



EY安永

Building a better
working world

Issue No. 2022046

9 Dec 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) regarding extending the ninth set of exclusions to the goods originating from the United States that are imposed with additional tariffs (Customs Tariff Commission PN [2022] No. 10)**

Synopsis

According to the Customs Tariff Commission PN [2022] No. 4 ("PN 4", i.e., PN regarding extending the seventh set of exclusions to the goods originating from the United States that are imposed additional tariffs), goods in the list of PN 4, i.e., the seventh set of exclusions to the goods originating from the United States, shall not be imposed with additional tariffs until 30 November 2022. In this respect, on 25 November 2022, the Customs Tariff Commission released Customs Tariff Commission PN [2022] No. 10 ("PN 10") to extend the exclusion.

Accordingly, 95 types of goods listed in the attachment of PN 10 shall continue to be excluded from imposing the additional tariffs against the US Section 301 measures from 1 December 2022 to 31 May 2023.

You can click this link to access the full contents of PN 10:

http://gss.mof.gov.cn/gzdt/zhengcefabu/202211/t20221128_3853670.htm

You can click this link to access the full contents of PN 4:

http://gss.mof.gov.cn/gzdt/zhengcefabu/202204/t20220415_3803082.htm

► **Administrative Measures of the Qingdao Municipal Tax Service, State Taxation Administration (STA) on Land Appreciation Tax (LAT) Clearance of Real Estate Development Projects (Qingdao Tax Service, STA PN [2022] No. 6)**

Synopsis

To standardize the administration of LAT clearance of real estate development projects and improve the certainty of LAT clearance policies, the Qingdao Tax Service, STA released the Administrative Measures on LAT Clearance of Real Estate Development Projects via Qingdao Tax Service, STA PN [2022] No. 6 ("QDPN 6") on 28 November 2022 which took retroactive effect from 21 September 2022.

The issuance of QDPN 6 aims to further regulate and strengthen the clearance of LAT in Qingdao, and further enhance effectiveness of ex-post supervision, etc.

In particular, QDPN 6 specifies the determination of LAT clearance units and timing as follows:

- Project units subject to LAT clearance (土地增值税清算单位, hereinafter referred to as the "project unit") shall be determined according to the construction land planning permit (建设用地规划许可证, hereinafter referred to as the "permit for the land")¹.
- As such, LAT clearance for a project unit should be performed if there has been five years after the date of the first building construction permit (建筑工程施工许可证, hereinafter referred to as the "building permit") is obtained, even the construction has not been completed by then.

The official interpretation on QDPN 6 further illustrates the above provisions with examples as follows:

Case facts	Corresponded LAT treatments
Upon the establishment of a real estate project: <ul style="list-style-type: none">► The land permit was obtained on 1 June 2017.► The project is to be constructed in three phases and the first building permit was obtained on 1 August 2017.► On 30 July 2022, the construction of first and second phases has been completed and the third phase is still under development.	LAT clearance should be performed for the first and second phases as one project unit as stated on the land permit. As the third phase is still under development within five years, LAT clearance is not required as of 30 July 2022.

QDPN 6 may apply to any cases that had already been submitted to the supervising tax authorities before 21 September 2022 but final opinions for LAT clearance are still outstanding as of 21 September 2022.

Many local tax authorities have issued similar administrative measures to further clarify the local practices of LAT clearance within their jurisdictions. Real estate developers that have projects across the country are encouraged to read the relevant local regulations for details and ensure compliance. If in doubt, consultations with professionals are always recommended.

¹ A permit for the land issued to the construction company is to certify that the construction site, scope and purpose, etc. are in accordance with the urban/rural planning.

You can click this link to access the full contents of PN 6:

http://qingdao.chinatax.gov.cn/ssfg2019/zxwj/202211/t20221128_75438.html

Business circulars

- ▶ **Administrative regulations of Hainan Free Trade Port (FTP) on implementing commitment mechanism for market access (People's Government of Hainan Province Order [2022] No. 310)**

Synopsis

To implement the commitment mechanism for market access (as defined below) and optimize the business environment, the People's Government of Hainan Province released the "Administrative Regulations of Hainan FTP on Implementing Commitment Mechanism for Market Access" (hereinafter referred to as the "Regulations") via People's Government of Hainan Province Order [2022] No. 310 on 30 November 2022.

