852 2846 9066

Wilson.Cheng@hk.ey.com

Heidi Liu (Taiwan)

+886 2 2757 8888

Heidi.Liu@tw.ey.com

Author - China Tax Center

Jane Hui

+852 2629 3836

Jane.Hui@hk.ey.com

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients, nor does it own or control any member firm or act as the headquarters of any member firm. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

© 2022 Ernst & Young, China.
All Rights Reserved.

APAC no. 03015353
ED None.

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, legal or other professional advice. Please refer to your advisors for specific advice.

ey.com/china

Follow us on WeChat

Scan the QR code and stay up-to-date with the latest EY news.

