

GARRIGUES

TAX CHINA

OCTOBER 2016



NAME	DATE OF EFFECTIVENESS	GARRIGUES INSIGHT
<p>关于开展赋予海关特殊监管区域企业增值税一般纳税人资格试点的公告/ Announcement on Implementing the Pilot Program of Qualifying Enterprises in Areas under Special Customs Supervision as General Value-added Taxpayers ("Announcement")</p>	01/11/2016	<p>The Announcement specifies areas subject to the pilot program, the voluntariness of enterprises' participation in the pilot program, taxation policies for such pilot program, information exchange between tax authorities and customs, and other relevant contents.</p> <p>According to the Announcement, pilot enterprises who distribute goods domestically (including those that sell to any other pilot enterprise within areas under the special customs supervision) shall:-</p> <ul style="list-style-type: none"> (a) issue special value-added tax ("VAT") invoices according to provisions; (b) declare and pay VAT and consumption tax pursuant to relevant provisions; and (c) claim general VAT invoices for such goods purchased outside the areas under special customs supervision. <p>The Announcement also stipulates that:-</p> <ul style="list-style-type: none"> (a) goods imported by pilot enterprises are still subject to bonded policies; (b) for goods exported by pilot enterprises, tax refund may be claimed once such exported goods have departed from the territory; and (c) equipment imported by pilot enterprises for self-use is temporarily exempted from import duties, import VAT and consumption tax.
<p>关于调整化妆品消费税政策的通知/ Circular on Adjusting Consumption Tax Policies for Cosmetics ("Circular")</p>	01/10/2016	<p>According to the Circular, consumption tax imposed on cosmetics of general beauty treatment and makeup will be abolished. Instead, the general term of "cosmetics" is changed to "Luxury Cosmetics", including luxury beauty treatment and makeup, luxury skin care cosmetics and complete sets of cosmetics, which will be subject to the consumption tax at the rate of 15% after adjustment.</p> <p>Luxury Cosmetics refer to the cosmetics whose selling price (i.e. dutiable value, but value added tax is excluded) is equal to or above CNY10 per milliliter (gram) or CNY15 per piece (sheet) during the process of production (import).</p>

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<p>关于完善预约定价安排管理有关事项的公告/ Announcement on Improving Matters Related to the Administration of Advanced Pricing Arrangement ("Announcement")</p>	11/12/2016	<p>The Announcement devolves the authorities for accepting the Advanced Pricing Arrangement ("APA"), clarifying that the acceptance of such arrangement shall go to competent tax authorities responsible for matters on special tax adjustment, except for those cases to be accepted by the State Administration of Taxation ("SAT").</p> <p>The Announcement stipulates that, after adjustment, the year to which the APA applies to, shall be counted from the taxable year to the date that the competent tax authorities serve the Notice on Taxation Matters to enterprises whose letter of intent has been accepted.</p> <p>In addition, the Announcement newly introduces the following:-</p> <ul style="list-style-type: none"> - articles concerning tax authorities' refusal to the letter of intent, prioritized acceptance of formal applications and refusal of formal applications; - optimizing formalities related to analysis and evaluation, monitoring and execution; - articles for the information exchange under unilateral APA; and - making the commitment that those unilateral APAs concluded after April 1, 2016 will be covered under the framework of compulsory spontaneous information exchange, which will be subject to regular information exchange with relevant countries (regions) as taxpayers will be informed of such requirements.
<p>关于实施违规开具机动车销售统一发票的机动车企业名单公示制度的公告/ Announcement on Implementing the System of Publicizing a List of Motor Vehicle Enterprises with Illegal Issuance of Standard Invoices for the Sale of Motor Vehicles ("Announcement")</p>	01/11/2016	<p>The Announcement specifies that motor vehicle enterprises shall include both manufacturers and distributors of motor vehicles. If any of such enterprises fails to meet any of three listed circumstances, such as "failing to issue invoices according to the actual total price and other charges received for the sale of a motor vehicle for more than twice (including twice) or the circumstance is serious", it will be included into the said list and further publicized.</p> <p>The Announcement stipulates that tax authorities may take four types of actions according to law against those motor vehicle enterprises included in the said list, such as 'providing new invoices conditioned by the return (verification) of old ones or strictly limiting the supply of invoices, regarding the supply of standard invoices for the sale of motor vehicles for such enterprises.'</p> <p>Furthermore, the Announcement requests municipal tax authorities to organize manpower to visit motor vehicle enterprises within their respective regions for verification and examination from time to time every year. The percentage of motor vehicle enterprises visited and examined shall be no less than 10% of all such enterprises within their respective regions.</p>

