



# 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 on the Implementation of Guangdong-Hong Kong-Macau Greater Bay Area (GBA) Revised Administrative Measures related to the Individual Income Tax (IIT) Preferential Policy in Huizhou (Huicaigui [2023] No. 1)**
- ▶ **Notice regarding the application guidelines on 2023 financial subsidy related to the GBA IIT preferential policy in Huizhou**

## Synopsis

According to Caishui [2019] No. 31 (Circular 31, i.e., Notice regarding the preferential IIT policies for the GBA), from 1 January 2019 to 31 December 2023, overseas high-end and urgently needed talents who work in the GBA shall be eligible for a financial subsidy to cover the portion of their IIT paid in the nine Mainland GBA cities<sup>1</sup> that exceeds 15% of their taxable income. The financial subsidy (hereinafter referred to as the “IIT subsidy”) paid to the individuals shall be exempt from IIT.

In this regard, the competent government authorities in Huizhou released Huicaigui [2023] No. 1 (Circular 1, i.e., Notice on the Implementation of the GBA Revised Administrative Measures related to the IIT Preferential Policy in Huizhou) and the "Application Guidelines on 2023 Financial Subsidy related to the GBA IIT Preferential Policy in Huizhou" (hereinafter referred to as the "Huizhou Guidelines") on 7 November 2023 to launch the application for 2021 and 2022.

Key features are as follows:

- ▶ An applicant who derived consolidated income and operating income in 2021 and 2022 or their withholding agent should access the official website of Guangdong Government Services to lodge the application and submit the relevant documentations before 24 November 2023. The retroactive application for year 2020 shall be accepted at the same time.
- ▶ The maximum amount of IIT subsidy per taxpayer per tax year shall not exceed RMB5 million.

Notably, similar to the regulations in Shenzhen, applicants are required to meet the minimum working day requirement of 90 working days for each of the years 2020, 2021, and 2022 in Huizhou. Furthermore, if the amount of IIT subsidy exceeds RMB1 million per applicant, these applicants are also required to submit the "form for declaration and registration of IIT preferences (Appendix 4 of the Huizhou Guidelines) in addition to the application form for the IIT subsidy (i.e., Appendix 3 of the Huizhou Guidelines).

Circular 1 is effective from the date of its issuance, i.e., 7 November 2023 until 31 December 2027.

Applicants are encouraged to read Circular 1 and Huizhou Guidelines for details and assess if they are qualified for the subsidy before lodging the applications. If in doubt, consultations with professionals are always recommended.

<sup>1</sup> The nine cities refer to Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing in Guangdong Province.

You can click this link to access the full contents of Circular 1:

[http://rsj.huizhou.gov.cn/zwgk/tzgg/content/post\\_5126092.html](http://rsj.huizhou.gov.cn/zwgk/tzgg/content/post_5126092.html)

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

[http://rsj.huizhou.gov.cn/zwgk/tzgg/content/post\\_5126091.html](http://rsj.huizhou.gov.cn/zwgk/tzgg/content/post_5126091.html)

You can click this link to access the full contents of Circular 31:

[https://www.gov.cn/xinwen/2019-03/19/content\\_5374437.htm](https://www.gov.cn/xinwen/2019-03/19/content_5374437.htm)

## Business circulars

- ▶ **Measures for promoting the cluster development of global service providers in Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone (Qianhai) (Shenqianhaigui [2023] No. 9)**

### Synopsis

In line with the "Plan for Comprehensively Deepening the Reform and Opening-up of Qianhai" (hereinafter referred to as the "Plan"), the Qianhai Authority of Shenzhen introduced the "Measures for promoting the cluster development of global service providers in Qianhai" (hereinafter referred to as the "Measures") via Shenqianhaigui [2023] No. 9 on 8 November 2023. The Measures aim to accelerate the establishment of a high-quality and efficient service industry system and implement the "Qianhai Global Service Provider Program" which aims to attract and nurture top global service providers in eight key modern service industries (i.e., modern finance, trade and logistics, information services, science and technology services, cultural creativity, business services, shipping services and public services), with the goal of becoming a core engine for the Greater Bay Area's modern service industry and a production service center in the Asia-Pacific region.

Among these, according to the Measures, Qianhai shall provide various support to qualified Qianhai Global Service Providers, such as an annual operating team incentive of maximum RMB30 million for eligible Qianhai Global Service Provider enterprises, and housing subsidy for property purchase up to RMB30 million.

The Measures also reiterate the prevailing preferential Corporate Income Tax (CIT) at the rate of 15% for eligible enterprises in Qianhai<sup>2</sup> and IIT exemption for IIT subsidy for eligible talents<sup>3</sup>.

The Measures became effective on 8 November 2023 and shall be valid until 31 December 2025. Relevant investors and businesses are encouraged to read the Measures for more details and consider the potential investment and business opportunities to leverage the benefits offered. If in doubt, consultations with professionals are always recommended.

