

GARRIGUES

NEWSLETTER
TAX CHINA

JUNE 2017



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| NAME | DATE OF EFFECTIVENESS | GARRIGUES INSIGHT |
|--|-----------------------|--|
| <p>财税[2017]41号 关于广告费和业务宣传费支出税前扣除政策的通知/ Cai Shui [2017] No.41 Circular on the Tax Deductible Expenses for Advertising and Business Promotion ("Circular")</p> | 27/05/2017 | <p>I. Threshold of Tax Deductible Expenses for Advertising and Business Promotion ("Expenses") in Specified Industries ("Threshold")</p> <p>The Circular allows a Threshold up to 30% of the sales revenue for tax deductible Expenses incurred in the following industries:</p> <ul style="list-style-type: none"> - Cosmetics manufacturing or trading enterprises; - Pharmaceutical manufacturing enterprises; and - Beverage manufacturing enterprises (excluding alcohol manufacturing enterprises). <p>The part that exceeds the Threshold is permitted to be carried forward to the subsequent tax years for deduction purpose.</p> <p>The Circular also specifies that the Expenses incurred by tobacco enterprises are not allowed to be deducted before tax.</p> <p>II. Tax Deduction Policy for Related Parties with Expenses Sharing Agreement ("Agreement")</p> <p>For related parties that have signed agreements for sharing the Expenses, Expenses incurred by one party that not exceeding the Threshold in the current year are allowed to be:</p> <ul style="list-style-type: none"> - Deducted by the party; or - Accumulated by other parties for deduction according to the Agreement. <p>The party that accumulates the deduction of other parties may exclude the accumulated deduction when checking whether the Expenses incurred exceed the Threshold.</p> |
| <p>海关总署公告2017年第22号 关于公布2017年7月1日起新增香港澳门享受零关税货物原产地标准及相关事宜的公告/ Announcement of the General Administration of Customs [2017] No.22 Announcement on Issuing the Origin Criteria for Newly Added Goods from Hong Kong and Macao Entitled to Zero Tariff from July 1, 2017 and Related Matters</p> | 01/07/2017 | <p>The lists goods with zero tariff could be found on the website of PRC customs:</p> <p>http://www.customs.gov.cn/publish/portal0/tab49659/info853609.htm</p> |

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国家税务总局关于实施高新技术企业所得税优惠政策有关问题的公告/
Announcement of the State Administration of Taxation on Relevant Issues Concerning the Implementation of Preferential Tax Policies for High and New-Technology Enterprise ("Announcement")

19/06/2017

After obtaining the High and New-Technology Enterprise ("HNTE") qualification certificate, the enterprise could enjoy the tax preferential treatment from the year in which the certificate is issued and shall perform record filing with in-charge tax authorities in accordance with the regulations.

In the year that the HNTE qualification certificate expires, the enterprise income tax shall also be prepaid at the preferential rate of 15% in the quarterly filings prior to the re-determination and renew of HNTE qualification certificate. If the enterprise has not been re-granted the HNTE qualification by the end of the expiry year, the underpaid taxes shall be paid up accordingly at the standard enterprise income tax rate of 25%.

If the tax authorities find out that the HNTE enjoying tax preferential treatment does not meet the stipulated requirements, the tax authority could request the Certification Institution to re-examine on the HNTE status of the said enterprise. If the said enterprise is found disqualified during the re-examination, Certification Institution shall cancel the HNTE qualification and inform the tax authorities to claim back the underpaid tax since the year of disqualification.

HNTEs that enjoy tax benefits shall submit record filing form on enterprise income tax preferential treatment to the tax authorities, perform record filing procedure and keep the relevant document for potential future inspection.

The Announcement is applicable to Annual Filing of 2017 and thereafter.

关于《环境保护税法实施条例（征求意见稿）》向社会公开征求意见的通知/
Announcement on Seeking Public Comments on the Implementing Regulations for the Law on Environmental Protection Tax (Discussion paper) ("Announcement")

N/A

The Announcement sets forth and specifies terms in Environmental Protection Tax Law such as air pollutants, water pollutants, solid waste, noise and etc.

A number of indicators have been assigned to a number of terms in order to determine the tax base and the taxable amount. For example:

- The pollutant discharge amount refers to the amount of taxable air pollutants contained in the exhaust gas as well as water pollutants contained in sewage water.
- The term "Pollution Equivalent Value" refers to the specific quantitative index or value of the taxpayer's discharge of taxable air pollutants and water pollutants to the environment.
- The discharge amount of solid waste shall be calculated as below except for the case of overdue and misstated tax filing as well as illegal dump of taxable solid waste:

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- Discharge amount of solid wastes = generated amount of solid wastes in the current period - comprehensive utilization amount of solid wastes in the current period - storage amount of solid wastes in the current period - Disposal amount of solid wastes in the current period

If the discharges or waste do not exceed the statutory or local standard in the following circumstances, environmental protection tax may be reduced:

- the livestock and poultry waste from large scale livestock farming;

- the average hourly concentration of taxable air pollutants or the average daily concentration of taxable water pollutants.

