



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.

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Business circulars

- **Notice regarding public opinions consultation on the “Administrative Measures for Private Equity Funds (Discussion Draft)”**

Synopsis

To promote healthy development of the private equity fund industry, leverage private equity funds to support technological innovation, serve the real economy with quality and efficiency, and effectively prevent and control risks, on 8 December 2023, the China Securities Regulatory Commission (CSRC) announced the “Administrative Measures for Private Equity Funds (Discussion Draft)” (hereinafter referred to as the “Draft Revision”) on its official website to seek public opinions. The consultation of public opinions shall be opened until 8 January 2024.



The Draft Revision consists of 82 articles in 10 chapters. Among these, the following contents are worth-noting:

- ▶ The standards for qualified investors are further refined. In particular, the minimum paid-in amount required for investors invested in a single private equity fund is proposed to be raised from RMB1 million to RMB3 million. If the fund is to invest in a designated investment (i.e., more than 80% of the total fund invest in one single investment), institutional investor should at least invest RMB5 million where individual investor has to invest at least RMB10 million. The entrance level has generally been raised.
- ▶ Clarify the requirements for private equity fund withdrawal and liquidation, i.e., clarify the termination conditions for fund agreements, and outline liquidation arrangements for both ordinary withdrawal and withdrawal under special circumstances.
- ▶ Explicit regulations for the supervision of private fund custodians and service providers. Of note, special funds invested in a single target must be under a custodianship.

Concerned investors and businesses are suggested to read the Draft Revision and are encouraged to express opinions on or before 8 January 2024 by sending mails, emailing to scerbu@csrc.gov.cn or logging onto www.moj.gov.cn or www.chinalaw.gov.cn.

You can click this link to access the full contents of the Draft Revision:
<http://www.csrc.gov.cn/csrc/c101981/c7448123/content.shtml>

- ▶ **Notice regarding public opinions consultation on the “Administrative Measures for Domestic Investment of the National Social Security Fund (Discussion Draft)”**

Synopsis

To regulate the domestic investment and operation of the national social security fund, on 6 December 2023, the Ministry of Finance (MOF) released the discussion draft of the “Administrative Measures for Domestic Investment of the National Social Security Fund” (hereinafter referred to as the “Discussion Draft”) to seek public opinion. The consultation of public opinion shall be opened until 5 January 2024.

The Discussion Draft consists of 58 articles in 10 chapters, mainly addresses the domestic investment of the National Social Security Fund (NSSF). Notably, in terms of investment supervision ratios, the Discussion Draft proposes to categorize the investment types of the NSSF into deposits and interest rate categories, credit fixed income categories, stock categories, and equity categories. It also includes both domestic and foreign investments within the scope of these supervision ratios. The maximum investment ratios for stock and equity assets can reach 40% and 30%, respectively.

Concerned parties are suggested to read the Discussion Draft and express opinions by sending emails to gaopingkun@mof.gov.cn or logging onto the official website of the MOF (<http://www.mof.gov.cn>).

You can click this link to access the full contents of the Discussion Draft:
http://jrs.mof.gov.cn/gongzuotongzhi/202312/t20231205_3919808.htm

- ▶ **Overall plan for promoting the opening up of China (Shanghai) Pilot Free Trade Zone by comprehensively aligning with high-standard international economic and trade rules (Guofa [2023] No. 23)**

Synopsis

To further enhance the rule for the opening up of China’s (Shanghai) Pilot Free Trade Zone (SHPFTZ) and make it align with the high-standard international economic and trade rules, the State Council released Guofa [2023] No. 23 (“Circular 23”) on 26 November 2023.

