

TAX LAW

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

► Tax and Fee Guide for Individual "Going Global"

Synopsis

In order to help individuals handle their tax issues related to "going global" activities, the State Taxation Administration (STA) released "Tax and Fee Guide for Individual 'Going Global'" (hereinafter referred to as the "Guide") on 8 April 2024.

The Guide consists of seven chapters, which lists 57 common individual tax matters related to "going global" in detail, i.e., Individual Income Tax (IIT) policy, IIT calculation, IIT declaration, tax credit and concession, tax treaty, service measures and bilateral social security agreement. Relevant policies are based on laws and regulations still effective by the end of March 2024.

Relevant taxpayers are advised to make reference to the Guide. If in doubt, consultations with professionals are always recommended.

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

<https://www.chinatax.gov.cn/chinatax/n810219/n810744/n1671176/n2884609/c5222487/content.html>

► 2024 Tax Department Regulations Formulation Plan

Synopsis

On 8 April 2024, the Tax Policy and Legislation Department of the STA announced the “2024 Tax Department Regulations Formulation Plan” (hereinafter referred to as the “Plan”) which includes a total of four regulations as follows:

| Nos. | Items |
|------|------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Formulation of the “Administrative Measures for Tax-related Professional Services (Trial)” by the Taxpayer Services Department of the STA |
| 2 | Revision of the “Rules for Tax Administrative Reconsideration” by the Tax Policy and Legislation Department of the STA |
| 3 | Revision of “Measures for Tax Arrears Announcement (Trial)” by the Tax and Information Technology Administration Department of the STA |
| 4 | Formulation of the “Administrative Measures for the annual IIT Reconciliation for Consolidated Income” by the Income Tax Department of the STA |

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 the Plan:

<https://www.chinatax.gov.cn/chinatax/n810214/c102374/c102375d/c5222488/content.html>

Business circulars

- Notice regarding the launch of pilot program to expand the opening-up of value-added telecommunications services (MIIT Tongxinhan [2024] No. 107)

Synopsis

To actively align with international high-standard economic and trade rules, continuously optimize the business environment for foreign investment, and stimulate market competition and vitality, the Ministry of Industry and Information Technology (MIIT) released MIIT Tongxinhan [2024] No. 107 (Circular 107) on 8 April 2024 to launch the pilot program for expanding the opening-up of value-added telecommunications services.

According to Circular 107, foreign ownership restrictions on internet data center (IDC), content delivery network (CDN), internet access service (ISP), online data processing and transaction processing, and some information services in pilot areas (i.e., Beijing, the Lin-gang Special Area of the China (Shanghai) Pilot Free Trade Zone and Pudong New Area, Hainan Free Trade Port, and Shenzhen) would be removed.

Key features are as follows:

- Foreign investment telecommunications enterprises can register within the pilot areas and place service facilities within the same pilot area.
- The service scope of Internet Access Service (ISP) is limited to the pilot areas, while other business services can be provided nationwide, facilitating foreign investment telecommunications enterprises to conduct business operations and expand market space.
- Foreign investment telecommunications enterprises engaged in value-added telecommunications services in the pilot areas will be managed under the principle of “equivalent treatment for domestic and foreign investments” and are required to obtain the relevant approval in accordance with relevant regulations.

In the next phase, the MIIT will advance the opening-up of the telecommunications sector in an orderly manner as follows:

- Organize pilot program, summarize and promote advanced experiences and models.
- Align with high-standard economic and trade rules, optimize the telecom market environment.

Foreign investors intending to invest in the pilot areas should closely monitor the latest development information released by the MIIT and proactively reach out to local authorities to learn more about the pilot implementation plans.

You can click this link to access the full contents of Circular 107 and the press questions and answers:

https://www.miit.gov.cn/zwgk/zcwj/wjfb/tg/art/2024/art_2326271e1b424e09b6e5924ad2948863.html
https://www.gov.cn/zhengce/202404/content_6944438.htm

- Notice regarding further optimizing foreign exchange business processes to facilitate trade (Huifa [2024] No. 11)

Synopsis

In order to promote the high-quality development of trade and enhance the ability to serve the real economy, on 3 April 2024, the State Administration of Foreign Exchange (SAFE) released a notice regarding further optimizing foreign exchange business processes to facilitate trade via Huifa [2024] No. 11 (Circular 11).

