

GARRIGUES

TAX CHINA

NOVEMBER 2016



NAME	DATE OF EFFECTIVENESS	GARRIGUES INSIGHT
<p>关于高档化妆品消费税征收管理事项的公告/ Announcement of the State Administration of Taxation on the Matters concerning Collection of Consumption Tax on High-end Cosmetics ("Announcement")</p>	19/10/2016	<p>As of October 1, 2016, for taxpayers of high-end cosmetics consumption tax that manufacture high-end cosmetics by using outsourced, imported or commission-processed high-end cosmetics as raw materials ("Taxpayers"), the paid consumption tax on the said raw materials is permitted to be deducted from the consumption tax payable on the manufactured high-end cosmetics.</p> <p>Where the deduction vouchers were issued prior to October 1, 2016 for Taxpayers that are already taxed, the consumption tax to be deducted shall be accrued at the consumption tax rate of the raw material cosmetics prior to November 30, 2016. The overdue accrual shall not be permitted.</p> <p>Taxpayers shall set up consumption tax deduction accounts for high-end cosmetics according to the Circular of the State Administration of Taxation on Adjustment and Improvement on Policies for Administration and Collection of Consumption Tax (Guo Shui Fa [2006] No.49).</p> <p>Appendix II of the Announcement of the State Administration of Taxation [2014] No.72 shall be annulled at the same time.</p>
<p>关于银行业金融机构存款保险保费企业所得税税前扣除有关政策问题的通知/ Circular on the Issues concerning the Policy of Deduction of Deposit Insurance Premium Before Enterprise Income Tax for Banking Financial Institutions ("Circular")</p>	01/05/2015	<p>The issues are hereby clarified as follows:</p> <p>I. The deposit insurance premium rate paid by banking financial institutions at a rate of no more than 0.16‰ according to the relevant provisions of the Regulations on Deposit Insurance is allowed to be deducted before enterprise income tax ("EIT").</p> <p>II. The deposit insurance premium allowed to be deducted before EIT is calculated as follows:</p> <p>The deposit insurance premium allowed to be deducted before EIT = the deposit insurance base * premium rate.</p> <p>The deposit insurance base is subject to the amount verified by the People's Bank of China.</p> <p>III. The deposit insurance premium allowed to be deducted before EIT does not include the overdue fine on deposit insurance premium.</p> <p>IV. Banking financial institutions refer to commercial banks, rural cooperative banks, rural credit cooperatives and other institutions under the Regulations on Deposit Insurance established within the territory of the People's Republic of China that accept deposits.</p>

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<p>关于调整增值税普通发票防伪措施有关事项的公告/ Announcement on Relevant Matters concerning Adjustments to Anti-fraud Measures for Ordinary Value-added Tax Invoices (“Announcement”)</p>	02/11/2016	<p>The Announcement states that the State Administration of Taxation decides to make adjustments to Anti-fraud measures for general value-added tax (“VAT”) invoices. Hence, the general VAT invoices printed as from the fourth quarter of 2016 will be subject to new anti-fraud measures. For the general VAT invoices, the anti-fraud ink used will switch from grey to red. The color of each page of general VAT invoices is rearranged to blue for the first page, brown, green, purple, and pink for each of the remaining pages in sequence. Current general VAT invoices including those unused by taxpayers and those stocked by tax authorities remain usable. In addition, the Instructions on Anti-fraud Measures for General VAT Invoices have been released in the Announcement.</p>
<p>关于继续执行研发机构采购设备增值税政策的通知/ Circular on Continuing the Implementation of Certain Value-added Tax (VAT) Policies for the Purchase of Equipment by Research and Development Institutions (“Circular”)</p>	01/01/2016	<p>The Circular specifies that Chinese-funded research and development (“R&D”) institutions and foreign-funded R&D centers are eligible for VAT refund policies for the purchase of domestic-produced equipment, including eight types of R&D institutions, such as “corporate technical centers identified by the National Development and Reform Commission together with the Ministry of Finance, the General Administration of Customs, the State Administration of Taxation and the Ministry of Science and Technology.</p> <p>The Circular provides that a foreign-funded R&D center, obtaining the qualification for tax refund on or before December 31, 2015 for a period of less than two years and does not need to be reviewed again for its qualification temporarily, or has been reviewed as being eligible according to provisions, may continue to be eligible for tax refund until the expiration of the two-year period, if it has not enjoyed tax refund for the said two years before December 31, 2015.</p> <p>The Circular specifies that identified foreign-funded R&D centers, which are disqualified for the recognition criteria on tax refund due to the change of their own conditions or commit any tax-related violation, shall no longer enjoy tax refund policies.</p>



3205 West Gate Mall - 38 Nanjing Xi Lu
200041 Shanghai (China)
T +86 21 5228 1122
F +86 21 6272 6125
shanghai@garrigues.com

China World Trade Center 1 Jian Guo Men Wai
Avenue (Tower 1 – Office 1815)
Beijing 100004 (China)
T +86 10 85720000
F +86 10 85720020
beijing@garrigues.com

www.garrigues.cn