



# 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 circular

- ▶ **Notice regarding the pilot Corporate Income Tax (CIT) policies for venture capital enterprises in Xiongan New Area (Caishui [2023] No. 40)**

### Synopsis

To promote the development of Xiongan New Area and the venture capital industry, the Ministry of Finance, State Taxation Administration (STA), National Development and Reform Commission (NDRC), and China Securities Regulatory Commission jointly issued Caishui [2023] No. 40 (Circular 40) regarding the pilot CIT policies for venture capital enterprises in Xiongan New Area.



Key features of Circular 40 are as follows:

### Pilot CIT policies

According to Circular 40, the following pilot CIT policy shall be applied to venture capital enterprises in Xiongan New Area:

Applicable income	Period of shareholding	Preferential CIT policies	Calculation for CIT exemption amount
Income derived from transfer of equity that has reached certain holding period and contributed to more than 50% of the total annual income from equity transfer	More than three years	The venture capital enterprise shall be subject to CIT at a 50% reduction based on its individual shareholders' shareholding ratio at the year end.	Individual shareholders' shareholding ratio at the year-end x Annual CIT payable ÷2
	More than five years	The venture capital enterprise can be exempt from CIT based on its individual shareholders' shareholding ratio at the year end.	Individual shareholders' shareholding ratio at the year-end x Annual CIT payable

### Qualifying venture capital enterprises

To be eligible for the above preferential CIT policies, both of the following conditions should be met:

- The enterprise is a resident enterprise taxed on an actual basis and registered within the Xiongan New Area.
- The enterprise complies with the Provisional Measures for the Administration of Corporate Venture Capital or the Provisional Measures for the Supervision and Administration of Private Equity Funds.

It is worthy to note that the same pilot CIT policies have already been implemented in the Zhongguancun National Independent Innovation Demonstration Zone (since 1 January 2020) and Shanghai Pudong New Area (since 1 January 2021). In general, the pilot CIT policies would encourage the qualifying venture capital enterprises to maintain long-term investments, particularly the “double taxation” impact on their individual shareholders who would be taxed both at corporate level (i.e., on the Income derived from transfer of equity) and shareholders’ level (i.e., 20% Individual Income Tax (IIT) on dividends) shall be mitigated.

Circular 40 became effective from 1 January 2023. Where income derived from equity transfers conducted in the execution period of Circular 40 for investments made before 1 January 2023 and meets the requirements of Circular 40, it shall be subject to the preferential policies as prescribed in Circular 40.

Taxpayers and investors are encouraged to read Circular 40 for more details to leverage the benefits. If in doubt, consultations with professionals are always recommended.

You can click this link to access the full contents of Circular 40:  
[http://www.xiongan.gov.cn/2023-10/31/c\\_1212295687.htm](http://www.xiongan.gov.cn/2023-10/31/c_1212295687.htm)

You can click this link to access the full contents of the pilot tax policies in Zhongguancun National Independent Innovation Demonstration Zone and Shanghai Pudong New Area:

<http://czj.beijing.gov.cn/zwxx/tztg/202102/P020210201343789231081.pdf>  
[http://czj.sh.gov.cn/zys\\_8908/zcfg\\_8983/zcfb\\_8985/sszc\\_8998/20211102/b0c1b50c4bc5418a8c9cf7915724faa.html](http://czj.sh.gov.cn/zys_8908/zcfg_8983/zcfb_8985/sszc_8998/20211102/b0c1b50c4bc5418a8c9cf7915724faa.html)

You can click this link to access the full contents of the Provisional Measures for the Administration of Corporate Venture Capital Enterprises:

[http://www.gov.cn/flfg/2005-11/15/content\\_99008.htm](http://www.gov.cn/flfg/2005-11/15/content_99008.htm)

You can click this link to access the full contents of the Provisional Measures for the Supervision and Administration of Private Equity Funds:

[http://www.gov.cn/zhengce/2014-08/21/content\\_5023863.htm](http://www.gov.cn/zhengce/2014-08/21/content_5023863.htm)

