

China Business Advisory

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TABLE OF CONTENTS

1. China Updates

- ✧ Relaxed Policies at Four Free Trade Zones
- ✧ Favorable Entry-Exit Measures at Guangdong Province
- ✧ The Third Protocol of Tax Agreement Signed between Mainland China and Macao SAR

2. Service Highlight

Relaxed Policies at Four Free Trade Zones

The State Council released Announcement Guo Fa [2016] No.41 on 19th July 2016 introducing relaxed policies to attract more overseas investments in the Free Trade Zones

(“FTZs”) in Tianjin, Shanghai, Fujian Province, and Guangdong Province.

There are 51 amendments simplifying the application and setup procedures for foreign investments as well as to facilitate the daily operations of enterprises at the FTZs (excluding those industries stipulated in the restricted list).

It also extends eligibility of Wholly Foreign Owned Enterprises (“WFOEs”) to invest in previously restricted industries including iron and steel production, gas station operation, logistic, education, tourism, entertainment, publishing, shipping, transportation and agriculture, etc.

These new policies are expected to encourage more foreign investments in the FTZs and open up domestic markets for WFOEs.

Favorable Entry-Exit Measures at Guangdong Province

On 18th July 2016, the Ministry of Public Security released a statement to introduce sixteen favorable Entry-Exit Measures in Guangdong Province (which became effective from 1st August 2016). These measures aim to ease the demand for high-caliber foreign talent through attracting more foreign individuals and Chinese students studying overseas to develop their business in Free Trade Zones in Guangdong Province (“GDFTZs”).

Key measures applicable to all cities in Guangdong Province (“Guangdong”) are as follows:

- Foreigners could apply for permanent residency, if they meet all the requirements listed below:
 - Continued working in China for 4 years
 - Stayed in China for at least 6 months every year
 - Stable living arrangements
 - Met the requirements for annual salary income and yearly individual income tax

- Foreigners meeting the following requirements can apply for R visa at customs and apply for 5-year working residence permit after entry:
 - Foreign executive talents confirmed by Guangdong talents and competency agency
 - Foreign professional talents confirmed by Guangdong technical competency agency and office of one of the GDFTZs
 - Expert talents hired by higher education institutions, research institutions, and other institutions

- Foreigners with certificates of working permit issued by Social Security Bureau and Foreign Expert Bureau could apply for 1-year working residence permit after entry. Foreigners arriving without visa can apply for Z visa at customs and apply for working residence permit after entry.
- Foreign employees who have two consecutive years of working residence permit and no record of violation of any laws can apply for 5-year working residence permit.
- Chinese individuals with foreign nationality originally born in Guangdong or have residency status in Guangdong can apply for 5-year multiple entry visa. They can also apply for 5-year residence permit if they need to stay for a long time.
- International students planning to start up business in Guangdong after graduation can apply for 2-year private residence permit with their graduate certificates.
- Executive employees from foreign countries, Hong Kong, Macao, and Taiwan who have acquired permanent residency or working residence permit working in Guangdong can apply for private residence permit for their foreign maids with appropriate certifications.

Key measures applicable exclusively to GDFTZs are as follows:

- Foreign executive employees meeting the requirements set out by relevant government authorities can apply for permanent residency for their spouses and minor children with the recommendation of GDFTZs office and the procedures are reduced to 90 workdays.
- Foreign employees and experts can apply for permanent residency if they achieve the required scores set out by the GDFTZ talents evaluation system.

- Foreign investors can apply for permanent residency if the amount of direct investment in GDFTZs reaches the prescribed requirement (currently at 1 million USD).
- Chinese individuals with foreign nationality can apply for permanent residency if they meet one of following requirements:
 - Have Master or higher degree
 - Have worked at GDFTZs firms for consecutive 4 years and stayed in China for at least 6 months in each year
- Chinese individuals with foreign nationality starting up business in GDFTZs can apply for 5-year working residence permit with working permit and employer guarantee letter or 5-year private residence permit with business plan (Working age limit of 60 years-old has been canceled)
- Firms can recruit foreign interns with short-term private visa

The Third Protocol of Tax Agreement Signed between Mainland China and Macao SAR

Mainland China and Macao SAR signed the Third Protocol of “Agreement between the Mainland and the Macau Special Administrative Region (“MSAR”) for the Avoidance of Double Taxation and Prevention of Fiscal Evasion in Relation to Income Taxes” on 19th July 2016 which includes amendments to the second protocol issued in 2011. Major changes include the followings:

- Mutual tax exemption on transportation income including air freight, ocean freight and land freight;
- Reducing royalties rates for leasing aircrafts and vessels from 7% to 5%; and
- New measures against tax evasion for dividends, interest, royalties and equity income.

Service Highlight

It is evident that the Chinese government is becoming keener on improving the business environment for foreign investors. We are pleased to be in a position to help investors to take advantages of this to identify and explore potentially promising investment opportunities for their growth and expansion. Our Marketing Executive, Ms. Kimme Chan, would like to hear from you at (852) 3579 8745 or kimmechan@sinobridge-consulting.com as to how we can assist you to this end and beyond.

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