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<p>关于进一步优化外贸综合服务企业出口货物退（免）税管理的公告/ Announcement of the State Administration of Taxation on Further Optimizing the Administration of Tax Rebates (Exemptions) on Exported Goods for Integrated Foreign Trade Service Enterprises (“Announcement”)</p>	<p>01/10/2016</p>	<p>The relevant matters are hereby announced as follows:</p> <p>I. State tax authorities shall open green channels (special service areas) for Class I Integrated Foreign Trade Service Enterprises (“ISEs”) to give them priority on handling export tax rebate, and build a key contact system to solve export tax rebate (exemption) issues for enterprises in a timely manner.</p> <p>II. State tax authorities shall handle tax rebate (exemption) as follows based on the tax rebate category of ISEs:</p> <p>1. For Class I ISEs which are deemed to meet the following requirements upon review, competent state tax authorities shall complete export tax rebate (exemption) formalities for such ISEs within five working days from the date of accepting the application:</p> <ul style="list-style-type: none"> (1) the electronic data submitted is consistent with the clearance information in the customs export declaration form and the information in the special VAT invoice; (2) the export tax rebate (exemption) amount is accurate; (3) no early warnings against risk identified by the State Administration of Taxation (“SAT”) and all the provincial offices of the SAT is involved; and (4) the taxation credit rating of the small and medium-sized manufacturers that receive services from ISEs shall achieve A or B. <p>2. For Class II ISEs which are deemed to meet the following requirements upon review, competent state tax authorities shall complete export tax rebate (exemption) formalities for such ISEs within ten working days from the date of accepting the application:</p> <ul style="list-style-type: none"> (1) the relevant provisions on export tax rebate (exemption) are met; (2) the electronic data submitted is consistent with the clearance information in the customs export declaration form and the information in the special VAT invoice; and (3) no suspicion is found upon review or any suspicion identified have been eliminated. <p>3. For Class III ISEs which are deemed to meet the following requirements upon review, competent state tax authorities shall complete export tax rebate (exemption) formalities for such ISEs within fifteen working days from the day of accepting the application:</p> <ul style="list-style-type: none"> (1) the relevant provisions on export tax rebate (exemption) are met; (2) the electronic data submitted is consistent with the clearance information in the customs export declaration form and the information in the special VAT invoice; and (3) no suspicion is found upon review or any suspicion identified have been eliminated.

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4. For Class VI ISEs, competent state tax authorities shall check if the following requirements are met, and upon review and elimination of all suspicions identified, complete export tax rebate (exemption) formalities within twenty days from the date of accepting the application:

- (1) the hard copies of the documents and materials submitted match for and are logically consistent with the electronic data;
- (2) the electronic data submitted is consistent with the clearance information in the customs export declaration form and the information in the special VAT invoice; and
- (3) with respect to outsourced export goods for export tax rebate (exemption), state tax authorities shall, by issuing an official letter, review the invoices of a certain proportion of suppliers in a random manner.

III. Where an ISE exports goods with authorization from a small and medium-sized enterprise (“SME”) and applies for issuance of the Certificate of Authorized Goods Export, such ISE shall indicate “WMZHFW” in the remark column of the Application Form for Certificate of Authorized Good Export. Competent state tax authorities may deliver the electronic copy to the competent state tax authority which has jurisdiction over the SMEs, instead of issuing a hard copy of such Certificate. With respect to the export business where ISEs hold the Certificate of Authorized Goods Export, the authorizing enterprises shall apply for export tax rebate (exemption) subject to existing regulations, and no hard copy of Certificate of Authorized Goods Export is required.

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