<sup>2</sup> According to Caishui [2021] No. 30 (Circular 30, i.e., Notice regarding continuously implementing the preferential CIT policies in Qianhai), qualifying enterprises established in Qianhai (i.e., areas covered in the Overall Development Plans for Qianhai approved by the State Council in August 2010) engaging in encouraged industries are subject to a reduced CIT rate of 15% from 1 January 2021 to 31 December 2025.

<sup>3</sup> According to Caishui [2023] No. 34 (Circular 34, i.e., Notice regarding the extension of the preferential IIT policy for the GBA), from 1 January 2024 to 31 December 2027, overseas high-end and urgently needed talents who work in the GBA continue to be eligible for a financial subsidy to cover the portion of their IIT paid in the nine GBA cities (including Qianhai of Shenzhen) that exceeds 15% of their taxable income. Such financial subsidy paid to the individuals shall be exempt from IIT.

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

[http://www.sz.gov.cn/cn/xxgk/zfxxgj/zcfg/content/post\\_10944653.html](http://www.sz.gov.cn/cn/xxgk/zfxxgj/zcfg/content/post_10944653.html)

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

[https://www.gov.cn/zhengce/2021-09/06/content\\_5635728.htm](https://www.gov.cn/zhengce/2021-09/06/content_5635728.htm)

You can click this link to access the full content of Circular 30:

[http://qh.sz.gov.cn/sygnan/qhzx/tzgg/content/post\\_8927322.html](http://qh.sz.gov.cn/sygnan/qhzx/tzgg/content/post_8927322.html)

You can click this link to access the full content of Circular 34:

[https://szs.mof.gov.cn/zhengcefabu/202308/t20230825\\_3904086.htm](https://szs.mof.gov.cn/zhengcefabu/202308/t20230825_3904086.htm)

► **Measures of Pingtan Comprehensive Experimental Zone (Pingtan) for promoting the development of the private economy (Lanzongwei [2023] No. 54)**

### **Synopsis**

To promote the quality, efficiency, transformation and upgrading of the private economy in Pingtan, on 24 October 2023, the Working Committee and Administration Committee of Pingtan released Measures of Pingtan for promoting the development of the private economy (hereinafter referred to as the "Pingtan Measures").

The Pingtan Measures cover a total of 28 measures in five areas, key points are as follows:

- Promoting fair competition, i.e., equal treatment for market entities, full implementation of the fair competition review system, and expansion of the areas and ways of private investment, etc..
- Liberalizing access to private enterprises includes cultivating industries with special characteristics, promoting transformation and upgrading of traditional industries, and enhancing innovative vitality of private enterprises.
- Strengthening supports, such as broadening financing channels, reducing financing costs, and strengthening talent support.
- Enhancing the legal protection for the property rights of private enterprises and entrepreneurs' interests.
- Creating a favorable environment with optimizing and standardizing government services and continuously improving policy support.

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

[https://www.pingtan.gov.cn/jhtml/ct/ct\\_2934\\_134504](https://www.pingtan.gov.cn/jhtml/ct/ct_2934_134504)

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

- ▶ **Notice regarding public opinions consultation on the “Practical Guide on Cybersecurity Standards - Guidance of GBA on Personal Data Protection in Cross-border Data Transfer (Discussion Draft)” (Xinanmizi [2023] No. 158)**  
<https://www.tc260.org.cn/front/postDetail.html?id=20231101123231>
- ▶ **Pilot Construction Plan for Achieving Carbon Peak (Fagaihuanzi [2023] No. 1409)**  
[https://www.ndrc.gov.cn/xxgk/zcfb/tz/202311/t20231106\\_1361804.html](https://www.ndrc.gov.cn/xxgk/zcfb/tz/202311/t20231106_1361804.html)
- ▶ **Guiding opinions on regulating the new mechanism of public-private partnership (PPP) (Guobahan [2023] No. 115)**  
[https://www.gov.cn/zhengce/content/202311/content\\_6914161.htm](https://www.gov.cn/zhengce/content/202311/content_6914161.htm)
- ▶ **Notice regarding taking measures to ensure equal treatment of domestic and foreign investors in accessing the Chinese market (Shangbanhan [2023] No.496)**  
<http://www.mofcom.gov.cn/article/zcfb/zcwgtz/202311/20231103452139.shtml>
- ▶ **China Regional Financial Operation Report (2023)**  
<http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/5127467/index.html>
- ▶ **Public notice (PN) regarding matters related to further regulating the electronic books in Comprehensive Bonded Zones (GAC PN [2023] No. 158)**  
<http://gdfs.customs.gov.cn/customs/302249/2480148/5467385/index.html>
- ▶ **PN regarding further simplifying procedures for enterprises to register as e-port users (GAC/MOFCOM/STA/SAMR/SAFE PN [2023] No. 164)**  
<http://www.customs.gov.cn/customs/302249/2480148/5484384/index.html>



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