

China Tax & Investment News

27 March 2020

China issues a set of hardship relief
and economic stimulating packages to
overcome COVID-19 impact

Out of darkness, the
light is shining through

In a truly historical moment, almost the entire globe is fighting the COVID-19 battle. As a major economy that is still fighting the battle on COVID-19 but which is gradually stepping forward to recovery, China has been offering a number of stimulus measures to support businesses in navigating this challenging time.

To help the businesses quickly understand the questions of what, how and when to apply, this issue of China Tax and Investment News will introduce you the details of some key supporting measures and our observations.

In a truly historical moment, almost the entire globe is fighting the COVID-19 battle. Some statistics indicate that 190 countries, i.e. over 97% of the globe, are under the attack of the virus; many of them have suffered casualties and some are starting to enter the recovery stage. While things are moving fast, with people still travelling around, a stable situation may turn, so every government is very cautious and is ready to act expediently in response to the changing environment.

Epidemic curve of confirmed COVID-19, by date of report and WHO region through 26 March 2020¹

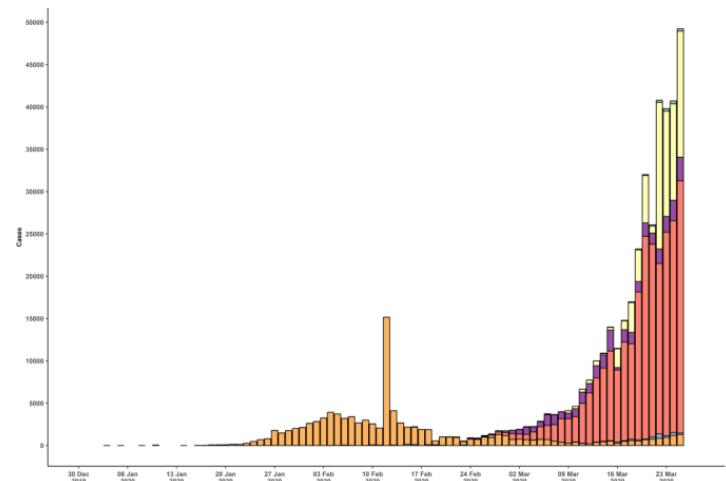


Image source: World Health Organization

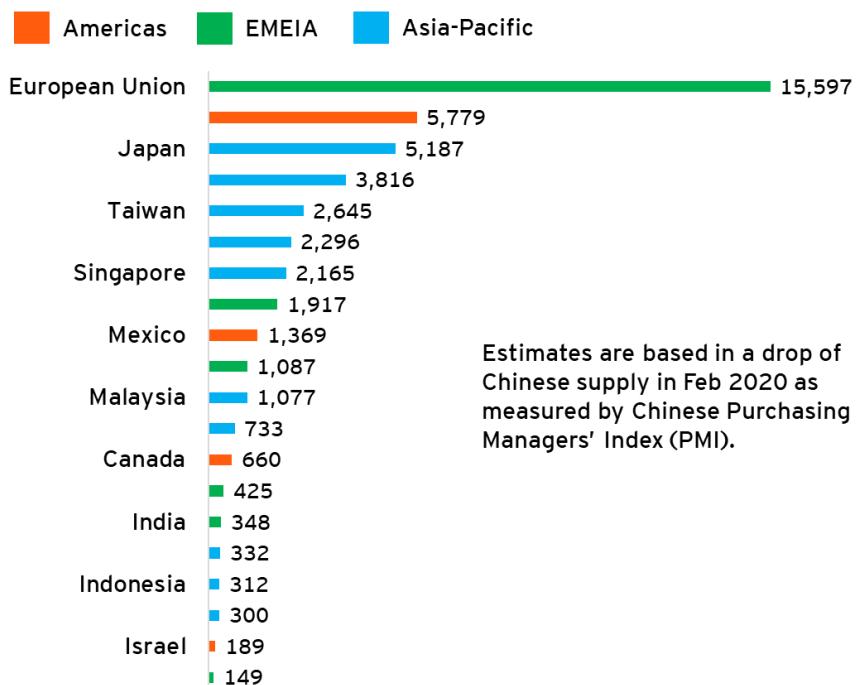
Note:

1. https://www.who.int/docs/default-source/coronavirus/situation-reports/20200326-sitrep-66-covid-19.pdf?sfvrsn=81b94e61_2

