

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

- ▶ **Trial Working Measures of the Beijing Municipal Tax Service on Advance Tax Ruling (ATR)**
- ▶ **Notice issued by the Maoming Municipal Tax Service on launching ATR mechanism for complex tax matters of large enterprises**

Synopsis

Beijing Municipal Tax Service and Guangdong Maoming Municipal Tax Service have recently issued working measures regarding ATR (hereinafter referred to as the "Beijing ATR Measures" and "Maoming ATR Measures" respectively).

ATR allows taxpayers to seek from tax authorities the application of tax policies to their future complex tax-related matters.

Key points of these two Measures are as follows:

	Beijing ATR Measures	Maoming ATR Measures
Eligible applicants	<ul style="list-style-type: none"> ▶ Corporate taxpayers operating in Beijing 	<ul style="list-style-type: none"> ▶ Large enterprises in Maoming
Tax-related matters covered	<ul style="list-style-type: none"> ▶ Specific complex and significant tax-related matters that are expected to occur in the future 	<ul style="list-style-type: none"> ▶ Tax matters relating to the following upcoming legitimate business activities and transaction arrangements: <ul style="list-style-type: none"> ▶ significant restructuring in organization or business model ▶ equity transfer ▶ equity incentive plans ▶ major investments or financing activities ▶ policy-driven relocation ▶ cross-border investments ▶ other significant and complex tax matters
Tax-related matters excluded	<ul style="list-style-type: none"> ▶ Matters without a definitive project initiation plan or events that will not occur within the next 24 months ▶ Matters without reasonable commercial purposes or are expressly prohibited by the relevant national laws and regulations ▶ Matters to which prevailing tax policies could directly apply ▶ Matters that are not covered by prevailing tax policies and need to be regulated through tax legislation ▶ Matters with the same characteristics as the transaction completed by the applicant in previous years, and such transaction is still under communication with the tax authority and the conclusion on tax treatment has not yet been reached ▶ Other matters to which ATR is not applicable 	<ul style="list-style-type: none"> ▶ Matters that have already occurred ▶ Matters not covered by prevailing tax laws and regulations, or pure theoretical issues ▶ Matters without a definitive project plan or will not occur in the near future ▶ Matters without reasonable commercial purposes or prohibited by laws and regulations ▶ Matters subject to the interpretation of foreign laws ▶ Matters beyond the authority of tax authorities ▶ Other matters to which ATR is not applicable
Tax authority in charge	<ul style="list-style-type: none"> ▶ Large enterprises under the “Thousand Groups Project” in Beijing shall file the application with the First Tax Branch of the Beijing Municipal Tax Service ▶ Other taxpayers shall submit application to the tax service hall of their competent tax authorities 	<ul style="list-style-type: none"> ▶ Eligible taxpayers shall submit materials to the First Tax Branch of the Maoming Municipal Tax Service

The two Measures also provide for ruling process, follow-up administration and other relevant issues.

Taxpayers who have business plans that may trigger significant and complex tax matters may strongly consider utilizing ATR mechanisms. Currently, tax authorities in multiple locations like Guangzhou Nansha, Shanghai, the Nanjing Area of China (Jiangsu) Pilot Free Trade Zone, Dongfang City and Ding'an County of Hainan Province, as well as Qitaihe of Heilongjiang Province have already offered similar services. Among them, Guangzhou Nansha and Shanghai have introduced relatively detailed ATR measures, while other regions have only briefly outlined their ATR implementation rules. Tax authorities in Shenzhen, Guangzhou, Ningbo, Qingdao, Xiongan New Area and other regions have also formulated relevant regulations but have not released the same to the public.

Taxpayers are recommended to fully understand these local rules in advance, prepare sufficient materials and maintain active communication with tax authorities. Advance consultation with tax professionals to assess the relevant tax matters is also recommended.

