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New Free Trade Zones and Updated Negative List

According to a release on 20th April 2015 from the State Council, Guangdong, Tianjin and Fujian will join Shanghai to have Free Trade Zones ("FTZs") and the updated FTZ Negative List will be applicable to all four FTZs including Shanghai. This is a crucial step for further deepening the reform and opening up of China.

Wang Shouwen, Deputy Minister of Commerce, advised that each of the three new FTZs has their own merits:

- Guangdong FTZ will focus on developing deeper economic cooperation among Mainland China, Hong Kong and Macau.
- Similarly Fujian FTZ will serve to deepen Cross-Strait economic cooperation between Mainland China and Taiwan.
- Tianjin FTZ will aim to strengthen the development of Beijing, Tianjin and Hebei.

All the four FTZs are going to share the unified negative list for foreign investment. The number of items in the negative list was decreased from 190 in 2013 to 139 in 2014 and 122 in 2015.

Changes to Value-Added Tax Filing

The State Administration of Taxation ("SAT") released Announcement [2015] No. 23 on 20th April 2015 to promulgate some changes to Value-Added Tax ("VAT") filing in order to have an accurate grasp of VAT preferential treatments enjoyed by taxpayers. The key points of the changes are:

- General VAT Taxpayers and Small-Scale VAT taxpayers who are entitled to VAT preferential treatments are required to submit a new VAT Declaration Statement when filing their VAT returns.
- However small-scale VAT taxpayers whose monthly and quarterly sales are not exceeding RMB30,000 and RMB90,000 respectively or their sales are less than the VAT thresholds do not need to file the new VAT Declaration Statement.
- The announcement will become enforceable from 1st July 2015.

China to Regulate Non-Store Retailing

The Ministry of Commerce ("MOC") plans to regulate non-store retailing. A draft regulation to this end has been released for public feedback until 5th June 2015.

Non-store retailing refers to the selling of goods and services not through physical retail facilities but directly from manufacturers or merchants to consumers through the channels of TV shopping, mail order, online store, telemarketing and vending machine. They are prohibited to send marketing information by email, text messages and letters etc. to customers if the customers have not given them consent. The provision of invoices to customers will be required for each transaction.

Non-store retailing is becoming an integral part of the selling activities for many businesses in China. We recommend our readers to evaluate the impacts of this regulation on their business and assess if actions need to be taken to comply with it to avoid undue penalties and liabilities.

Service Highlight

The Chinese government has incurred strenuous efforts lately to improve the investment environment in China for foreign investors. We are pleased to be in a position to help investors to take advantage of this to identify and explore potentially promising investment opportunities for their growth and expansion. Our Marketing Executive, Ms. Yannes Lam, would like to hear from you at (852) 3579 8745 or yanneslam@sinobridge-consulting.com as to how we can assist you with your business plan for China.

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