A glance at the globe

Before the epidemic, the global economy had already faced different levels of challenges (such as the trade war) and many businesses had suffered for a while already. This tragedy and global health crisis now pose further threats to the global economy and impacts the wellbeing of almost everyone in today's globalized society. While recovery will eventually come, the uncertainty and panic around COVID-19 at the moment have caused further economic turbulence and roller coasters in the stock markets. Countries hit by this public health emergency are being forced to slow down at least on a temporary basis, while businesses have experienced an unexpected disruption with steep falls in capital investments. Key industries have been economically compromised, apart from those industries that remain in great demand for defense purposes. The spillover effects of the above and the disrupted supply chain suggest an increasing likelihood of economic downturn; some economists even suggest a possible economic depression is imminent. Supply Chain Management Review, a renowned economic journal, reports that "most industrial companies only have 30-60 days of parts and raw materials on hand, in-transit, or obtainable on short notice. After these supplies run out, companies would start to see shortages of finished products as well as parts needed to produce other goods"². The United Nations Conference on Trade and Development (UNCTAD) forecasts "a slowdown in global growth to below 2.5% and a US\$1 trillion cost to the global economy" due to the COVID-19 shock. "A downside scenario predicts a US\$2 trillion hit to global GDP, with a US\$220 billion shortfall in global income for developing economies (excluding China). Oil and other commodity exporters, plus economies with strong trade linkages with COVID19-affected countries, would be more vulnerable than others". UNCTAD also predicts a 0.7% to 0.9% growth deceleration for countries such as Canada, Mexico and those in Central America, those highly embedded in China and ASEAN global value chains, and those proximate to the European Union (EU)³.

Trade impact of Coronavirus (COVID-19) outbreak (US\$ m) Top 20 most affected economies



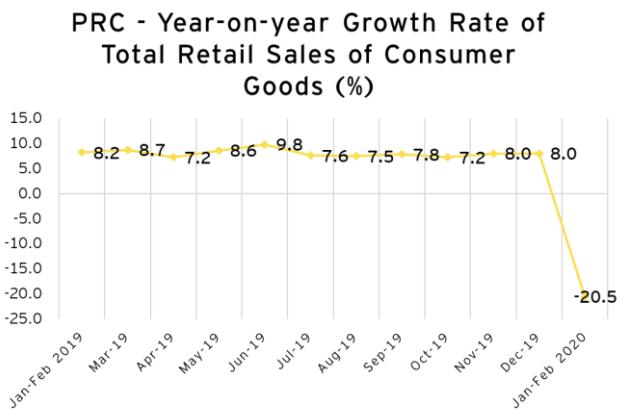
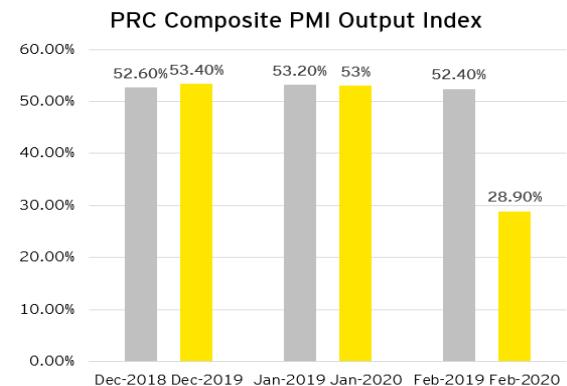
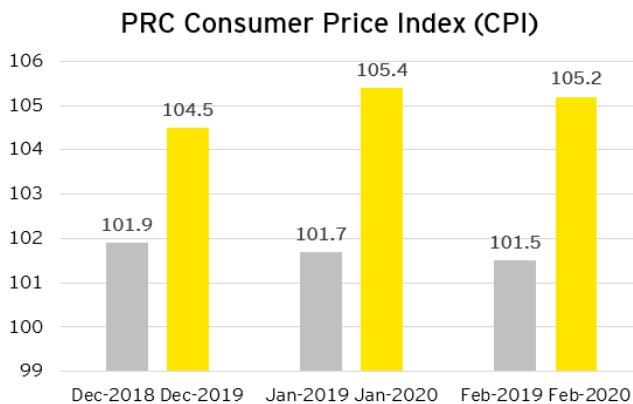
Note:

2. https://www.scmr.com/article/for_global_supply_chains_the_worst_is_yet_to_come
3. <https://news.un.org/en/story/2020/03/1059011>