Key points of the Regulations are as follows:

Definition of the "commitment mechanism for market access"

The so-called "commitment mechanism for market access" refers to a newly introduced system that allows, except for the areas involving national security, social stability, ecological red lines, major public interests and those areas where access administration is implemented, market entities to immediately start carrying out investment and business activities after making a written commitment to meet certain requirements and submitting relevant materials for record filing in the areas with mandatory standards.

Administrative measures

- ▶ Competent authorities shall inform market entities of the relevant requirements, list of filing materials, submission method, deadline, regulatory rules, legal liability for breach of commitment at one time.
- ▶ Market entities should make a written commitment to the notified matters when conducting record-filing of the commitment. For foreign investment, foreign investors or foreign investment enterprises shall submit investment information according to law.
- ▶ Market entities can submit supplementary materials within a specific period after completing record-filing, and "fault-tolerant" mechanism shall be implemented.
- ▶ Based on market entities' written commitment and materials provided, competent authorities shall issue record-filing certificates as the proof of commencing relevant investment and business activities.
- ▶ Competent authorities shall implement "dual random inspections and public release" supervisions in accordance with the characteristics of industries and credit risks classification of the market entities.
- ▶ Where a market entity fails to conduct record-filing or submits false materials, the competent authority shall order it to make corrections within a time limit or impose a fine.
- ▶ Where market entities do not carry out investment and business activities in accordance with the mandatory standards or law, punishment should be imposed in accordance with the relevant provisions. If one committed a crime, criminal liability shall be pursued in accordance with the law.
- ▶ Where a market entity has obtained an administrative license before completing the commitment mechanism for market access, the administrative license remains effective. The market entity should conduct record-filing within 30 days before the expiration of the administrative license.

The Regulations became effective on its promulgation date, i.e., 30 November 2022. Investors with interest to start business or investment in Hainan are advised to read the Regulations for details and observe the regulations.

You can click this link to access the full contents of the Regulations:

<https://www.hainan.gov.cn/hainan/szfwj/202212/982d67a727434c8d9f2e64bf5a2f1db1.shtml>

- ▶ **Measures of Shanghai on Special Rewards for Core Teams of Integrated Circuit (IC) and Software Enterprises (Hujingxinguifan [2022] No. 10)**
- ▶ **Implementation Measures of Shanghai on Special Rewards for Talents in Key Industries (Hujingxinguifan [2022] No. 11)**

Synopsis

To accelerate the high-quality development of IC and software industries, on 23 November 2022, the Shanghai Economy and Information Technology Commission (SHEITC) and Shanghai Municipal Finance Bureau jointly released the "Measures of Shanghai on Special Rewards for Core Teams of IC and Software Enterprises" via Hujingxinguifan [2022] No. 10 ("Circular 10").

Circular 10 clarifies the application criteria and reward details for IC and software enterprises and personnel to be eligible for the special rewards. Circular 10 came into force on 25 November 2022 and will be valid until 24 November 2027. Where Circular 10 overlaps with other talent policies in Shanghai, one person cannot enjoy preferential treatments repeatedly in the same year.

To accelerate the high-quality development of key industries in Shanghai, on 29 November 2022, the SHEITC and Shanghai Municipal Finance Bureau jointly released the "Implementation Measures of Shanghai on Special Rewards for Talents in Key Industries" via Hujingxinguifan [2022] No. 11 ("Circular 11").

According to Circular 11, the incentive measures will be applicable to eight key industries, including IC, biomedicine, artificial intelligence, software, high-end equipment, aerospace, advanced materials, and new energy. Circular 11 also specifies the criteria for relevant enterprises and personnel and the incentive details. Circular 11 came into force on 2 December 2022 and will be valid until 1 December 2024. Where Circular 11 overlaps with other talent policies in Shanghai, one person can choose one of the preferential treatments but cannot enjoy repeatedly in the same year.

Relevant entities and individuals are encouraged to make reference to the above circulars for greater details so as to apply for the rewards timely. If in doubt, consultations with professionals are always recommended.