The following is a summary of ATR measures announced by the relevant regions. You can click on the title to access the full contents:

Region	ATR measures
Guangzhou Nansha	Provisional measures of the Guangzhou Nansha Municipal Tax Service for ATR on complex tax-related matters
Shanghai	Administrative measures of the Shanghai Municipal Tax Service on ATR (trial)
Nanjing Area of China (Jiangsu) Pilot Free Trade Zone	Opinions of the Nanjing Municipal Tax Service on the pilot run of tolerant and prudent taxation supervision for the development of the China (Jiangsu) Pilot Free Trade Zone Nanjing Area
Dongfang City of Hainan Province	Notice issued by the Dongfang Municipal Tax Service regarding the launch of ATR mechanism for complex tax-related matters
Ding'an County of Hainan Province	Notice issued by the Ding'an County Tax Service regarding the launch of ATR mechanism for complex tax-related matters
Qitaihe of Heilongjiang Province	Notice issued by the Qitaihe Municipal Tax Service regarding the launch of ATR mechanism for complex tax-related matters

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

<http://beijing.chinatax.gov.cn/bjswj/sszc/zxwj/202405/58a543c23f1b4b85b6b15f83be850199.shtml>

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

https://guangdong.chinatax.gov.cn/gdsw/mmsw_tzgg/2024-04/24/content_58f807dfc99d4e6fbc7e1a1ce88d62a.shtml

Business circulars

► Administrative Measures on Beneficial Owner Information

Synopsis

The People's Bank of China (PBOC) and the State Administration for Market Regulation (SAMR) jointly issued the "Administrative Measures on Beneficial Owner Information" via PBOC/SAMR Order [2024] No. 3 (hereinafter referred to as the "Order 3").

► Filing entities

According to Order 3, the following entities shall file the beneficial owner information through the relevant registration system:

- ✓ Companies
- ✓ Partnerships
- ✓ Branches of foreign companies
- ✓ Other entities specified by the PBOC and SAMR

Self-employed industrial and commercial households do not need to file beneficial owner information.

► Beneficial owner

"Beneficial owner" under Order 3 refers to a natural person who meets one of the following conditions:

- I. The person ultimately owns more than 25% of the shares, equity, or partnership interests of the filing entity, either directly or indirectly
- II. Although Condition I is not met, the person ultimately enjoys more than 25% of the beneficial or voting rights of the filing entity
- III. Although Condition I is not met, the person individually or jointly exercises actual control over the filing entity

Order 3 takes effect from 1 November 2024. Nonetheless, filing entities registered before this date shall file beneficial owner information in accordance with the provisions by 1 November 2025.

You can click this link to access the full contents of the Order 3:

<http://www.pbc.gov.cn/tiaofasi/144941/144957/5342579/index.html>

► **2024 Legislative Work Plan of the Standing Committee of the National People's Congress (NPC)**

Synopsis

On 8 May 2024, the Standing Committee of the NPC released the annual legislative work plan for 2024 (hereinafter referred to as the "2024 SCNPC Legislative Plan"), covering the legislative projects for continuous deliberation, legislative projects for initial deliberation, as well as preparatory legislative projects.

Some of the tax and business related ones include:

- Value-added Tax Law
- Anti-Money Laundering Law
- Financial Stability Law
- Private Economy Promotion Law
- Anti-unfair Competition Law
- Enterprise Bankruptcy Law
- Accounting Law

We will keep an eye on any further developments and update you accordingly. Please stay tuned.

You can click this link to access the full contents of 2024 SCNPC Legislative Plan:

http://www.npc.gov.cn/npc/c2/c30834/202405/t20240508_436982.html

► **2024 Legislative Work Plan of the State Council**

Synopsis

On 6 May 2024, the State Council issued its legislative work plan for 2024 (hereinafter referred to as the "2024 Legislative Plan"), which includes the draft laws to be submitted to the Standing Committee of the NPC for deliberation, the administrative regulations to be formulated or revised, and other legislative projects to be completed.