To help the markets, central banks have pledged to relieve financial stress around the globe. Strategies include coordinated monetary policies such as emergency rate cuts. Meanwhile, international organizations and major economies have also issued multiple economy stimulating packages aiming to alleviate the downturn and with the aim to restore business as usual around the world. The World Bank announced that "An increased \$14 billion package of financing from the World Bank Group will support a fast, flexible response to COVID-19", aiming to help support companies, strengthen health systems and improve disease surveillance⁴. The G7 leaders have released a statement pledging that governments will work together to mobilize a full range of instruments, including monetary and fiscal measures, as well as targeted actions, to offer immediate support to support to workers, companies, and sectors most affected by the coronavirus epidemic⁵. The European Council issued a statement detailing a range of practical and financial measures by means of providing support to its Member States as part of its coordinated responses to protect EU economies⁶.

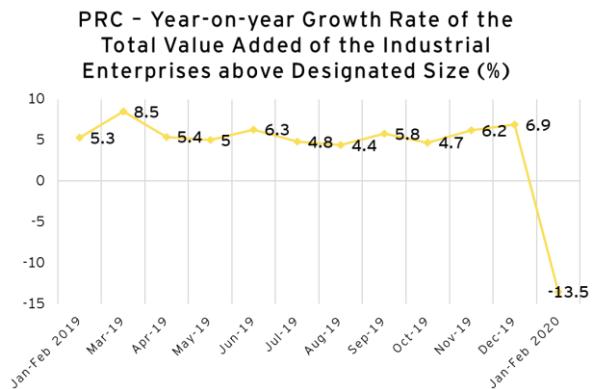
A closer look at China

As a major economy that is still fighting the battle on COVID-19 but which is gradually stepping forward to recovery, China has been offering a number of stimulus measures to support businesses in navigating this challenging time. A series of finance and tax policies have been announced at both central and local levels - all aiming to help the country to mitigate the brunt of economic damage.



Note: total retail sales of consumer goods refer to the amount of non-production and non-operational goods sold by enterprises (units) to individuals and social groups through transactions, as well as the amount of income from providing catering services.

Source: http://www.stats.gov.cn/tjsj/zxfb/202003/t20200316_1732236.html



Notes:

1. Growth rate of value added of the industrial enterprises: also known as industrial growth rate, which is used to reflect a certain period of increase or decrease in volume of industrial production indicators of the degree of change. The indicator can be used to estimate the short-term trend of the industrial economy, to judge the extent of the economic boom, and also to be an important reference and basis for the formulation and adjustment of economic policies, and for the implementation of macroeconomic adjustment and control.

2. The industrial enterprises above designated size shall refer to those industrial enterprises with annual major business income of RMB20 million or more.

Source: http://www.stats.gov.cn/tjsj/zxfb/202003/t20200316_1732233.html

Note:

4. www.worldbank.org

5. <https://www.whitehouse.gov/briefings-statements/g7-leaders-statement/>

6. <https://www.consilium.europa.eu/en/press/press-releases/2020/03/16/statement-on-covid-19-economic-policy-response/>



As of 26 March 2020, the key economic stimulating and hardship relief measures that the central government have introduced include:

Tax/social securities/housing funds

- ▶ **Temporary Tax policies to support/relieve (the effective period is subject to development of epidemic) :**
 - ✓ **Cross-border donation** : exemption on import duties and import-level taxes (VAT, CT) . For prescribed imports from USA , the tariff reduction obligations suspended will be resumed and the additional tariffs that have already been levied will be refunded
 - ✓ **Domestic donation**: CIT, VAT, CT and local tax/surcharge related incentives
 - ✓ **Medical and daily living supplies**: CIT, VAT and local tax/surcharge related incentives
 - ✓ **Extension of loss carry-forward**: extend the loss carry-forward period from 5 to 8 years for designated enterprises
 - ✓ **SMEs**: exempt VAT for small-scale VAT taxpayers in Hubei and reduce VAT collection rate for those in other regions
 - ✓ **Logistics companies**: a 50% of deduction of Urban Land Use Tax (ULUT) rates on the land used by logistics companies for bulk commodity storage (1 January 2020 to 31 December 2022)
 - ✓ **IIT - IIT exemption** for qualifying medical staffs and all related first respondents who have been involved in COVID-19 prevention, treatment and or handling related emergencies
 - ✓ **IIT for welfare** - medicines, medical supplies and protective equipment provided from enterprises to employees: IIT exemption (cash allowance received by individuals is excluded)
 - ✓ **Administrations**: extend tax filing deadline; simplify tax collection and administration measures
- ▶ **Temporary relief on Social securities contribution**: temporarily exempt/reduce social securities contributions borne by enterprises
- ▶ **Temporary relief on housing funds**: deferred payment of housing funds