You can click this link to access the full contents of Circular 10:

<http://www.sheitc.sh.gov.cn/sjwxgj/20221125/703c1e71b70648839bf9d8d1b0e14507.html>

You can click this link to access the full contents of Circular 11:

<http://sheitc.sh.gov.cn/sjwxgj/20221202/737954fd954d474794f283e7296d7b08.html>

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

- ▶ **Approval on temporarily adjusting the implementation of certain administrative regulations in Guangdong (Guohan [2022] No. 129)**
http://www.gov.cn/zhengce/content/2022-11/25/content_5728775.htm
- ▶ **PN regarding public opinions consultation on the "Decision of the National Development and Reform Committee on Revising Certain Regulations and Administrative Regulatory Documents Related to Investment Management (Discussion Draft)"**
<https://yyglxxbsgw.ndrc.gov.cn/htmls/article/article.html?articleId=2c97d16c-82cf3ac8-0184-a8bea4b4-006e#iframeHeight=806>
- ▶ **Notice regarding matters related to enhancing compliance supervision of lease financing business of financial leasing companies (Yinbaolianbanfa [2022] No. 12)**
<http://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=1083316>
- ▶ **Implementation plan on certificate issuance for inspections of imported yachts in the pilot cities for business environment innovation (Haichuanjian [2022] No. 149)**
<http://www.echinagov.com/policy/332933.htm>

- ▶ **Notice regarding public opinions consultation on the "Asset Appraisal Law of the People's Republic of China (Revised Discussion Draft)" (Caibanzi [2022] No. 19)**
http://zccls.mof.gov.cn/gongzuotongzhi/202211/t20221128_3853712.htm
- ▶ **Opinions on strengthening the linkage of intellectual property appraisals (Guozhifabaozi [2022] No. 43)**
http://www.cnipa.gov.cn/art/2022/11/29/art_75_180535.html
- ▶ **Measures on the Supervision and Assessment of Corporate Governance of Banking and Insurance Institutions (Yinbaojiangui [2022] No. 19)**
<http://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=1083754>
- ▶ **Notice regarding the list of replicable experiences of urban renovation (first batch) (Jianbankehan [2022] No. 393)**
https://www.mohurd.gov.cn/gongkai/fdzdgknr/zfhcxjsbj/202211/20221130_769183.html
- ▶ **PN regarding regulating the record-filing and reporting of online drug sales (NMPA PN [2022] No. 112)**
<https://www.nmpa.gov.cn/directory/web/nmpa/xxgk/ggtg/qtggqtg/20221130201220115.html>
- ▶ **PN regarding the list of prohibited online sales of drugs (first edition) (NMPA PN [2022] No. 111)**
<https://www.nmpa.gov.cn/directory/web/nmpa/xxgk/ggtg/qtggqtg/20221130200847133.html>
- ▶ **PN regarding implementing electronic application for drug registration (NMPA PN [2022] No. 110)**
<https://www.nmpa.gov.cn/directory/web/nmpa/xxgk/ggtg/qtggqtg/20221130190751164.html>
- ▶ **PN regarding public opinions consultation on several outlines of investment feasibility reports**
<https://yyglxxbsgw.ndrc.gov.cn/htmls/article/article.html?articleId=2c97d16c-82cf3ac8-0184-c30d4041-0075#iframeHeight=806>
- ▶ **Catalogue of recommended energy-saving technologies and equipment in the field of industry and information technology (2022 version) (MIIT PN [2022] No. 29)**
https://www.miit.gov.cn/zwgk/zcwj/wjfb/gg/art/2022/art_e1e474f6a9e44af2a9c5b7bd4af3f371.html
- ▶ **Notice regarding the fifth national economic census (Guofa [2022] No. 22)**
http://www.gov.cn/zhengce/content/2022-12/01/content_5729862.htm
- ▶ **Notice regarding the pilot scheme of commercial pension business of pension insurance companies (Yinbaojianbanfa [2022] No. 108)**
<http://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=1083820&itemId=925&generaltpe=0>
- ▶ **PN regarding admissibility requirements for imported clothing (GAC PN [2022] No. 120)**
<http://www.customs.gov.cn/customs/302249/2480148/4710160/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 | Building a better working world

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. 03016259
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.