## Business circulars

- ▶ **Implementation plan of China (Zhejiang) Pilot Free Trade Zones (PFTZs) Ningbo Area on promoting the high-level opening-up of cross-border trade and investment (Yongzhengbanfa [2023] No. 41)**

### Synopsis

To promote the high-level opening-up of Zhejiang PFTZ Ningbo Area, on 11 August 2023, the General Office of Ningbo Municipal People's Government released the Implementation plan of Zhejiang PFTZ Ningbo Area on promoting the high-level opening-up of cross-border trade and investment (hereinafter referred to as the "Implementation Plan") via Yongzhengbanfa [2023] No. 41.

Key features of the Implementation Plan are as follows:

- ▶ Deepen the liberalization and facilitation of customs clearance reform and promote data integration among ports, commerce, customs, taxation, and other departments.
- ▶ Promote the reform of new international trade models and innovate cross-border e-commerce bonded import business.
- ▶ Promote the expansion of foreign investment in education, medical care, technical services, and other service industries.
- ▶ Support foreign investment enterprises to reinvest domestically without going through the registration process.

Relevant parties are encouraged to read the Implementation Plan for more details and consider the potential investment/business opportunities to leverage the facilitation offered. If in doubt, consultations with professionals are always recommended.

You can click this link to access the full contents of the Implementation Plan:  
[http://swj.ningbo.gov.cn/art/2023/10/20/art\\_1229051955\\_1780051.html](http://swj.ningbo.gov.cn/art/2023/10/20/art_1229051955_1780051.html)

- ▶ **Implementation plan of Beijing Zhongguancun National Independent Innovation Demonstration Zone on building a pilot financial reform zone to spur sci-tech innovation (Jingzhengbanfa [2023] No. 23)**

### Synopsis

On 24 October 2023, the General Office of Beijing Municipal People's Government issued the Implementation plan of Beijing Zhongguancun National Independent Innovation Demonstration Zone on building a pilot financial reform zone to spur sci-tech innovation (hereinafter referred to as the "Plan") via Jingzhengbanfa [2023] No. 23.

According to the Plan, it is aimed to establish a system and mechanism that effectively supports science and technology innovation in the financial sector of Zhongguancun National Independent Innovation Demonstration Zone within a span of five years.

In this respect, the following key tasks are set out in the Plan:

- ▶ Accelerate the improvement of financial products and services for science and technology innovation.
- ▶ Optimize the system of financial markets for science and technology innovation.
- ▶ Enhance the system of insurance and guarantees for science and technology innovation.
- ▶ Strengthen the foundation of financial infrastructure for science and technology innovation.

- ▶ Promote financial technology innovation and application.
- ▶ Advance the opening, exchange, and cooperation in the field of financial services for science and technology innovation.
- ▶ Optimize the ecosystem for financial services in the field of science and technology innovation.

Among these, it is noteworthy that the Plan aims to leverage the existing platforms and mechanisms such as the Zhongguancun Science and Technology Innovation Financial Service Center, while actively exploring new models in the field of science and technology innovation for the financial sector, such as establishing an inclusive financing risk compensation fund and deepening the pilot programs for Qualified Domestic Limited Partner (QDLP) and Qualified Foreign Limited Partner (QFLP).

Relevant businesses are encouraged to read the Plan for more details and consider the potential investment and business opportunities.

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

[http://www.beijing.gov.cn/zhengce/zhengcefagui/202310/t20231027\\_3289238.html](http://www.beijing.gov.cn/zhengce/zhengcefagui/202310/t20231027_3289238.html)

## Customs circular

- ▶ **Public notice (PN) regarding exempting authorized economic operators from guarantee for consolidated declaration in Comprehensive Bonded Zones (GAC PN [2023] No. 148)**

### Synopsis

To further promote the high-quality development of comprehensive bonded zones (hereinafter referred to as "bonded zones") and reduce the operating costs of enterprises, the General Administration of Customs (GAC) announced GAC PN [2023] No. 148 (PN 148) on 27 October 2023 regarding the exemption of guarantee measures for Authorized Economic Operator (AEO) during "batch import and export, consolidated declaration" (hereinafter referred to as "consolidated declaration")<sup>1</sup>.