Financial supporting policies

- ▶ Remove the cap on foreign debt for enterprises where necessary
- ▶ The central bank (People's Bank of China) pumps a total of 1.2 trillion yuan (USD 172 billion) via reverse repos to inject funds into the market, and that it will cut the one-year lending facility rate by 0.10% and slash the one-year and five-year prime rates by 0.10% and 0.05%, respectively, as well as lower the bar for bank reserve
- ▶ Adopt financial measures covering aspects including liquidity and credit, livelihood finance, financial infrastructure, foreign exchange and cross-border Renminbi business, etc.

Fiscal supporting policies

- ▶ **Subsidies**: provide subsidies for designated personnel, e.g., the COVID-19 patients, medical personnel and other related personnel, etc.
- ▶ **Interest subsidies**: provide discounted interest rates to enterprises which have been involved in dealing with urgencies under epidemic as well as to those individuals/businesses affected by the epidemic
- ▶ **Financing guarantee**: remove counter-guarantee requirements and lower the guarantee/re-guarantee premiums for prescribed enterprises; halve the re-guarantee premiums for certain institutions
- ▶ **Rebate of unemployment insurance premiums**: 100% of unemployment insurance premiums paid in last year can be refunded to eligible businesses to stabilize employment

Customs clearance

- ▶ Ensure the rapid release of imported medical/emergency supply goods by setting up special windows/green channels for customs clearance
- ▶ Customs should immediately release the goods on its arrival after registration and the formalities for tax reduction/exemption purposes maybe proceeded at a later stage

As shown in the information above, the newly introduced policies are comprehensively covering many fields. Although most of them are temporary but some may have long term impacts on businesses' cash flow and investment plans. To help the businesses quickly understand the questions of what, how and when to apply, this issue of China Tax and Investment News will introduce you the details of some key supporting measures and our observations.

Monetary and fiscal supporting policies

Five Ministries jointly issued 30 financial supporting measures⁷, which proposed to:

- ▶ remove the cap on foreign debt and facilitate online foreign debt registration;
- ▶ expand loan financing to key industries such as the manufacturing sector, private enterprises and small-sized enterprises with marginal profit;
- ▶ defer or reduce rents and interest on financial leasing businesses; and
- ▶ offer a fast track for foreign exchange verification, cancellation and settlement processes to support cross-border financing and RMB business for the contagion prevention and control.

Meanwhile, the Ministry of Finance (MOF) published fiscal supporting policies, including offers of subsidies on loan interest and reduction of guarantee fees. Moreover, to stabilize employment, qualifying enterprises can get a up to 100% refund of their unemployment insurance premiums paid in the last year.

The People's Bank of China (PBOC) announced that it will inject RMB1.2 trillion (approx. USD172 billion⁸) in the form of reverse repos through open market operations⁹, and that it will cut the one-year lending facility rate by 0.10%¹⁰ and slash the one-year and five-year prime rates by 0.10% and 0.05%¹¹, respectively, as well as lower the bar for bank reserve¹².

Social securities and housing funds

To ease the businesses' burden and stabilize the country's employment rate, the government agrees to reduce/exempt social insurance contributions borne by employers and defer the payments of housing funds, as part of temporary relief packages.

- ▶ **Social securities** - social securities (including the pension, unemployment insurance and employment-related injury insurance) contributed by employers may be reduced or fully exempted depending on the locations, as well as other facts and circumstances:

Areas	Applicable enterprises	Social securities (by employers)	Applicable period
Areas other than Hubei	Medium, small and micro-sized enterprises (SMEs)	Exempted	No more than five months (February to June 2020)
	Others (except governmental offices and government-funded institutions)	Reduced by half	No more than three months (February to April 2020)
Hubei	All enterprises (except governmental offices and government-funded institutions)	Exempted	No more than five months (February to June 2020)
All Mainland China	Enterprises with severe operating difficulties due to the epidemic	Deferral contribution (with late payment surcharges waived)	No more than six months, local practices may vary

The scope of eligible enterprises is to be determined by local governments.

- ▶ **Housing funds** - Defer payment of housing funds till June 2020

Enterprises affected by the epidemic may apply to defer housing funds payments till the end of June 2020.

Further, for individuals whom have borrowed from housing funds but may have failed to repay this part of their mortgage (due to the Covid-19 epidemic) will not be regarded as a noncompliance¹³.

