

China Business Advisory

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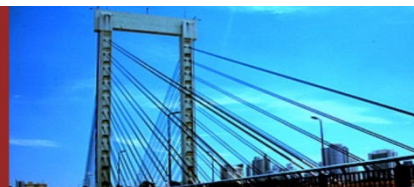


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Zhejiang Releases Measures to Ease Company Registration

Zhejiang's Administration of Industry and Commerce (AIC) recently announced the release of nine measures in line with policies on company registration set out in the State Council Executive meeting held

on 25th October, 2013. To encourage investments in the province, it is seen necessary to reduce entry barrier and start-up costs for companies. To this end the nine measures are summarized as follows:

1. Build a credit information system publicizing entities in the market
2. Lower the requirements for business location
3. Lower other registration requirements
4. Develop and promote electronic business licenses
5. Allow preparatory registration for enterprises in all industries
6. Build a platform for company name searching
7. Expand the functions of the information sharing platform between Zhejiang AIC and the five major banks
8. Support the development of emerging industries
9. Improve the services and efficiency of the AIC

It is however still unclear to us when these measures will be fully effectuated.

Wholly Foreign-Owned Medical Institutions Allowed in Shanghai Free Trade Zone

The Shanghai People's Government released the "Provisional Measures on the Administration of Wholly Foreign-Owned Medical Institutions in the Shanghai Free Trade Zone (hufubanfa [2013] No.63, hereinafter referred to as the 'Measures')" on the 13th November, which specify the requirements and application materials for foreign investors who wish to set up wholly foreign-owned medical institutions in the Shanghai Free Trade Zone (Shanghai FTZ). The establishment requirements mentioned in the "Measures" are as follows:

- Foreign investors are legal persons bearing civil liabilities independently and
- Foreign investors have more than five years of experiences in investment in and management of medical institutions.

In addition, such foreign investors shall meet one of the following conditions.

- Ability to provide internationally-advanced management experience, management methodology and service approach of medical institutions;
- Ability to provide internationally-advanced medical technologies and equipment;
- Ability to supplement or improve the local medical service capacity, technology, funding and facilities.

If the foreign-owned medical institution to be established in the Shanghai FTZ is a wholly foreign-owned medical institution, that institution shall satisfy the following conditions:

- It shall be an independent legal person;
- Its total investment shall be no less than RMB20 million; and
- Its operating period shall not exceed twenty years (can be renewed).

Foreign investors who want to apply to set up a wholly foreign-owned medical institution in the Shanghai FTZ shall submit relevant materials to the competent industry and commerce authority in the zone for approval. It is always advisable for foreign investors to seek relevant professional advice before making an investment in China.

China Clarifies the Cultural Undertaking Development Fee under Nationwide Tax Reform

China's State Administration of Taxation (SAT) issued the "Announcement on Issues Concerning the Registration and Declaration of the Cultural Undertaking Development Fee (SAT Announcement [2013] No. 64, hereinafter referred to as the 'Announcement')" on 11th November 2013, which clarifies registration and declaration issues of the cultural undertaking development fee (CUD Fee) under the nationwide Value Added Tax and Business Tax reform.

CUD fee is applicable to two types of advertising services providers in the following manner:

- When local entities and individuals are engaged to provide advertising services in China, they shall pay CUD fee
- When overseas entities and individuals are engaged to provide advertising services in China through their advertising agents because they do not have operations and organization in China, their advertising agents shall be the withholding agents for the CUD fees. These entities, individuals or withholding agents shall file the registration form for the CUD Fee with and submit relevant declarations to the competent tax authorities for CUD Fee in accordance with the Announcement.

Service Highlight

With the rapid-changing pace of economic activities calling for drastic changes to tax rules and regulations in China, CBA readers are advised to bear in mind the need to keep themselves abreast with the most recent development. We, at Sino-Bridge, make our best endeavours to provide useful information in this regard and beyond to our clients who have operations in China. Should you need any help from us, please do not hesitate to contact our Marketing Executive, Ms. Yannes Lam, on +852 35798745 or email her at: yanneslam@sinobridge-consulting.com.

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