



# 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 regarding the “super input Value-added Tax (VAT) credit” policy for integrated circuit (IC) enterprises (Caishui [2023] No. 17)**

### Synopsis

To promote the development of the IC industry, the Ministry of Finance (MOF) and State Taxation Administration (STA) jointly released Caishui [2023] No. 17 (“Circular 17”) on 20 April 2023 announcing the “super input VAT credit” policy for IC enterprises.



Key features of Circular 17 are as follows:

Items	Details
Super input VAT credit	From 1 January 2023 to 31 December 2027, general VAT taxpayers engaging in IC design, manufacturing, equipment, materials, packaging, and testing (collectively referred to as "IC enterprises") would be eligible for an extra 15% "super input VAT credit". This means that qualified IC enterprises may credit their eligible input VAT at 115%.
Qualified IC enterprises	The relevant criteria, administration and list of qualified IC enterprises would be further stipulated by the Ministry of Industry and Information Technology together with the MOF, STA, National Development and Reform Commission and other relevant authorities.
Calculation of super input VAT credit for IC enterprises	Super input VAT credit accrued for the current period = (Deductible input VAT for the current period - Input VAT for external purchase of chips) x 15%

Except for the policy as prescribed in Circular 17, the prevailing "super input VAT credit" policy also includes the following:

Prevailing "super input VAT credit" policy		Applicable period
Eligible taxpayers	Percentage of extra "super input VAT credit"	
General VAT taxpayers engaging in lifestyle services <sup>1</sup>	An extra 10% "super input VAT credit", i.e., eligible input VAT can be credited at 110%	1 January 2023 to 31 December 2023
General VAT taxpayers engaging in manufacturing services <sup>2</sup>	An extra 5% "super input VAT credit", i.e., eligible input VAT can be credited at 105%	

It is important to note that an IC enterprise can only apply one type of prevailing "super input VAT credit" policy during the same period.

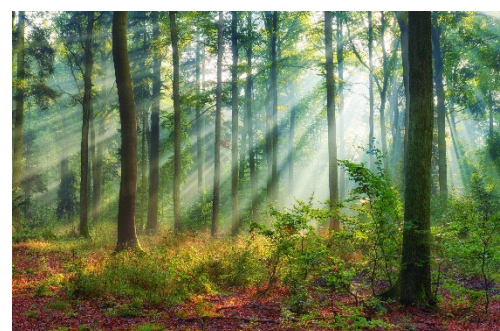
Taxpayers are advised to read Circular 17 for more detail. If in doubt, consultations with professionals are always recommended.

<sup>1</sup> "General VAT taxpayers engaging in lifestyle services" refers to taxpayers whose aggregate sales derived from lifestyle services (i.e., culture and sports services, education and medical services, tourism and entertainment services, catering and accommodation services, daily services for residents, and other lifestyle services) exceed 50% of their total sales.

<sup>2</sup> "General VAT taxpayers engaging in manufacturing services" refers to taxpayers whose aggregate sales derived from postal services, telecommunication services and modern services (such as research and development, information technology services, logistics services and certification and consulting services) and lifestyle services exceed 50% of their total sales.

You can click this link to access the full contents of Circular 17:

[http://czt.jiangsu.gov.cn/art/2023/4/28/art\\_77314\\_10879331.html](http://czt.jiangsu.gov.cn/art/2023/4/28/art_77314_10879331.html)



- ▶ **Notice issued by the Financial Development Bureau of Guangdong-Macau In-Depth Cooperation Zone in Hengqin (Hengqin) regarding the application for preferential Individual Income Tax (IIT) policies for high-end and urgently-needed talents**

### Synopsis

According to Caishui [2022] No. 3 ("Circular 3", i.e., Notice regarding the preferential IIT policy for Hengqin), qualifying individuals are eligible for the following IIT preferential treatments:

- ▶ For domestic and overseas high-end or urgently needed talents working in Hengqin, their IIT burden exceeding 15% shall be exempted.
- ▶ For IIT imposed on Macau residents working in Hengqin that exceeds the tax burden in Macau, the excess shall be exempted.