It is worth noting that the above policy is not applicable to the mortgage loans from commercial banks, for which, based on what we have observed, the commercial banks may upon receiving applications allow a certain period of deferred payments too. However, it would be fully subject to each bank's discretion and may vary according to individuals' facts and circumstances.

Note:

7. Circular Yinfa [2020] No. 29, http://jrs.mof.gov.cn/zhengcefabu/202002/t20200201_3464819.htm

8. Data was converted from CNY to USD by using the PBC mid-price exchange rate on 2 March 2020 (1 USD = 6.9811 CNY)

9. <http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/3966122/index.html>

10. http://www.gov.cn/xinwen/2020-02/17/content_5479938.htm

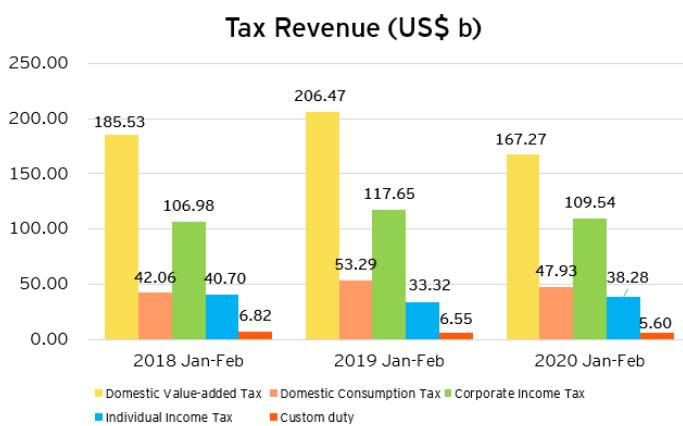
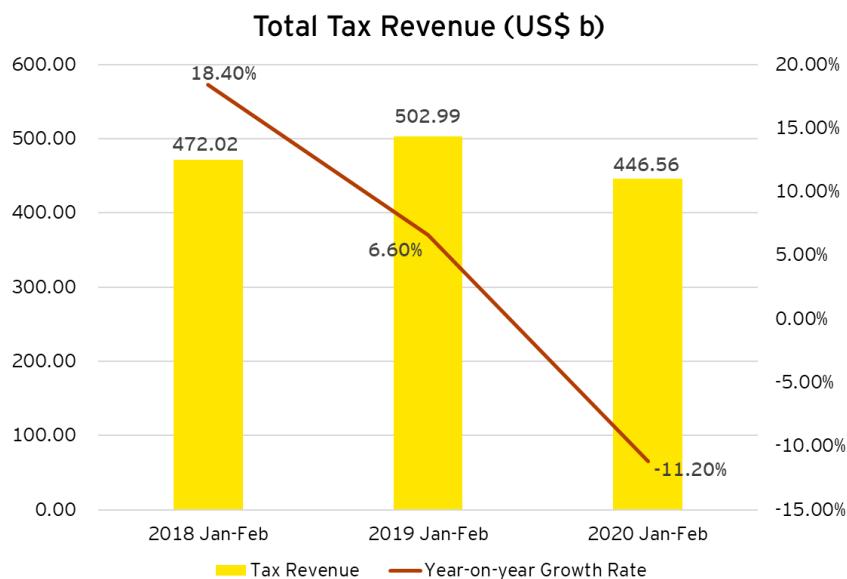
11. http://www.gov.cn/xinwen/2020-02/20/content_5481234.htm

12. <http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/3989112/index.html>

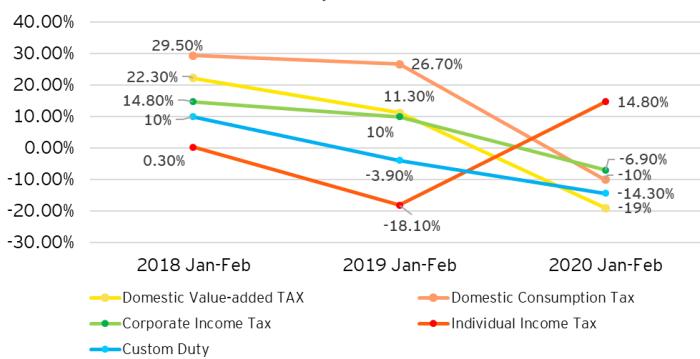
13. http://www.mohurd.gov.cn/wjfb/202002/t20200221_244060.html

Tax policies - nationwide applicable

Tax relief measures have also been provided to businesses, including direct and indirect tax cuts, extra donation deductions and extended tax filing deadlines.



