



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

- ▶ **Notice issued by the Beijing Municipal Tax Service, State Taxation Administration (STA) regarding filing of related party transaction forms and preparation of transfer pricing (TP) documentation for year 2022**
- ▶ **Notice issued by the Hainan Provincial Tax Service, STA regarding related party transaction forms and preparation of TP documentation for year 2022**

Synopsis

As the deadline for the 2022 annual CIT filing approaches, several local tax authorities, including the Beijing Municipal Tax Service, STA, and Hainan Provincial Tax Service, STA, have recently issued notices outlining requirements for reporting related party transactions and preparing TP documentation for the year 2022 (hereinafter referred to as the "Notices").

The Notices summarize the scope of taxpayers that are required to file the related party transaction forms, the country-by-country reporting, and TP documentations, as well as the legal responsibility for failure to submit the required materials.

To mitigate potential tax risks, taxpayers should devote adequate time to track and review their related party transactions for the past year, with the aim to complete accurately the necessary related party transaction forms. Taxpayers should also assess whether they have exceeded relevant thresholds as specified in current tax regulations and ensure that they have TP documentation ready for tax authority enquiries, if happened.

Taxpayers are advised to read the Notices released by their supervising tax authorities for more detailed information. If in doubt, consultations with professionals are always recommended.

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

<http://beijing.chinatax.gov.cn/bjswj/c104602/202304/bb13ad6a33c14a7881f428271b871b03.shtml>
https://hainan.chinatax.gov.cn/ssxc_1_5/17145683.html

Business circulars

- ▶ **Public notice (PN) issued by the Commerce Department of Zhejiang Province regarding public opinions consultation on the “Guiding Opinions on Encouraging the Establishment and Development of Foreign-funded Research and Development (R&D) Centers (Discussion Draft)”**

Synopsis

In order to further expand opening-up and encourage foreign investors to establish R&D centers in Zhejiang Province, the Commerce Department of Zhejiang Province announced the Discussion Draft on the “Guiding Opinions on Encouraging the Establishment and Development of Foreign-funded R&D Centers” (hereinafter referred to as the “Discussion Draft”) via its official website on 17 April 2023 to seek public opinion. The consultation of public opinion shall be opened until 26 April 2023.

The Discussion Draft proposes the conditions for recognition of foreign-funded R&D centers, as well as the applicable awards and facilitations, etc.

As proposed in the Discussion Draft, to be recognized as a foreign-funded R&D center, an institution shall meet the following conditions:

- ▶ Foreign investment enterprises can establish institutions engaged in R&D and experimental development in the natural sciences and related scientific and technological fields in Zhejiang Province, including intermediate testing services for R&D activities. These institutions can take the form of independent legal entities, internal departments operating independently, or branches.
- ▶ The institution shall have full-time R&D and management staffs, explicit R&D fields, specific projects, fixed premises, instruments and equipment as well as other necessary conditions for scientific research.
- ▶ The cumulative R&D investment shall be no less than USD2 million.

Recognized foreign-funded R&D centers would be granted with various awards and provided with certain special facilitations, e.g., from 2023 to 2025, recognized foreign-funded R&D centers incorporated in Zhejiang Province by multinational companies or fortune 500 enterprises with their headquarter located overseas would be awarded a subsidy of up to RMB50 million.

Concerned parties are encouraged to read the Discussion Draft and express opinions on or before 26 April 2023 by calling 0571-87057566.

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

http://zcom.zj.gov.cn/art/2023/4/17/art_1384587_58939768.html

► **Joint Statement between the People's Republic of China (PRC) and Federal Republic of Brazil (Brazil) on deepening comprehensive strategic partnership**

Synopsis

On 14 April 2023, the PRC and Brazil issued a Joint Statement (hereinafter referred to as the "Joint Statement"). The objective of the Joint Statement is to continue to promote exchanges between the PRC and Brazil, as well as promote political mutual trust and deepen comprehensive strategic partnership.

Notably, the two countries have committed to enhance cooperation in investment and trade, which include:

- Actively encourage companies from both countries to invest in each other's countries, particularly in the areas of infrastructure, energy transition, logistics, energy, mining, agriculture, industry, and high technology.
- Continue to expand trade exchanges and enhance trade facilitation, mainly in the field of agriculture, fishery and e-commerce.
- Deepen investment and cooperation in the port sector, particularly in the development of infrastructure and improvement of port operations.

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 contents of the Joint Statement:

http://www.gov.cn/yaowen/2023-04/14/content_5751581.htm

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

- **Notice regarding the preferential tax policies for imported exhibits sold during the period of the 2023 China Import and Export Fair (Caiguanshui [2023] No. 5)**
<http://www.chinatax.gov.cn/chinatax/n377/c5192467/content.html>
- **PN regarding the "Catalog of Energy Saving & New Energy Vehicles Eligible for Preferential Vehicle and Vessel Tax Policies (48th Batch)", "Catalog of New Energy Vehicles Eligible for Vehicle Purchase Tax Exemption (64th Batch)" (MIIT PN [2023] No. 9)**
https://www.miit.gov.cn/zwgk/zcwj/wjfb/gg/art/2023/art_7ebffdaa452a4520a4c722f417f0a759.html
- **Notice regarding adjusting the list of branches of railway and air transport enterprises eligible for consolidated Value-added Tax filing (Caishui [2023] No. 15)**
<http://www.chinatax.gov.cn/chinatax/n359/c5192606/content.html>
- **A list of 32 recognized tax resident enterprises**
<http://www.chinatax.gov.cn/chinatax/n810214/c102374/c102375d/c5192649/content.html>
- **List of powers and responsibilities of the State Taxation Administration (Trial) (2023)**
<http://www.chinatax.gov.cn/chinatax/n810214/c102374/c102385/c5192423/content.html>
- **Measures for collecting revenues from the transfer of mining rights (Caizong [2023] No. 10)**
<http://www.chinatax.gov.cn/chinatax/n810341/n810825/c101434/c5192357/content.html>
- **Opinions on reforming the independent director system of listed companies (Guobanfa [2023] No. 9)**
http://www.gov.cn/zhengce/content/2023-04/14/content_5751463.htm
- **Guiding opinions on promoting the high-quality development of casting and forging industries (Gongxinbuliantongzhuang [2023] No. 40)**
https://www.miit.gov.cn/zwgk/zcwj/wjfb/yj/art/2023/art_dd397d8dae344b848c6dfa51aa07170b.html
- **PN regarding the "Name Code of Countries/Regions of Customs Statistics" under the customs industry standards (GAC PN [2023] No. 37)**
<http://www.customs.gov.cn/customs/302249/302266/302267/4972995/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.

© 2023 Ernst & Young, China.
All Rights Reserved.

APAC no. 03017238
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.