Accordingly, on 28 April 2023, the Financial Development Bureau of Hengqin released a notice regarding the launch of the application process for preferential IIT policies for high-end and urgently-needed talents (hereinafter referred to as the "Notice"). The Notice specified the required documents for employers and individuals and announced that the application process would begin in mid-May.

It is also worth-noting that the application process for the preferential IIT treatment for Macau residents has already been outlined in the previously released 2022 Guidelines of Hengqin on the Declaration of Preferential IIT Policies by Macau Residents (hereinafter referred to as the "Guidelines").

Relevant employers and individuals are encouraged to read the abovementioned circulars for details. If in doubt, consultations with professionals are always recommended.

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

[http://www.hengqin.gov.cn/macao\\_zh\\_hans/zwgk/tzgg/gg/content/post\\_3524157.html](http://www.hengqin.gov.cn/macao_zh_hans/zwgk/tzgg/gg/content/post_3524157.html)

You can click this link to access the full contents of Circular 3:

[https://guangdong.chinatax.gov.cn/gdsw/ssfggds/2022-03/10/content\\_67a89c225cb5456385d58f38d1b5976d.shtml](https://guangdong.chinatax.gov.cn/gdsw/ssfggds/2022-03/10/content_67a89c225cb5456385d58f38d1b5976d.shtml)

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

[https://guangdong.chinatax.gov.cn/gdsw/zhhqsw\\_tzgg/2023-01/17/content\\_a913da33a1f04c32b1a65036f80a9026.shtml](https://guangdong.chinatax.gov.cn/gdsw/zhhqsw_tzgg/2023-01/17/content_a913da33a1f04c32b1a65036f80a9026.shtml)

## Business circulars

- ▶ **Opinions on Stabilizing the Scale and Optimizing the Structure of Foreign Trade (Guobanfa [2023] No. 10)**

### Synopsis

To further stabilize the scale, optimize the structure of foreign trade and achieve the goal of promoting stability and improving quality of imports and exports, on 11 April 2023, the General Office of the State Council issued Guobanfa [2023] No. 10 ("Circular 10") announcing the "Opinions on Stabilizing the Scale and Optimizing the Structure of Foreign Trade" to enhance fiscal and financial support, accelerate innovative development and improve the environment of foreign trade. Among them, some key points are as follows:

- ▶ Promote the healthy, sustainable and innovative development of cross-border e-commerce which includes supporting foreign trade enterprises to expand marketing channels and cultivating self-owned brands and encouraging the construction of comprehensive cross-border e-commerce pilot zones.
- ▶ Improve trade facilitation, particularly in tax guarantees, facilitation of export tax refunds and port clearance efficiency.
- ▶ Encourage and guide local organizations in promoting trade with the partners under the Regional Comprehensive Economic Partnership (RCEP) and other free trade partners to improve the comprehensive utilization rate of free trade agreements.

It is expected that the relevant departments will further stipulate detailed implementation rules to respond to Circular 10. 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 Circular 10:

[http://www.gov.cn/zhengce/content/2023-04/25/content\\_5753130.htm](http://www.gov.cn/zhengce/content/2023-04/25/content_5753130.htm)

► **Notice regarding optimizing policy measures to stabilize employment and improve people's livelihood (Guobanfa [2023] No. 11)**

**Synopsis**

To stabilize employment, the General Office of the State Council released Guobanfa [2023] No. 11 ("Circular 11") on 19 April 2023 regarding the policies and measures for energizing and expanding employment capacity.

It is worth-noting that the policy of providing stable job retention rebates for unemployment insurance will continue to be implemented until 31 December 2023. Accordingly, companies that did not lay off any employees or have a low layoff rate can apply for the unemployment insurance stable job retention rebates as follows:

Scope of enterprises	Employment stabilization policy
Small, medium and micro enterprises	Up to 60% of the actual unemployment insurance premiums paid by both the employers and employees in the previous year
Large scale enterprises	Up to 30% of the actual unemployment insurance premiums paid by both the employers and employees in the previous year

Relevant entities are advised to read Circular 11 for greater details and keep an eye on the follow-on implementation measures introduced by local governments and authorities to leverage the preferential treatments.