Year-on-year Revenue Growth Rates of Major Taxes



Note:

1. Data were converted from CNY to USD by using the PBC mid-price exchange rate on 2 March 2020 (1 USD = 6.9811 CNY)
<http://www.pbc.gov.cn/zhengcehuobisi/125207/125217/125925/3980113/index.html>
2. Data source:
 2018 Jan-Feb : http://www.mof.gov.cn/mofhome/quokusi/zhengfuxinxiti/tongjishuju/201803/t20180321_2846272.html
 2019 Jan-Feb : http://www.mof.gov.cn/mofhome/quokusi/zhengfuxinxiti/tongjishuju/201903/t20190318_3195073.html
 2020 Jan-Feb :
http://gks.mof.gov.cn/tongjishuju/202003/t20200324_3487618.htm

Key medical and epidemic prevention-related supplies (Key Supply Enterprises, "KSEs")

To cope with the epidemic, many Key Supply Enterprises ("KSEs") have been extremely overloaded to meet the exponential growth of market demand. In addition to the manpower shortage, they also need to put in more capital investment to increase capacity. To support the uplift of production capacity, the Chinese government allows the equipment purchased (no cap on unit value) by KSEs to be treated as one-off deductible items for Corporate Income Tax (CIT) purposes, while a full refund is granted for the companies to recoup incremental input VAT credits accrued. Such incentives help to alleviate relevant companies' cash flow pressures.

► Applicable scope

CIT and VAT incentives will be granted to KSEs prescribed by local development and reform departments (DRDs) OR industry and information technology departments (IITDs) at or above the provincial level.

Unlike setting a quantitative and/or qualitative criteria on incentives for supporting certain industries, the applicable scope of this temporary supporting policy is a detailed list with company's name specified. It's hard to call it as a "qualifying" list, rather it is a designated list of companies which are competent and willing to respond to the government's urgent calls for dealing with the epidemic.

Different provinces have their own respective lists of designated KSEs which may be updated on a periodic basis. Relevant businesses may need to have a regular check of the lists or contact with local DRDs and/or IITDs to learn about the local criteria to get qualified.

According to the lists we have seen so far, qualified KSEs have covered as broad as pharmaceutical manufacturers and sales, medical and contamination protective gear supply manufacturers.

► Tax incentives

Prescribed KSEs are entitled to:

- ✓ **CIT incentive:** equipment purchased by KSEs for expanding production capacity can be deducted one-off in the same period.
- ✓ **VAT incentive:** KSEs may apply a full refund of the incremental input VAT credits as compared with the end of December 2019.

► Policy analysis

- ✓ CIT: One-off deduction of equipment acquired

Under the prevailing tax policies, an enterprise may claim a CIT deduction in one go for any device or equipment newly acquired between 1 January 2018 and 31 December 2020, provided that the unit value of the device or equipment does not exceed RMB5 million. To effectively support KSEs in this public health urgency context, the Chinese government temporarily removed the unit value cap.

The CIT incentive takes effect on 1 January 2020. KSEs may enjoy the incentive as early as they perform provisional CIT filing for the first quarter of year 2020. There is no approval or record-filing requirement on such CIT preferential treatment, but relevant supporting documents shall be kept for possible verifications in the future.

- ✓ VAT: refund of the incremental input VAT credits

To apply for refund of the incremental input VAT credits, a taxpayer is generally required to meet all the prescribed criteria, e.g. the taxpayer credit rate has to be "A" or "B"; the taxpayer has not enjoyed certain preferential VAT refund policies since 1 April 2019.

By far, for KSEs, no requirements have been set like the above to enjoy this VAT incentive. Qualifying KSEs may apply to the competent tax authorities for a full refund of the incremental input VAT credits incurred from 1 January 2020 on monthly basis.

► Effectiveness

The above preferential tax policies took effect on 1 January 2020. Currently, the policy does not specify the valid date, but it should not be a long term one. Consider the influence that the epidemic would bring and the contributions that the above enterprises brought, and please note that the Chinese government may extend the validity if it is necessary and appropriate after the epidemic.

Nonetheless, the investment in large-scale equipment also needs to be carefully measured, given that the explosive demand increase of certain medical protection products caused by the epidemic may only be temporary. KSEs should decide according to a thorough review of its cash flow, long term market demand and operation needs, to find a balance between the enjoyment of tax incentives and capital investment.

