



China Tax Center China Tax & Investment Express

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Tax circular

- ▶ **Notice regarding matters related to formulating the list of enterprises that produce and sell advanced industrial machinery eligible for "super input Value-added Tax (VAT) credit" policy in 2023 (MIIT Liantongzhuanghan [2023] No. 245)**

Synopsis

According to Caishui [2023] No. 25 ("Circular 25", i.e., Notice regarding the "super input VAT credit" policy for enterprises that produce and sell advanced industrial machinery), from 1 January 2023 to 31 December 2027, general VAT taxpayers that produce and sell advanced industrial machinery, key functional components, and digital control systems (hereinafter referred to as the "advanced industrial machinery products")¹ are eligible for an extra 15% "super input VAT credit".

On 11 September 2023, the Ministry of Finance (MOF), Ministry of Industry and Information Technology (MIIT) and State Taxation Administration (STA) jointly released MIIT Liantongzhuanghan [2023] No. 245 ("Circular 245") to specify the application procedures for enterprises that will apply to be listed in the list of qualified enterprises for enjoying the "super input VAT credit" policy in 2023.

Key features are as follows:

- ▶ Such enterprises should lodge application online (via www.gymitax.com) on 10 October 2023 and submit the application with supporting documents to the local competent departments under the MIIT (hereinafter referred to as the “local competent departments”).
- ▶ The local competent departments shall conduct preliminary review and send the preliminary approved list of enterprises to the MIIT by 25 October 2023.
- ▶ The MIIT collaborates with third-party institutions to conduct qualification reviews based on the information provided. After considering the opinions of these institutions and the situation of enterprises engaging in key areas of the industry chain, joint reviews will be conducted and the final approved list will be released jointly by the MIIT, MOF and STA.
- ▶ After 20 November 2023, such enterprises may log in to the information reporting system and check whether they have been included in the list. If yes, such enterprises may claim super input VAT credit that can be credited but has not been done for the previous months in the current period.

During the valid period of the list, if an enterprise undergoes changes (e.g., rename, restructure, merger and division), such enterprise should report to the local competent departments within 45 days after completing the registration. If the enterprise fails to do so within the aforementioned time frame, its right to enjoy the super input VAT credit policy may be ceased from the date of the alteration.

Circular 245 became effective on its promulgation date, i.e., 11 September 2023. However, it is still uncertain whether the enterprises included in the list specified in Circular 245 will automatically qualify for the super deduction policy for enterprises engaged in advanced industrial machinery products, as indicated in MOF/STA/NDRC/MIIT PN [2023] No. 44 (“PN 44”, i.e., Public notice (PN) regarding the increased super deduction ratio for research and development expenses of integrated circuit enterprises and enterprises that produce and sell advanced industrial machinery). We will closely monitor any further developments and provide updates accordingly. Please stay tuned for more information.

¹ The advanced industrial machinery products should meet the criteria set out in the attachment of Circular 25.

You can click this link to access the full contents of Circular 245:

https://www.gov.cn/zhengce/zhengceku/202309/content_6905416.htm

You can click this link to access the full contents of Circular 25:

<http://www.raoping.gov.cn/czrpczj/attachment/0/532/532849/3855291.pdf>

You can click this link to access the full contents of PN 44:

http://szs.mof.gov.cn/zhengcefabu/202309/t20230918_3907700.htm

Business circulars

- ▶ **Implementation plan of Shanghai on the “Measures Aligned with High-level Global Economic and Trade Rules to Advance Institutional Opening-up of Pilot Free Trade Zones (PFTZs) and Free Trade Ports (FTPs)” (Hufubangui [2023] No. 19)**

Synopsis

To deepen the reform in Shanghai PFTZ and Lingang New Area, the General Office of Shanghai Municipal Government announced Hufubangui [2023] No. 19 (“Circular 19”) on 29 August 2023 regarding the implementation plan of Shanghai on Guofa [2023] No. 9 (“Circular 9”, i.e., Notice regarding the pilot launch of certain measures aligned with high-level global economic and trade rules to advance institutional opening-up of PFTZs and FTPs) issued by the State Council in June 2023.

Circular 19, i.e., the implementation plan of Shanghai consists of 31 items in eight aspects, which includes the following:

- ▶ Where an enterprise handles the import customs declaration with minor errors such as printing mistakes, typos, on the certificate of origin, the customs will proceed with the process and grant the enterprise preferential tariff treatment without requiring the enterprise to modify and submit application materials.
- ▶ Where a foreign-funded financial institution applies to conduct new types of financial business, which have already been conducting by domestic-funded financial institutions in the Shanghai PFTZ and Lingang New Area, the supervising authorities shall handle the application according to the national treatment and administer it with prudent supervision measures.
- ▶ The Shanghai PFTZ and Lingang New Area shall allow unrestricted and timely transfer of all legitimate and compliant foreign capital into and out of the areas. The wages and other lawful income of foreign employees of foreign-invested enterprises, and employees from Hong Kong, Macau, and Taiwan, may be freely remitted in accordance with the law. The government authorities or any other entities shall not impose restrictions on currency, amounts, or frequency of inward and outward remittances.

