

China Business Advisory

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Measures to Further Support Development of the Yangtze River Delta

On 31st July 2020, the State Administration of Taxation (“SAT”) issued < Notice on Several Measures to Further Support and Serve the Regional Integrated Development of the Yangtze River Delta >

(Shuizonghan [2020] No.138) for promoting development of the Yangtze River Delta while improving taxation administration procedures to facilitate business operating in the region. Ten service measures on tax collection and administration were included in the Notice, we have summarized five key points as follows:

1. Widen the application of electronic VAT invoices

Certain cities in the Yangtze River Delta will be included in the first batch of pilot programs for implementation of electronic VAT special invoices.

Further enhance capacity of the public service platform for electronic invoices and facilitate the promotion of electronic VAT general invoices.

2. Implement "Combine Five Taxes into One" consolidated filing system to simplify tax reporting

In the future, Taxpayers in the region will be able to file their Urban Land-use, Real Estate, Stamp Duty (except for transaction-based stamp duty), and Land Appreciation tax returns together with Corporate Income Tax on a quarterly basis in a single filing through electronic tax service platform.

3. Explore and promote automation of tax filing

When VAT Small-scale Taxpayers declare through the electronic tax platform, the system will automatically collect the taxpayer's data on invoice issuance, real estates and land resource tax, determine the types of taxes to be declared and pre-filled data for taxpayers' final review and confirmation to save time and avoid error and omission.

4. Speed up processing of Land Appreciation Tax exemption

For taxpayers with tax credit levels other than C and D, tax exemption application for Land Appreciation Tax will be simplified, and the approval process will be further optimized to allow faster approval.

5. Facilitate foreign exchange payment for service industry

Further optimize the foreign exchange payment process for service industry through synchronization and sharing of tax record information with banks.

Measures for Optimizing Business Environment and Serving Market Entities Better

On 15th July 2020, the General Office of the State Council issued < Implementation opinions on further optimizing the business environment and better serving market entities > (Guobanfa

[2020] No.24), we have summarized some key measures as follow:

Further simplify approval and reduce restrictions

- 1) Reduce operating costs for small and micro enterprises
 - a) Support local governments to carry out the reform for "one license to operate in multiple locations" and simplify the registration procedures for establishing branches.
 - b) Encourage and guide platform operators to reduce service fees such as platform commissions and charge for bar code payments or internet payments and other fees applicable to small and micro businesses, and disallow platform operators in abusing their dominant market position and charge unfairly high service fees.

Optimize the operating environment for foreign trade and foreign-funded enterprises

- 1) Optimize the operating environment for foreign trade and foreign-funded enterprises
 - a) Promote "advance declaration" of import and export goods. Enterprises can preform declaration procedures in advance, and the customs will handle the goods inspection and release procedures upon arrival of the goods at the customs-supervised workplace.
 - b) Optimize "two-steps declaration" customs clearance for import. After the company has performed "summary declaration" and the customs has completed risk investigation, the company is allowed to pick up the goods.

- 2) Further reduce investment and operation restrictions for foreign trade enterprises
 - (a) Support foreign trade companies to transfer export products for domestic sales through self-declarations instead of domestic certifications. For products which have obtained relevant international certifications with standards not lower than domestic standards, foreign trade companies are allowed to sell them on domestic market through submitting written commitment that the products comply with domestic standards, with appropriate during and after sales supervision.

Improve service quality and efficiency for enterprises

- 1) Business setup facilitation
 - a) Implementation of online business registration, improving self-declaration system to cater for intelligent validation of enterprise names, expediting the application of electronic business licenses and electronic seals for taxation, human resources, social security, housing funds, commercial banks and other service areas.

Relaxing restrictions on registered business premises for small and micro enterprises and individual industrial and commercial households.
 - b) Explore and promote the reform for "one industry, one license", consolidating multiple licenses necessary for one industry into one license which will be recognized across regions.

2) Continue to improve tax services

- a) By the end of 2020, all VAT special invoices will be paperless, and all major tax services can be handled online.

Strengthen data sharing among taxation, customs, and the People's Bank of China, accelerate processing of export tax refund, and implement paperless document filing.

- b) Improving the efficiency of trademark registration

More frequent update of the data in the trademark online service system, introduce intelligent search features, and implement online trademark graphics comparison.

Reduce review period for trademark opposition and refusal review, and provide feedback on review results on time.

Reducing the average examination period for trademark registration to within 4 months by the end of 2020.

Measures for Further Easing Establishment of Enterprises

On 4st August 2020, The General Administration of Market Supervision and other five government departments jointly issued < Notice on further optimizing the service for establishing a company > (Guoshijianzhu [2020] No.129), which focuses on the following three aspects:

- 1) Promote and accelerate digitization of the whole setup process by proceeding most of the procedures and documents online with minimal requirement for physical visits.
- 2) Continue to streamline procedures, minimize time and cost for enterprise setup.
- 3) Promote vigorously the use of electronic business licenses, invoices and stamps.

This circular reflects the firm resolution of the government to boost the economy in the context of the pandemic and the concurrent global economic environment.

Service Highlight

Due to the rapid development of the digital world, on one hand, the government continues making efforts to promote regional integration. On the other hand, providing services online has increasingly become a norm in recent years, especially since the shock of the COVID-19 pandemic. This change provides flexibilities and opportunities to enterprises but also requires them to upgrade or rebuild their internal procedures, policies and requirements to adapt to this change. Sino-bridge will keep updating with the latest policies to support your business activities in China. Should you need any help or assistance, please contact our Marketing Executive, Ms. Miumiu Chan, she looks forward to hearing from you at (852) 3579 8745 or miumiuchan@sinobridge-consulting.com

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