Service industry

COVID-19 hits traditional service businesses much more than digitalized companies, with the most affected industries including transportation, tourism, hotels, and restaurants, as these industries offer a lot of employment. As a response to such challenges, local governments have also established a batch of short-term hardship relief offers.

CIT - extend the carry-forward period for loss from 5 years to 8 years

► Applicable scope

This CIT hardship reliefs apply to four industries, i.e., transportation, catering, accommodation and tourism industries. The prevailing Industrial Classification for National Economic Activities applies.

Industries	Applicable Scope
Transportation industry	<ul style="list-style-type: none">► including railway, road, water, aviation, pipeline transportation, etc.;► also includes transportation agency industries
Catering industry	<ul style="list-style-type: none">► covers dining, fast food, beverage/cold drinks services, catering delivery and takeaway delivery services are also covered.
Accommodation industry	<ul style="list-style-type: none">► short-term accommodation for tourists, including hotels, bed and breakfasts, homestays, campsite services and etc.► long-term housing rental on monthly/yearly basis is NOT eligible
Tourism industry	<ul style="list-style-type: none">► Travel agencies and related services, tourist attractions management

► Criteria

The eligible business income shall account for more than 50% of the total annual income (excluding non-taxable income and investment income) for year 2020.

► Policy analysis

Under prevailing policies, the loss incurred by enterprises can be generally carried forward up to 5 years. Now the period is extended to 8 years for the enterprises engaging in the aforementioned four industries.

It is worth-noting that, currently, the loss incurred by High-and-New Technology Enterprises (HNTEs) and Technology-based Small and Medium-sized Enterprises (TSMEs) can be carried forward up to 10 years. According to the lists of HNTEs published by local governments, enterprises engaging in certain services including tourism and transportation industries may also be recognized as HNTEs and thus eligible for the 10-year loss carry-forward period. Therefore, where the enterprises are recognized as HNTEs or TSMEs, the 10-year loss carry-forward period should prevail.

To enjoy the policy, businesses shall submit an online declaration when performing 2020 annual CIT filing.



VAT and local tax/surcharges incentives - Income derived from certain services can be exempted from VAT and local tax/surcharges

The income derived by taxpayers from providing the prescribed services may be exempted from VAT and local tax/surcharges (City Construction Tax, Education Surcharges and Local Education Surcharges).

✓ Transportation of key supplies under the epidemic

The scope of key supplies is defined by recent Circular Fagaibancajin [2020] No. 145¹⁴. In addition, Ministry of Industry and Information Technology (MIIT) also released a list of key supplies i.e. medical related¹⁵. During the epidemic, any income derived by taxpayers from the transportation of key supplies shall be exempted from VAT and local tax/surcharges, regardless the transportation methods.

✓ Public transportation services

Public transportation services cover ferry, bus, subway, urban light rail, taxi, long-distance bus, shuttle bus. Qualifying online car hailing service also fall within the scope of public transportation services.

The income derived from air transportation of passengers is excluded.

✓ Lifestyle services

The lifestyle services cover cultural and sports services, education and medical services, tourism and entertainment services, catering and accommodation services and many others. Most of traditional brick-and-mortar businesses in this area have been greatly hit by the epidemic, while online-service businesses have been doing relatively well.

As the lifestyle service industry has a wide coverage, taxpayers are recommended to conduct self-assessment based on published rules. Some examples include: VAT and local tax/surcharges shall be exempted only on the income derived by catering enterprises, courier companies' delivery service fees from individuals, or income of hotels which are appointed by the government to provide accommodations for individuals subject to centralized quarantine isolation.

► **Effectiveness**

The above-mentioned policy shall become effective from 1 January 2020. The expiration date will be announced separately depending on the development of the epidemic.

Urban Land Use Tax (ULUT) reductions for logistics enterprises

To relief the burdens on logistics enterprises, the central government has extended ULUT tax incentive. ULUT on the land used by logistics enterprises for bulk commodity storage facilities can enjoy a 50% reduction, effective from 1 January 2020 to 31 December 2022¹⁶.

IIT and tax policies on donations

In addition to above policies to help the businesses cope with the viral hit, the Chinese government has also issued several policies showing appreciations to individuals who have made donations or those who fight on the frontline, including granting IIT exemptions on additional allowance and bonus received by medical professionals and first responders in the epidemic.

