

# China Business Advisory

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### 2. Service Highlight

## Establishment of Xiong'an New Area

On 1<sup>st</sup> April 2017, the Chinese government announced that it will establish Xiong'an New Area (the "Area") in the Hebei province, about 100 kilometers southwest of downtown Beijing and located in the central region among Beijing, Tianjin and Baoding. The geographic

advantages and convenient transportation links of the Area would lay a solid foundation for future quality development and construction projects, making it a strategic choice with national and historical significance after the Shenzhen Special Economic Zone and Shanghai Pudong New Area.

The Area will first be constructed with an area of about 100 square kilometers; the medium-term development area will be around 200 square kilometers while the long-term covering area will be about 2,000 square kilometers.

The establishment of the Area is expected to emulate and improve on the success of the Shenzhen Special Economic Zone and Shanghai Pudong New Area which are two areas with practical economic and far-reaching historical significance. The major aims of the establishment of the Area is to relieve Beijing of some of its non-capital functions, develop the Beijing-Tianjin-Hebei region and adjust and optimize the layout and structure of the Beijing-Tianjin-Hebei region. It is expected that the Area will become the torchbearer of reform and innovation.

Zhang Ke Yun, Professor of the Renmin University of China is of the view that the Area will be constructed into a world class city with its Chinese roots and characteristics retained. His point of view is further elaborated below:

With China's increasing contribution to international economic growth and influence in the world economy, the establishment of the Area is essential in promoting the development of world class cities for future leverage in support of the economic activities of the capital city, Beijing.

In addition, the establishment of the Area would encourage the development of the cities, Beijing, Tianjin and Hebei and closer cooperation between these cities. While this can narrow the development gap between the cities, it can also serve the purpose of relieving Beijing and Tianjin of the pressure brought about on its resources and capacity from its recent rapid expansion.

Finally, the construction of the Area is designed to be at an optimal location where it sits at an almost equal distance from Beijing, Tianjin and Shijiazhuang being at the center of the triangle formed by the three cities.

We expect to see gradual development from the cities within the Beijing-Tianjin-Hebei region as the benefits of the establishment of the Area are realized. We believe that these cities will soon be able to compete against Shanghai and Shenzhen in terms of both its economy and environment.

## **Extension of Self-issuance of VAT Special Invoices for Small-scale VAT Taxpayers**

On 22<sup>nd</sup> February 2017, the State Administration of Taxation ("SAT") released the Announcement of the State Administration of Taxation [2017] No.4, Matters Relating to the Pilot Program of Self-issuance of Special Value-added Tax ("VAT") Invoices by Small-scale VAT Taxpayers in the Attestation and Consultation Industries.

In addition to the accommodation industry, SAT has decided to include the attestation and consultation businesses in the scope of the pilot program of self-issuance VAT special invoices by small-scale VAT taxpayers. This program is part of the VAT reform initiatives of China.

According to the new announcement, since 1<sup>st</sup> March 2017, small-scale VAT taxpayers in the attestation and consultation sectors can issue special invoices themselves if their relevant monthly sales revenue exceeds RMB30,000 or quarterly sales revenue exceeds RMB90,000. The tax authority will no longer issue VAT special invoices for them.

## **Promotion of Full Electronic Process for Enterprise Registration**

The State Administration for Industry and Commerce ("SAIC") recently released a circular, Gong Shang Qi Zhu Zi [2017] No.43 on the proposal of promotion of a full electronic process for enterprise registration (the "Proposal").

In order to enhance the convenience and efficiency of the enterprise registration process, the Proposal set forth that an online registration system applicable to all types of enterprises and businesses will be put into use by the end of October 2017 while the traditional method of counter registration will still remain. All kinds of enterprises' set-up, alteration, record-filing and deregistration can be processed on the internet and the shift of the entire process to paperless electronic registration is expected to be gradually completed.

Four major initiatives have been recommended by the Proposal before the implementation of the online registration system. These initiatives include,

1. Development of registration procedure standards,
2. Acceleration of the development of the operation system,
3. Strengthening the management of electronic archives, and

4. Improvement on information disclosure and credit supervision and management.

With the implementation of the online registration system, businesses are likely to benefit from a more convenient and efficient enterprise registration process.

### **Implementation of Licensing System for Foreigners to Work in China**

Further to the pilot program in certain cities to integrate the systems of Permit for Foreigners Employed in China and Permit for Foreign Experts Working in China, the State Administration of Foreign Experts Affairs (“SAFEA”), the Ministry of Human Resources and Social Security (“MHRSS”), the Ministry of Foreign Affairs (“MFA”) and the Ministry of Public Security (“MPS”) jointly released a notice, Wai Zhuan Fa [2017] No.40 (“the Circular”) on 28<sup>th</sup> March 2017 to fully implement this integrated licensing program across the whole nation in order to combine and standardize the foreigner permit systems and fit into the update visa system.

The Circular clearly states that from 1<sup>st</sup> April 2017, the licensing system will be implemented across the country in a uniform manner. Under the new system, the “Notice on Foreigners' Work Permit of the People's Republic of China” and the “Foreigners' Work Permit of the People's Republic of China” will be issued, to replace the “Foreign Expert Work Permits” and “Employment Permits for Foreigners”. Foreigners can apply for the relevant visa and residence permit with either the above permit or previous versions that have not expired such as Foreign Expert Work Permits, Employment Permits for Foreigners and other relevant certificates.

The main purposes of the Circular are as per below:

- Fully implement the licensing system for foreigners to work in China
- Improve the laws and regulations for foreigners working in China
- Improve the administration process through promoting online applications
- Strengthen the supervision process during and after the application

It is expected that the uniform management, simplified application material and procedures would bring services of a higher standard to foreigners working in China. Meanwhile, the Circular indicates that relevant regulations and guidance (including detailed administrative regulations and implementation rules for talent visas, guidance for foreigners to work in China and a credit management system for foreigners and employers) will be released shortly.

## Service Highlight

The Chinese government has been incurring continuous effort to sustain the fast growth of its economy. China remains to be one of the most attractive markets for investors from different parts of the world. As new policies and regulations continue to be rolled out by the Chinese government, we could anticipate reforms and improvements in the business environment of China. Sino-Bridge is always well prepared and pleased to help investors maximize the value of their businesses. For more information on how Sino-Bridge can be of assistance to you, please contact our Marketing Executive, Ms. Kimme Chan, via landline (852) 3579 8745 or email [kimmechan@sinobridge-consulting.com](mailto:kimmechan@sinobridge-consulting.com).

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