Circular 23 focuses on seven areas and proposes 80 measures. Key features are as follows:

- ▶ Accelerating the opening up of trade in services, particularly in key areas such as finance and telecommunications. Enhancing the facilitation of cross-border investment and financing to support multinational corporations in setting up fund management centers.
- ▶ Enhancing the liberalization and facilitation of trade in goods, including optimizing the import management of specific goods (e.g., inbound repair goods, commercial cryptographic products and medical equipment), and pilot facilitation measures (e.g., simplifying domestic quarantine procedures and expanding the scope of pre-adjudication applicants).
- ▶ Implementing high-standard digital trade rules. Supporting the SHPFTZ to formulate an important data catalog and explore the establishment of a legalized, secured and convenient mechanism for the cross-border data flow, and promoting the application of electronic bills and data sharing.
- ▶ Strengthening the protection of intellectual property rights, including trademarks, patents and geographical indications.

In addition, Circular 23 also emphasizes the promotion of reforms in the field of government procurement and relevant management system, and strengthening the risk prevention and control system.

Relevant investors and businesses are encouraged to read Circular 23 for more details and consider the potential investment and business opportunities.

You can click this link to access the full contents of Circular 23:

https://www.gov.cn/zhengce/content/202312/content_6918913.htm

▶ **Guiding catalog of Shanghai on trade in services (2023 version) (Hushangfumao [2023] No. 291)**

Synopsis

According to Hufugui [2020] No. 24 (Circular 24, i.e., the Implementation Plan for Expanding the Pilot Program for Innovative Development of Service Trade in Shanghai), the guiding catalog of Shanghai on trade in services shall be updated every year. Accordingly, the Shanghai Municipal government provides financial support to eligible enterprises in this regard and expands the scope of support to new models and new forms in areas like digital trade.

According to Circular 24, Shanghai municipal government authorities (e.g., the Shanghai municipal commission of commerce, Shanghai municipal market supervision regulation, and Shanghai municipal finance bureau) jointly announced the “Guiding catalog of Shanghai on trade in services (2023 version)” (hereinafter referred to as the “2023 Catalog”) through Hushangfumao [2023] No. 291.

According to the “2023 Guidelines for Declaration of Shanghai Commerce High-Quality Development Special Funds (Service Trade)” (hereinafter referred to as the “Declaration Guidelines”), eligible enterprises engaging in businesses within the scope of the previous “Guiding catalog of Shanghai on trade in services (2022 version)” can apply for the Shanghai Commerce High-Quality Development Special Funds (Service Trade) in 2023. In this respect, to ensure the eligibility for applying for the 2024 funds, enterprises should align their operations with the requirements outlined in the 2023 Catalog. If in doubt, consultations with professionals are always recommended.

You can click this link to access the full contents of the 2023 Catalog:

<https://sw.sh.gov.cn/zxxxgk/20231201/847d6619b83e47fcb1d691003ca23cb2.html>

You can click this link to access the full contents of Circular 24:

<https://sw.sh.gov.cn/dwmygl/20201113/a319040674ff4f6d98e598b90b0bba36.html>

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

<https://sw.sh.gov.cn/zwgkgfqtzcwj/20230525/b1bcabaf679c459eae82646d6f8dbfd7.html>

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

- ▶ **Public notice regarding granting zero-tariff treatment to 98% of taxable goods from six countries including the Republic of Angola (Shuiweihui PN [2023] No. 8)**
http://gss.mof.gov.cn/qzdt/zhengcefabu/202312/t20231206_3920051.htm
- ▶ **Administrative measures on bond valuation business in the inter-bank bond market (PBOC PN [2023] No. 19)**
<http://www.pbc.gov.cn/tiaofasi/144941/3581332/5156741/index.html>
- ▶ **Interpretations for certain matters related to the application of the general rules of the contract part in the “Civil Code of the People’s Republic of China” (Fashi [2023] No. 13)**
https://mp.weixin.qq.com/s/scK0Qgt3RwklgFKx_uA8ug
- ▶ **Notice regarding public opinions consultation on the “Discretion Standards on Administrative Enforcement under the Processing Trade (Discussion Draft)”**
<http://www.customs.gov.cn/customs/302452/302329/zjz/5537813/index.html>



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