Further, to encourage the donations to tackle the epidemic, the government also provides certain new rules applied under this special context:

- Remove the deduction cap for donations - qualifying donations can be deducted in full for CIT/IIT purposes
- Expansion of the scope of donations recipients: qualifying goods donated directly to qualifying hospitals are allowed to be deducted in full, except for cash donations
- Exemption of VAT, Consumption Tax and local tax/surcharges on donations of self-produced, contract-processed or purchased goods
- Exemption of import duties and import-level taxes for cross-border donations
- For prescribed imports from USA, the tariff reduction obligations suspended will be resumed and the additional tariffs that have already been levied will be refunded

Note:

14. https://www.ndrc.gov.cn/xxgk/zcfb/tz/202002/t20200220_1220796.html

15. <http://www.miit.gov.cn/n973401/n7647394/n7647399/c7678018/content.html>

16. <http://www.chinatax.gov.cn/chinatax/n810341/n810755/c5146877/content.html>

Tax policies – local rules

In addition to the above-mentioned central fiscal and tax policies, local governments have also introduced several other policies that are local driven including Real Estate Tax (RET) and Urban Land Use Tax (ULUT) to relieve the pressure of local businesses, including:

- ▶ Small and medium-sized enterprises and enterprises with severe difficulties due to the epidemic could be exempt from real estate tax (RET) and Urban Land Utilization Tax (ULUT);
- ▶ Landlords who choose to offer reduction or exemption on office rent for self-employed industrial and commercial households, will be allowed to claim RET and ULUT exemption;
- ▶ Some local governments (such as Chongqing, Fujian, Guangdong, Hebei, Shanghai) will provide short-term tax relief for self-employed, small businesses on deemed bases to support those whom may be severely affected by the epidemic.

Tax administrations – temporary adjustments

In order to alleviate the burden of taxpayers, the Chinese government announced temporary adjustments in certain tax collection and administration areas, including:

- ✓ Extension of tax filing deadline: monthly tax filing deadline of March 2020 were extended to 31 Mar 2020 for businesses in Hubei Province and 23 March 2020 for those in other regions. Further extension may be applied subject to individual application and case-by-case review. Where taxpayers who are affected by the epidemic fail to do tax filling on time, relevant incompliance penalties might be exempted.

The policy only granted the extension to monthly filings, e.g. VAT monthly filing. Although it did not cover other types of filings (including quarterly filings and nonresidents filings), according to Tax Collection and Administration Law, if a taxpayer (including nonresident taxpayer) has difficulty for filing on time, it may apply for the extension. The STA official WeChat account confirmed this interpretation on 27 March 2020¹⁷.

- ✓ Defer tax payment: enterprises (especially small-sized enterprises with marginal profit rate) severely affected by the epidemic may be granted of tax payment deferral subject to individual application and case-by-case review.
- ✓ Temporary waiver of on-site verification for VAT invoice related applications
- ✓ Better law enforcement: tax authorities should hold off ① tax inspections unless significant risks were identified; ② on-site inspections unless further approval granted; ③ cancelling taxpayers' invoices requests unless illegal acts were found

Take away

We remain positive that China's economy will recover gradually while the COVID-19 epidemic impact diminishes. However, it is a real concern that global economic growth will be impacted and may take a while to recover. The above-mentioned policies could help relevant companies to bounce back and meet some of their business needs. Companies are advised to check the criteria of respective policies and related administrative requirements. For example, for the deferred payment of housing funds, relevant companies should submit applications before the end of June. More details about the application process are gradually released and we will update you as soon as these come to hand. Furthermore, as the recent policies are targeting epidemic relief, all provisions are going to be temporary; businesses should pay attention to the validity of relevant policies to make the best use of the benefits within the period. At the same time, from a long-term perspective, it may be a good opportunity for certain industries (e.g., industries that are related to epidemic prevention and healthcare) to undertake strategic expansion while contributing to society along with the increase in global demand and policy support.

With the contagion in China gradually under control, the afore-mentioned measures are expected to not only provide strong support to businesses, they can also boost up market confidence. With solid supporting policies, despite the viral disturbance, it is not unreasonable to expect that the economy would bounce back steadily as such signs of restoration in the domestic market are gradually revealed.

After this epidemic, policy-makers may shift to seek new directions with the consideration of new economies and challenges we are currently facing and formulate long-term macroeconomic policies to support the country's financial performance. EY will keep you updated on further policy developments in this regards. Please stay tuned.

Stay safe! Stay healthy!

Note:

17. <http://www.chinatax.gov.cn/chinatax/c101530/c5147393/content.html>



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