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Updated Regulation for Non-resident Taxpayers to Enjoy Double Tax Agreement Benefits

On 14th October 2019, the State Administration of Taxation (“SAT”) issued Announcement No. 35 of 2019 to revise the existing administrative measures updated in 2018 for non-resident taxpayers to enjoy Double Tax Agreement (“DTA”) benefits. The announcement will become effective from 1st January 2020.

The new measures revised the following contents:

1. Definition of non-resident taxpayers. The definition given in the new measures is “resident taxpayers of the contracting party according to the Resident Article of the DTA” whereas the existing definition is “non-Chinese resident taxpayers according to domestic tax laws or DTAs (including non-resident enterprises and non-resident individuals)”.
2. No more statutory filing. The new measures require non-resident taxpayers to keep adequate and proper documents to support their entitlement to the DTA benefits based on their own judgment to provide to the authorities on request. The original measures

stipulated that the relevant documents should be submitted to the tax department for filing.

3. Simplified reporting forms. Only one form, i.e. Report Form on Information of Non-resident Taxpayers Enjoying DTA Treatment, is required according to the new regulation.
4. Responsibilities of non-resident taxpayers and withholding agents are clarified. When non-resident taxpayers make their own declaration, they should truthfully fill in the reporting form, and keep relevant supporting materials for inspection by the tax department on request. In the case of declaration by a withholding agent, the non-resident taxpayer shall submit the completed reporting form to the withholding agent, and the withholding agent shall report to the competent tax authority after confirming the completeness of the information in the form. Whether non-resident taxpayers declare on their own or through withholding agents, they are primarily responsible for ensuring authenticity of the declaration and to keep supporting documents for inspection by the tax department on request.

New Tax Policy for Cross-border E-commerce Retail Export Enterprises in Comprehensive Pilot Zones

In order to promote healthy and rapid development for China's cross-border e-commerce, on 28th September 2018, the Ministry of Finance (“MOF”), the State Administration of Taxation (“SAT”), the Ministry of Commerce (“MOC”), the General Administration of Customs (“GAC”) jointly issued Caishui [2018] No. 103 - <Notice on Tax Policy for Cross-border E-commerce Retail Export Enterprises in Comprehensive Pilot Zones>.

Cross-border E-commerce Retail Export Enterprises (hereinafter referred to as “Cross-border E-commerce Enterprises”) refer to enterprises that conduct cross-border trade through the internet by using self-built business platforms or third-party business platforms.

Comprehensive pilot zones are zones approved by the State Council. Currently there are 35 comprehensive pilot zones in China, including Hangzhou, Shanghai, Beijing and other major cities.

To coincide with the implementation of the related work, on 26th October 2019, SAT released an announcement No. 36 [2019] to clarify the followings:

1. Cross-border E-commerce Enterprises meeting the following requirements are eligible to fixed rate Corporate Income Tax (“CIT”)
 - i. Registered in comprehensive pilot zones and have recorded the exported goods details in the corresponding cross-border online commercial service platform;
 - ii. The exported goods have been declared through the corresponding customs e-commerce export platform; and
 - iii. The exported goods are not imported and exempted from Value Added Tax (“VAT”) and consumption tax.
2. Cross-border E-commerce Enterprises should record their revenues accurately and adopt fixed rate of 4% to calculate the CIT payable.
3. Tax authorities should follow the requirements to assess the CIT payable by the Cross-border E-commerce Enterprises on time.

4. Cross-border E-commerce Enterprises will revenues meeting the small and micro enterprises tax privileges requirements can enjoy CIT exemption on its revenues.

The announcement will become effective from 1st January 2020.

Implementation of Paperless General Invoices in Qianhai, Shenzhen

Qianhai, Shenzhen branch of SAT issued a notice on 1st November 2019 announcing that electronic invoices will be implemented comprehensively from 1st January 2020.

Paper general invoices to be abolished include: VAT general invoice Chinese 2-copy version, general amount-printed invoice, general machine-printed invoice, name-and-amount-printed invoice and VAT general invoice (roll version). The change is applicable to all taxpayers registered in Qianhai, Shenzhen.

Since August 2018, electronic blockchain-based general invoice platform has been launched in Shenzhen, and over 9.66 million electronic invoices have been issued since. With the development of blockchain technology in Shenzhen and increasing popularity of online payment in China, electronic invoices will be more convenient, efficient and environmentally friendly. If paper invoice is required, the electronic invoices can be printed and used in the same manner as paper invoices.

Service Highlight

Our service aims to spread the latest financial and tax consultation for customers, and provide professional financial and tax services. Your satisfaction is the driving force of our continuous progress. Please contact our marketing executive, Ms. Rika Wong, by email rikawong@sinobridge-consulting.com or call (852) 3579 8745 for any assistance and support we could provide with.

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