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

[http://www.gov.cn/zhengce/content/2023-04/26/content\\_5753299.htm](http://www.gov.cn/zhengce/content/2023-04/26/content_5753299.htm)

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

- **Public notice (PN) regarding applying preferential tariff rates under the Free Trade Agreement to certain imported goods originated from Nicaragua (Customs Tariff Commission PN [2023] No. 4)**  
[http://gss.mof.gov.cn/qzdt/zhengcefabu/202304/t20230424\\_3880665.htm](http://gss.mof.gov.cn/qzdt/zhengcefabu/202304/t20230424_3880665.htm)
- **Provisional Regulations on Running Schools by Overseas Higher Education Institutions in the Hainan Free Trade Port (Jiaozhengfa [2023] No. 5)**  
[http://www.moe.gov.cn/srcsite/A02/s5913/s5933/202304/t20230421\\_1056647.html](http://www.moe.gov.cn/srcsite/A02/s5913/s5933/202304/t20230421_1056647.html)
- **Notice regarding revising the "Provisional Measures for the Administration of Subsidies for Energy Conservation and Emission Reduction" (Caijian [2023] No. 58)**  
[http://www.gov.cn/zhengce/zhengceku/2023-04/24/content\\_5752916.htm](http://www.gov.cn/zhengce/zhengceku/2023-04/24/content_5752916.htm)
- **PN regarding the abolishment of 19 regulatory documents (Yinfa[2023] No. 5)**  
<http://www.pbc.gov.cn/tiaofasi/144941/3581332/4862009/index.html>
- **Opinions on the innovation of marine services to comprehensively deepen the reform and opening-up of the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone (Jiaohaifa [2023] No. 35)**  
[https://xxgk.mot.gov.cn/2020/jigou/haishi/202304/t20230426\\_3811624.html](https://xxgk.mot.gov.cn/2020/jigou/haishi/202304/t20230426_3811624.html)

- ▶ **Notice regarding further optimizing financial services to small and micro-sized enterprises in 2023 (Yinbaojianbanfa [2023] No. 42)**  
<http://www.cbirc.gov.cn/cn/view/pages/governmentDetail.html?docId=1106034&itemId=878&generalType=1>
- ▶ **Provisional Administrative Measures for Interconnection and Cooperation Between Mainland and Hong Kong Interest Rate Swap Markets (PBOC PN [2023] No. 8)**  
[http://www.gov.cn/zhengce/zhengceku/2023-04/29/content\\_5753727.htm](http://www.gov.cn/zhengce/zhengceku/2023-04/29/content_5753727.htm)
- ▶ **Guiding Principles for Strengthening Supervision of the Medical Aesthetics Industry (Guoshijianguangfa [2023] No. 22)**  
[https://gkml.samr.gov.cn/nsjg/gqjgs/202305/t20230504\\_354998.html](https://gkml.samr.gov.cn/nsjg/gqjgs/202305/t20230504_354998.html)
- ▶ **Administrative Measures for the Selection and Employment of Accounting Firms by State-Owned Enterprises and Listed Companies (Caikuai [2023] No. 4)**  
[http://www.gov.cn/zhengce/zhengceku/2023-05/05/content\\_5754176.htm](http://www.gov.cn/zhengce/zhengceku/2023-05/05/content_5754176.htm)
- ▶ **PN regarding the “Administrative Measures of the Customs of the People’s Republic of China (PRC) on the Origin of Imported and Exported Goods Under the ‘Early Harvest Arrangement of the Free Trade Agreement Between the Government of the PRC and the Government of the Republic of Nicaragua’” (GAC PN [2023] No. 41)**  
<http://www.customs.gov.cn/customs/302249/2480148/5000507/index.html>
- ▶ **Notice regarding public opinions consultation on the “Standards of Customs of the PRC on Discretion for Administrative Penalties (II) (Discussion Draft)”**  
<http://www.customs.gov.cn/customs/302452/302329/zjz/5001870/index.html>



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