

# GARRIGUES

TAX CHINA

MAY 2016



NAME	DATE OF EFFECTIVENESS	GARRIGUES INSIGHT
<p>关于软件和集成电路产业企业所得税优惠政策有关问题的通知/ Circular on Issues concerning Preferential Enterprise Income Tax Policies for Software and Integrated Circuit Industries</p>	01/01/2016	<p>According to the Circular, software and integrated circuit enterprises that enjoy preferential tax policies set out in the Document (Cai Shui [2012] No.27) shall, at the time of final settlement each year, handle the filing with tax authorities in accordance with the Announcement of the State Administration of Taxation on Promulgating the Measures for Handling Enterprise Income Tax Preferences, and submit the filing materials set forth in the List of Filing Materials of Software and Integrated Circuit Enterprises Enjoying Preferential Enterprise Income Tax Policies at the same time. The Circular also specifies the scope of “integrated circuit producers”, “integrated circuit designers” and “software enterprises” mentioned in the Document (Cai Shui [2012] No.27). In addition, the Circular provides that software and integrated circuit enterprises shall calculate the period for enjoying tax deduction or exemption from the profit-making year.</p>
<p>关于修改按经费支出换算收入方式核定非居民企业应纳税所得额计算公式的公告/ Announcement on Revising the Calculation Formulas for Assessing Taxable Income of Non-resident Enterprises Based on Revenue Converted from Operational Expenditures</p>	01/05/2016	<p>The Announcement specifies:</p> <ol style="list-style-type: none"> <li>I. The calculation formula prescribed in Sub-item 1, Item 1 of Article 7 of the Interim Measures for the Taxation Administration of Resident Representative Offices of Foreign Enterprises is revised to be: Taxable income=current operational expenditures/ (1-profit rate determined by the tax authority) x profit rate determined by the tax authority.</li> <li>II. The calculation formula prescribed in Item 3 of Article 4 of the Measures for the Administration of the Levy of Income Tax on Non-resident Enterprises by Assessing is revised to be: Taxable income=current operational expenditures/ (1-profit rate determined by the tax authority) x profit rate determined by the tax authority.</li> <li>III. The calculation formula prescribed in Item 13 of Article 7 in Appendix 6 of the Announcement of the State Administration of Taxation on Promulgating the Annual Non-resident Enterprise Tax Return of the People’s Republic of China and Other Returns is revised to be: Converted revenue=total of operational expenditures/ (1-profit rate determined by the tax authority).</li> </ol>

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<p>关于发布《营业税改征增值税跨境应税行为增值税免税管理办法（试行）》的公告/ Announcement on Administrative Measures for the Exemption of Value-added Tax on Cross-border Taxable Activities under the Collection of Value-added Tax in Lieu of Business Tax (for Trial Implementation)</p>	01/05/2016	<p>Compared with relevant previous measures, the Measures contain the following revisions:</p> <p>First, the construction services, financial services, consumer services, etc. which have been newly included in the pilot collection of the Value-added Tax (“VAT”) in lieu of Business Tax (“BT”) are added into the types of cross-border taxable activities which are exempted from tax, and the specific content of and implementation standards for the cross-border tax exemption policy applicable to the aforesaid taxable activities are clarified.</p> <p>Second, the implementation standards for the tax exemption policies applicable to cross-border services which have been previously included in the pilot collection of VAT in lieu of BT are standardized and refined in accordance with the Provisions on the Zero Value-added Tax Rate and Tax Exemption Policies Applicable to Cross-border Taxable Activities.</p> <p>Third, the record-filing procedures for exemption of tax on cross-border taxable activities are standardized in accordance with the Administrative Measures for Tax Reduction and Exemption, with the obligations and duties of enterprises and tax authorities clarified.</p> <p>Fourth, with respect to cross-border taxable activities which are in line with the zero tax rate policy but are subject to simple taxation method or those taxpayers renounce the application of zero tax rate and choose tax exemption, the tax exemption administration is connected with administrative measures for the zero rate tax refund (exemption), with requiring the taxpayers to provide statements on renouncing the application of zero tax rate and choosing tax exemption and other tax exemption record-filing materials.</p>

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<p>关于全面推进资源税改革的通知/ Circular on Comprehensively Promoting the Reform of Resource Tax</p>	<p>01/07/2016</p>	<p>The Circular provides that:</p> <ol style="list-style-type: none"> <li>1. The collection scope of resource tax shall be expanded to gradually cover other natural resources and the pilot reform of water resource tax shall be implemented;</li> <li>2. he reform of price-based calculation and collection of mineral resource tax shall be carried out for 21 kinds of resources listed in the Schedule of Resource Tax Categories and Rates and other metal ores not listed therein, and the tax basis is adjusted from the sales volume of raw ores to the sales price of raw ores, concentrates (or products from raw ore processing), primary products of sodium chloride or gold ingots; and</li> <li>3. Fees and funds involving mineral resources shall be thoroughly sorted out.</li> </ol> <p>Meanwhile, the Circular specifies that for the relevant resources, provincial governments shall put forward the specific suggestions on applicable tax rates within the prescribed scope of tax rates and submit the same to the Ministry of Finance and the State Administration of Taxation for approval. In addition, the Circular stresses that all the revenue from mineral resource tax included in this reform belongs to local financial revenue.</p>
<p>关于〈中华人民共和国政府和巴林王国政府关于对所得避免双重征税和防止偷漏税的协定〉议定书生效执行的公告/ Announcement on the Effectiveness and Execution of the Protocol of the Agreement between the Government of the People's Republic of China and the Government of the Kingdom of Bahrain for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income</p>	<p>01/04/2016</p>	<p>The protocol makes five amendments to the Agreement, such as updating Article 2 titled Taxes Covered of the Agreement as the applicable tax in China therein is changed from the previous "income tax for enterprises with foreign investment and foreign enterprises" into "enterprise income tax", and updating the criteria of Resident of a Contracting State in Paragraph 1 of Article 4 in the Agreement as the head office is changed into the place of establishment or effective management.</p>

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<p>关于印发《税务稽查随机抽查对象名录库管理办法（试行）》的通知/ Administrative Measures for the List of Tax Inspection Objects Subject to Random Check (for Trial Implementation)</p>	24/05/2016	<p>According to the Measures, the objects subject to random check include all the taxpayers, withholding agents and other tax-related parties within the jurisdictions of tax bureaus at all levels, and inspection offices of tax bureaus at or above the city level shall classify the objects subject to random check as key ones and non-key ones. The key objects under the State Administration of Taxation ("SAT")'s inspection are divided into four categories, including "key tax source enterprises with larger-scale tax payment as determined by the inspection office under the SAT". The Measures specify that provincial and municipal tax bureaus shall establish a list of objects with abnormal circumstances, and include in such list those falling under any of the circumstances such as "being impeached for any tax-related illegal act twice within two years, which is proved to be true upon inspection". The Measures also require reasonable and moderate ratios and frequencies of random check.</p>

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