

NEWSLETTER

TAX CHINA • JANUARY 2017

75
1941-2016
GARRIGUES



LAW BRIEF

NAME

DATE OF EFFECTIVENESS

GARRIGUES INSIGHT

关于明确金融、房地产开发、教育辅助服务等增值税政策的通知/
Circular on Value-added Tax ("VAT") Policies for Financial, Real Estate Development, Education Ancillary Service and Other Services ("Circular")

01/05/2016

I. "Break-even revenue, remuneration, fund possession fee, and compensation" specified in Cai Shui [2016] No.36 refer to investment income on principal that can be recovered upon maturity as definitely committed to in the contract. The non-break-even proceeds obtained during the holding period (including the maturity date) of financial instruments are not deemed as interest or interest income and are not subject to VAT.

II. Negative difference of the transfer of financial goods from January 2016 to April 2016 can be transferred to the next tax filing period, and may offset the sales income for the transfer of financial products from May 2016 to December 2016.

III. With respect to the education ancillary services provided by general taxpayers, VAT will be calculated and paid at a tax rate of 3% under the simplified tax calculation method.

IV. Where taxpayers provide guard and escort services, VAT for the provision of "security services" shall be paid.

V. Property service enterprises shall pay VAT under "construction services" for the decoration services provided to owners.

VI. Where taxpayers provide catering businesses that involves the sale of takeaway food, VAT shall be paid under the "catering service".

关于《中华人民共和国政府和智利共和国政府对所得避免双重征税和防止逃避税的协定》及议定书生效执行的公告/
Announcement on the Effectiveness of the Agreement between the Government of the People's Republic of China and the Government of the Republic of Chile for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income ("Announcement")

08/08/2016

The State Administration of Taxation has issued the Announcement [2016] No.79 which specifies that the Agreement between the Government of the People's Republic of China and the Government of the Republic of Chile for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (the "Agreement") is applicable to income obtained on January 1, 2017 and thereafter.

The Agreement has been published on the website of the State Administration of Taxation.

NAME**DATE OF
EFFECTIVENESS****GARRIGUES
INSIGHT**

关于土地价款扣除时间等增值税征管问题的公告/
Announcement of the State Administration of Taxation on the Timing for Deducting the Land Price and Other Issues concerning VAT Collection and Administration (“Announcement”)

24/12/2016

I. Where the land price and the compensation for relocation paid by a real estate developer to the government department and other entities or individuals that have not been deducted shall be deducted from December 2016.

II. Where the original tax rate applied to the taxpayer is higher than the tax rate of the taxable item specified in the Cai Shui [2016] No.140, the excess part of declared output tax could offset the output tax in subsequent months.

III. Where the original tax rate applied to the taxpayer is lower than the tax rate of the taxable item specified in Cai Shui [2016] No.140, the declared tax cannot be adjusted retrospectively and the provisions of Cai Shui [2016] No.140 become valid from December 2016.

IV. A taxpayer’s lease of real estate within the rent-free period in the lease contract shall not be categorized as deemed sales according to Article 14 of the Cai Shui [2016] No.36.

海关总署公告2016年第89号 - 关于2017年关税调整方案的公告/
Announcement of the General Administration of Customs [2016] No.89-Announcement on the 2017 Tariff Adjustment Plan

30/12/2016

I. In respect of the most favoured nation rate of duty on the information technology products as listed in the Schedule to the Amendment on the Tariff Concession Schedule of the Accession of the People’s Republic of China to the WTO, the first tax reduction will be effective from January 1, 2017 to June 30, 2017 and the second tax reduction will be effective from July 1, 2017.

II. Eight classes of commodities (including wheat) will continue be subject to the tariff quota administration with unchanged tariff rates. In particular, three kinds of fertilizers, namely, urea, compound fertilizer and ammonium hydrogen phosphate will continue to be subject to a temporary tariff rate of 1%. Sliding duties will be imposed on a certain amount of cotton imported beyond the quota.

III. Export tariffs will be levied on 213 exported commodities including ferrochrome, of which 50 commodities will be subject to a temporary tariff rate of zero.

关于启用全国增值税发票查验平台的公告/
Announcement on Initiating the National VAT Invoice Inspection Platform (“Announcement”)

01/01/2017

The Announcement specifies that taxpayers could log in National VAT Invoice Inspection Platform (<https://inv-veri.chinatax.gov.cn>) to examine VAT special invoices, VAT general invoices, motor vehicle sales invoices and electronic VAT special invoices issued by the new system

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