Some legislative projects related to taxation and business include:

- Draft laws to be submitted to the Standing Committee of the NPC for deliberation
 - ✓ Arbitration Law (Draft Revision)
 - ✓ Banking Regulation Law (Draft Revision)
 - ✓ Foreign Trade Law (Draft Revision)

- ▶ Draft laws prepared to be submitted to the Standing Committee of the NPC for deliberation
 - ✓ Draft Consumption Tax Law
 - ✓ Tax Collection and Administration Law (Draft Revision)
 - ✓ Customs Law (Draft Revision)
- ▶ Administrative regulations to be formulated or revised
 - ✓ Provisional Administrative Regulations on Carbon Emissions Trading
 - ✓ Provisional Regulations on Courier Business (Revised)
 - ✓ Regulations of the State Council on implementing the registration management system for registered capital under the Company Law of the People's Republic of China (PRC)

You can click this link to access the full contents of 2024 Legislative Plan:

https://www.gov.cn/zhengce/content/202405/content_6950093.htm

▶ **Joint Statement between the PRC and the Republic of Serbia (Serbia) on Deepening and Elevating the Comprehensive Strategic Partnership and Building a China-Serbia Community with a Shared Future in the New Era**

Synopsis

On 8 May 2024, the PRC and Serbia issued the “Joint Statement between the PRC and Serbia on Deepening and Elevating the Comprehensive Strategic Partnership and Building a China-Serbia Community with a Shared Future in the New Era” (hereinafter referred to as the “Joint Statement”).

Some of the worth-noting contents are as follows:

- ▶ Promote the balanced development of bilateral trade and expand the import of high-quality agricultural products and other goods from Serbia
- ▶ Further strengthen pragmatic cooperation in areas such as transportation infrastructure, connectivity, clean energy, industrial investment, agriculture, economic and trade cooperation zones
- ▶ Promote local currency settlements in bilateral trade and investment
- ▶ Strengthen bilateral cooperation in communications infrastructure, 5G, cloud computing, big data, intelligent photovoltaics, etc.
- ▶ Strengthen cooperation on artificial intelligence
- ▶ Jointly develop new quality productive forces and build high-tech industrial cooperation projects
- ▶ Enhance bilateral and multilateral cooperation in fields such as disease prevention and control, health emergency, telemedicine and traditional medicine

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

https://mp.weixin.qq.com/s/Tv8MAXY6eJrKdxYZ-_CECg

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

- ▶ **Public notice regarding state-owned public collection units that are entitled to tax exemption for imported collections**
https://gss.mof.gov.cn/qzdt/zhengcefabu/202404/t20240430_3933919.htm
- ▶ **Notice regarding extending policies on unemployment insurance to support enterprises and expand employment**
http://www.mohrss.gov.cn/xxgk2020/fdzdgknr/zcfg/gfxwj/shbx/202405/t20240506_517898.html?keyword=S=
- ▶ **Operation Guidelines for Private Equity Investment Funds**
https://www.amac.org.cn/xwfb/xhyw/202404/t20240430_25508.html
- ▶ **Decision on amending the list of random inspection items of the China Securities Regulatory Commission**
https://www.gov.cn/zhengce/zhengceku/202405/content_6948904.htm
- ▶ **Decision on adjusting and improving the administrative catalogue of production permits for industrial products**
https://www.gov.cn/zhengce/content/202405/content_6950015.htm
- ▶ **Notice regarding matters concerning insurance agency business of commercial banks**
https://www.gov.cn/zhengce/zhengceku/202405/content_6950127.htm
- ▶ **Opinions on supporting the banking and insurance sectors to better serve the real economy**
<https://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=1161211>
- ▶ **Opinion on innovating and improving systems and mechanisms to promote the healthy development of the bidding and tendering market**
https://www.gov.cn/zhengce/content/202405/content_6949845.htm
- ▶ **2024 Work priorities of the Standing Committee of the NPC**
http://www.npc.gov.cn/npc/c2/c30834/202405/t20240508_436980.html
- ▶ **Customs measures to support the cruise industry**
<http://beijing.customs.gov.cn/customs/302249/zfxxgk/zfxxgkml34/5842005/index.html>
- ▶ **Approval on the establishment of the Dayaowan Bonded Logistics Center (Type B)**
<http://beijing.customs.gov.cn/customs/302249/zfxxgk/zfxxgkml34/5841329/index.html>
- ▶ **Discretion Standards on Administrative Enforcement under the Processing Trade**
<http://gdfs.customs.gov.cn/customs/302249/2480148/5854850/index.html>
- ▶ **Public notice regarding the 2023 statistical survey on the use of imported goods**
<http://gdfs.customs.gov.cn/customs/302249/2480148/5853066/index.html>

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