Relevant businesses are encouraged to read Circular 19 for more information.

You can click this link to access the full contents of Circular 19:

<https://www.shanghai.gov.cn/nw12344/20230921/39626f989993402aaaaaec1cb2e7620d.html>

You can click this link to access the full contents of Circular 9:

https://www.gov.cn/zhengce/content/202306/content_6889026.htm

- ▶ **Notice issued by the Beijing Municipal Commerce Bureau regarding public opinions consultation on the “Regulations of Beijing on Foreign Investment (Discussion Draft)”**

Synopsis

To promote foreign investment in Beijing, standardize the management and protect the legitimate rights of foreign investment and promote the high-quality development of open economy, the Beijing Municipal Commerce Bureau issued the “Regulations of Beijing on Foreign Investment (Discussion Draft)” (hereinafter referred to as the “Discussion Draft”) to seek public comments. The consultation of public opinion will be opened from 20 September 2023 to 19 October 2023.

The Discussion Draft consists of 44 articles of nine chapters, including the General Provisions, Investment Access, Investment Promotion, Investment Protection, Investment Management, Investment Facilitation, Investment Services, Legal Liabilities, and Supplementary Provisions.

In particular, Chapter 2, i.e., the Chapter of Investment Access, covers various topics such as proactive alignment with international high-standard free trade rules, steady expansion of systematic opening-up, implementing pre-establishment national treatment plus negative list management, and conducting pilot projects in the Integrated National Demonstration Zone for Opening up the Services Sector (国家服务业扩大开放综合示范区) and China (Beijing) PFTZ.

Concerned investors are suggested to read the Discussion Draft and are encouraged to express opinions on or before 19 October 2023 by sending mails or logging onto <http://www.beijing.gov.cn>.

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

https://www.beijing.gov.cn/hudong/gfxwjzj/zjxx/202309/t20230920_3263225.html

► **Measures for the implementation of opinions on financial support for the construction of the Guangdong-Macau In-depth Cooperation Zone in Hengqin (Yuejinjian [2023] No. 34)**

Synopsis

To implement Yinfa [2023] No. 41 ("Circular 41", i.e., Opinions on financial support for the construction of the Guangdong-Macau In-depth Cooperation Zone in Hengqin (hereinafter referred to as "Hengqin")) and promote financial reform and innovation and expand opening-up in Hengqin, five governmental authorities of Guangdong (e.g., the People's Bank of China Guangdong Provincial Branch and Guangdong Financial Supervisory Authority) jointly released the Measures for the implementation of opinions on financial support for the construction of Hengqin (hereinafter referred to as "Hengqin Measures") on 4 September 2023.

The Hengqin Measures aim to promote financial reform, innovation, open to foreign, and cooperation in Hengqin. It emphasizes strengthening the connection and financial integration between Hengqin and Macau, and creating a financial environment that facilitates the livelihood and employment of Macau residents.

It is also worth-noting that the Hengqin Measures also highlight the need to establish specific financial support policies and further optimize tax and preferential policies for venture capital funds and private equity investment funds in Hengqin.

Relevant parties are advised to read the Hengqin Measures for more details and fully leverage the benefits offered. If in doubt, consultations with professionals are always recommended.

You can click this link to access the full contents of Circular 41:

https://www.gov.cn/zhengce/zhengceku/2023-02/23/content_5743034.htm

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

https://www.cnbayarea.org.cn/policy/policy%20release/policies/content/post_1129202.html

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

► **2023 Legislative Work Plan of the National Administration of Financial Regulation**

<http://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=1127959>

► **Guiding opinions on supporting first set of key technology equipment to equally participate in tendering and bidding (MIIT Lianzhongzhuang [2023] No. 127)**

https://www.miit.gov.cn/zwgk/zcwj/wjfb/yj/art/2023/art_40074ecc27bc4825ba5f9c40d7a56368.html

► **Measures for promoting the development of private economy in the field of market supervision (Guoshijianxinf [2023] No. 77)**

https://www.samr.gov.cn/zw/zfxxgk/fdzdgknr/xyjgs/art/2023/art_0b6a0534f92d458cbf6e5d60c3cbfda6.html



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