Local in-charge tax authority shall be responsible for the collection and tax filing of Environment Protection Tax, whereas the environment protection department will be responsible for formulating specifications on the supervision of pollutants and strengthen the supervision on the discharge of taxable pollutants.

关于资管产品增值税有关问题的通知/
Announcement on the Relevant
Issues Concerning the Value - added
Tax on Asset Management products

01/01/2018

Simplified tax method applies to the management services performed by management person on asset management products (hereinafter referred to as the management person) on a temporary basis at 3% levy rate of value-added tax.

Management person refers to banks, trust companies, public fund management companies and their subsidiaries, securities companies and their subsidiaries, futures companies and their subsidiaries, private equity fund managers, insurance asset management companies, professional insurance asset management agencies and pension insurance companies.

OTHER TAX NEWSLETTER

1. 财税[2017]43号 | 关于扩大小型微利企业所得税优惠政策范围的通知/

Cai Shui [2017] No. 43 | Circular on Widening the Coverage of Enterprise Income Tax Preferential Policies for Small Low-profit Enterprises

2. 财税[2017]44号 | 关于延续支持农村金融发展有关税收政策的通知/

Cai Shui [2017] No. 44 | Circular on Continuing Relevant Tax Policies for Supporting Rural Finance Development

3. 国家税务总局公告2017年第20号 | 关于创业投资企业和天使投资个人税收试点政策有关问题的公告/

Announcement of the State Administration of Taxation [2017] No. 20 | Announcement on the Pilot Tax Policies for Venture Capital Firms and Individual Angel Investors

4. 国家税务总局公告2017年第21号 | 关于简化税务行政许可事项办理程序的公告/

Announcement of the State Administration of Taxation [2017] No. 21 | Announcement of the State Administration of Taxation on Streamlining the Procedures for Handling Tax Administrative Licensing Items

5. 国家税务总局公告2017年第22号 | 关于设有固定装置非运输车辆免税图册有关事项的公告/

Announcement of the State Administration of Taxation [2017] No. 22 | Announcement of the State Administration of Taxation on Relevant Matters concerning the Illustrated List of Non-transport Vehicles with Fixed Installations Eligible for Tax Exemption

6. 国家税务总局公告2017年第23号 | 关于贯彻落实扩大小型微利企业所得税优惠政策范围有关征管问题的公告/

Announcement of the State Administration of Taxation [2017] No. 22 | Announcement of the State Administration of Taxation on Tax Levy and Administration Matters concerning the Implementation of Enterprise Income Tax Preferential Policies with Wider Coverage for Small Low-profit Enterprises

7. 财税〔2017〕46号 关于继续实施扶持自主就业退役士兵创业就业有关税收政策的通知/

Caishui〔2017〕No.46 Announcement on Continuing to Implement Relevant Tax Policies for Self-employment of Retired Soldiers

8. 关于小额贷款公司有关税收政策的通知/

Caishui〔2017〕No.48 Announcement on Relevant Tax Policies on Microfinance Companies

9. 财税〔2017〕52号 关于暂免征银行业监管费和保险业监管费的通知/

Caishui〔2017〕No.52 Announcement on Temporary Exemption of Banking and Insurance Industry Supervision Fee

10. 税总函[2017] 232号 国家税务总局关于做好增值税电子普通发票推行所需税控设备管理工作的通知/

Shui Zong Han [2017] No. 232 Announcement of the State Administration of Taxation on the Management of Tax Control Equipment for the Implementation of Electronic Value-added Tax General Invoices

11. 海关总署公告2017年第23号 (关于实施中国-新西兰海关“经认证的经营者 (AEO) ”互认的公告) /

Announcement of the General Administration of Customs [2017] No.23 (Announcement on the Implementation of Mutual Recognition of Authorized Economic Operator (AEO) of Sino-New Zealand Customs)

12. 海关总署公告2017年第24号 (关于发布海关行业标准的公告) /

Announcement of the General Administration of Customs [2017] No.24 (Announcement on the Issuance of Customs Industry Standards)

13. 国家税务总局关于核定龙凤呈祥 (吉祥如意) 等牌号规格卷烟消费税最低计税价格的通知/

Announcement of the State Administration of Taxation on Determination of the Minimum Taxable Price for the Consumption Tax on Certain Cigarettes brands such as Long Feng Cheng Xiang (Ji Xiang Ru Yi)

SOURCES

1. <http://www.chinatax.gov.cn/>

2. <http://www.mof.gov.cn/>

3. <http://www.lexiscn.com/>

4. <http://www.customs.gov.cn>

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