Key features mentioned in Circular 11 include:

- The registration and approval requirements for trade enterprise catalog¹ conducted by local branches of the SAFE will be removed. Instead, domestic banks will directly handle the registration of enterprises to be listed in the trade enterprise catalog.
- Enterprises engaged in foreign exchange receipts and payments for goods trade shall register with domestic banks before handling their first receipts and payments.
- In case of changes in the enterprise name, unified social credit code, legal representative, contact information and registered address of an enterprise in the trade enterprise catalog, the enterprise shall apply for the change of the information with the domestic bank through online or offline means with explanatory materials listing the changed items within 30 days from the date of the change.
- The bank shall review the accuracy of the basic information of the enterprise and retain the paper or electronic materials for five years for inspection when handling filling in or changing the information in the trade enterprise catalog.
- Further facilitating cross-border trade receipts and payments:
 - Domestic banks can simplify the procedures for handling foreign exchange receipts and payments for enterprises that are inconsistent with the import and export enterprises within the customs special supervision areas according to the principle of business expansion.
 - Domestic banks may handle special foreign exchange returns (non-original route returns or returns exceeding 180 days) for Class A enterprises' goods trade, with a single transaction cap of USD200,000 (or its equivalent). The prevailing cap for a single transaction is USD50,000.
 - Class B and Class C enterprises that meet certain conditions can handle deferred receipts and payments exceeding 90 days after registration with local branches of the SAFE.

Circular 11 will become effective from 1 June 2024 and Huifa [2012] No. 38 (Circular 38, i.e., Notice regarding the issuance of regulations related to foreign exchange administration of goods trade) shall be repealed at the same time.

Relevant enterprises are advised to read Circular 11 for details and enjoy the simplified processes when they become effective. If in doubt, consultations with professionals are always recommended.

¹ According to the prevailing rules, enterprises that have genuine foreign exchange receipt and payment needs for trade of goods can apply to their local branch of the SAFE to register in the trade enterprise catalog. Only after being registered in the catalog can conduct foreign exchange receipt and payment business related to trade of goods.

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

https://www.gov.cn/zhengce/zhengceku/202404/content_6943880.htm

You can click this link to access the full contents of Circular 38:

<https://www.safe.gov.cn/safe/2012/0630/5426.html>

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

- ▶ Notice regarding the list of commodities not entitled to duty-free import/export by border inhabitants through mutual trade (Caiguanshui [2024] No. 7)
https://gss.mof.gov.cn/gzdt/zhengcefabu/202404/t20240408_3932404.htm
- ▶ Implementation Plan for Promoting Equipment Renewal in the Industrial Field (MIIT liangui [2024] No. 53)
https://www.miit.gov.cn/zwgk/zcwj/wjfb/tz/art/2024/art_3a8bb9999baa45039305de354c868244.html
- ▶ Administrative Measures for the Franchise of Infrastructure and Public Utilities (2024) (NDRC/MOF/MOHURD/MOT/MWR/PBOC Order [2024] No. 17)
https://www.ndrc.gov.cn/xxgk/zcfb/fzggwl//202404/t20240409_1365563.html
- ▶ Guiding opinions on enhancing financial support for green and low-carbon development
<http://camlmac.pbc.gov.cn/goutongjiaoliu/113456/113469/5325946/index.html>
- ▶ Annual Work Guideline for Promoting the High-quality Development of Intellectual Property Rights (2024) (Guozhifayunzi [2024] No. 7)
https://www.gov.cn/zhengce/zhengceku/202404/content_6945105.htm
- ▶ List of major preferential fiscal, tax and financial policies for the transportation sector in 2024 (Issue I)
https://xxgk.mot.gov.cn/2020/jigou/cwsjs/202404/t20240410_4118194.html
- ▶ Opinions on strengthening regulation and forestalling risks to promote high-quality development of the capital market (Guofa [2024] No. 10)
https://www.gov.cn/zhengce/content/202404/content_6944877.htm
- ▶ Public notice regarding launching the “Enterprise Inspection (Voluntary Disclosure)” function under the “China International Trade Single Window” system (GAC PN [2024] No. 36)
<http://www.customs.gov.cn/customs/302249/302266/302267/5797279/index.html>



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