According to PN 148, AEOs within bonded zones (hereinafter referred to as the "in-zone AEOs") may apply to the supervising customs offices for exemption of guarantee when conducting consolidated declaration. This can be done when submitting the required declaration form through the Phase II Customs Processing Trade and Bonded Supervision Subsystem (金关二期加工贸易及保税监管子系统) without filling the information for guarantee.

However, it should be noted that certain in-zone AEOs may not be eligible for the exemption from guarantee measures if there are provisions outlined in other laws or administrative regulations, or if customs authorities determine the presence of regulatory risks.

PN 148 became effective from the date of its issuance, i.e., 27 October 2023.

<sup>1</sup> "Batch import and export, consolidate declaration" is a customs clearance process that allows enterprises within special customs supervision zones to import and export goods in batches. This process involves completing actual import/export procedures based on release documents within the designated areas, followed by submitting a record list or a consolidated declaration within a specified timeframe for customs clearance.

You can click this link to access the full contents of PN 148:

<http://www.customs.gov.cn/customs/302249/2480148/5454908/index.html>

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

- ▶ **Notice regarding promoting the standardized operation and compliance management of financial leasing companies (Jingui [2023] No. 8)**  
<http://www.cbirc.gov.cn/cn/view/pages/governmentDetail.html?docId=1133581&itemId=861&generaltye=1>
- ▶ **2024 export quota of commodities (MOFCOM PN [2023] No. 44)**  
<http://www.mofcom.gov.cn/article/zcfb/zcblgg/202310/20231003449868.shtml>
- ▶ **PN regarding public opinions consultation on the "Implementation Measures for Administrative Review of the NDRC"**  
<https://yyglxxbsgw.ndrc.gov.cn/htmls/article/article.html?articleId=2c97d16c-86787ed5-018b-70972472-006a#iframeHeight=805>
- ▶ **Overall plan for China (Xinjiang) Pilot Free Trade Zone (Guofa [2023] No. 17)**  
[https://www.gov.cn/zhengce/content/202310/content\\_6912936.htm](https://www.gov.cn/zhengce/content/202310/content_6912936.htm)
- ▶ **Administrative Measures for the Capital of Commercial Banks (NAFR Order [2023] No. 4)**  
<http://www.cbirc.gov.cn/cn/view/pages/rulesDetail.html?docId=1134197>
- ▶ **Notice regarding matters related to the implementation of the "Administrative Measures for the Capital of Commercial Banks" (Jingui [2023] No. 9)**  
<http://www.cbirc.gov.cn/cn/view/pages/governmentDetail.html?docId=1134198&itemId=861&generaltye=1>
- ▶ **Decisions on cancelling and adjusting a batch of penalty items (Guofa [2023] No. 20)**  
[https://www.gov.cn/zhengce/content/202311/content\\_6913197.htm](https://www.gov.cn/zhengce/content/202311/content_6913197.htm)
- ▶ **Approval on temporarily adjusting the implementation of relevant administrative regulations in Hainan Free Trade Port (Guohan [2023] No. 122)**  
[https://www.gov.cn/zhengce/content/202311/content\\_6913271.htm](https://www.gov.cn/zhengce/content/202311/content_6913271.htm)
- ▶ **PN regarding optimizing the policies on entry/exit health declaration (GAC PN [2023] No. 151)**  
<http://www.customs.gov.cn/customs/302249/2480148/5457761/index.html>
- ▶ **Implementation plan on promoting sustainable high-quality development and reform of the processing trade**  
[https://mp.weixin.qq.com/s/J9ffeZCZCFPSaGkOv\\_qu3w](https://mp.weixin.qq.com/s/J9ffeZCZCFPSaGkOv_qu3w)



## 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

**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](http://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](http://ey.com).

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

APAC no. 03018842  
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](http://ey.com/china)

### Follow us on WeChat

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

