

GARRIGUES

NEWSLETTER
TAX CHINA

APRIL 2017



WWW.GARRIGUES.CN

NAME

DATE OF EFFECTIVENESS

GARRIGUES INSIGHT

01/07/2017

I. From 1 July 2017, the VAT rate of 13% applicable to goods such as agricultural products and gas etc. will be reduced to 11%. As a result, the prevailing 4 brackets of VAT rates will be streamlined into three brackets, with tax rates of 17 percent, 11 percent and 6 percent.

01/01/2017

II. Small enterprises have enjoyed an Enterprise Income Tax preferential policy of 20% reduced rate on half of the taxable income. From 1 January 2017 to 31 December 2019, the upper limit of taxable income that may qualify as small enterprises is increased from RMB 300,000 to RMB 500,000.

01/01/2017

III. From 1 January 2017 to 31 December 2019, the percentage of super deduction that are allowed to be deducted before tax will be further expanded from 50 percent to 75 percent regarding the actual R&D costs incurred by small to medium high-tech enterprises that develop new technologies and new products and techniques.

01/01/2017

IV. From January 1, 2017, capital venture enterprises (corporate or partnership) in certain regions that invest in the technology enterprises which are in the start-up or growth stage are eligible for the tax deduction of 70% of investment cost against the taxable income.

01/07/2017

From July 1, 2017, the aforementioned tax incentive will be applicable to individual investors.

01/07/2017

V. The Individual Income Tax exemption rules on certain types of qualified commercial health insurance will be implemented nationwide.

A maximum amount of RMB 2,400 per annum may be deducted from taxable income for each individual.

01/01/2017

VI. Three-year extension would be applied to a number of current tax incentives that were expired by 2016.

NAME**DATE OF
EFFECTIVENESS****GARRIGUES
INSIGHT**

国家税务总局关于进一步明确营改增有关征管问题的公告/
Announcement of the State Administration of Taxation on Further Clarification on Tax Collection for the Program of Value-added Tax in lieu of Business Tax

01/05/2017

I. Taxpayers who need to issue invoices for businesses incurred before 1 May 2016 that are subject to business tax may issue general VAT invoices before 31 December 2017 (unless otherwise stipulated by the State Administration for Taxation).

II. In areas where real-name taxation is implemented, if the real-name information of the legal representative of the taxpayer has been collected by the tax authority and the maximum invoicing amount applied by the taxpayer for special VAT invoice is no more than CNY100,000, tax authorities shall handle within two working days upon the application date. If conditions allow, the application may be handled immediately. For instant handling, the Letter of Decision on Approval of Tax Administrative Licensing will be directly delivered and the Tax Administrative Licensing Receiving Notice will no longer be issued.

III. The validating deadline for VAT invoices, motor vehicles invoices and Customs Tax Payment Receipts issued after July 1, 2017 will be extended to 360 days.

国家税务总局关于发布《千户集团名册管理办法》的公告/
Announcement of the State Administration of Taxation on Issuing the Measures for the Management of the List of Key Corporate Groups

01/05/2017

Key corporate groups ("KCG") refer to corporate groups whose annual tax payment amount reaches the criteria set by the State Administration of Taxation ("SAT"). The annual tax payment amount mentioned herein refers to the total amount of annual tax payments made in China by group headquarter as well as all domestic and overseas members of a KCG, excluding tariffs, vessel tonnage tax, withholding individual income tax and the deductions of the export rebates and tax reliefs.

The KCG list shall be determined and released regularly by the SAT.

The headquarters of the corporate groups on the KCG list shall maintain the list of group members and fill out the relevant information as required annually. The information shall be reported to the corresponding tax authorities at provincial level, Autonomous Region or direct-controlled municipality before the settlement and payment of enterprise income tax ("EIT") by May 31 each year.

Tax authorities may apply Law of the Administration of Tax Collection to those groups that fail or refuse the reporting obligations, and provide false information for the list. The tax credit evaluation of these groups could be adversely affected in such cases.

NAME

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GARRIGUES INSIGHT

国家税务总局关于使用印有本单位名称的增值税普通发票（卷票）有关问题的公告/

Announcement of the State Administration of Taxation on the application of Using Value-added Tax Invoice with Taxpayer's Name Printed

01/07/2017

Taxpayers may apply with the State Administration of Taxation in writing for the use of rolled VAT general invoices with enterprises' name on the said invoices.

海关总署公告2017年第19号--关于在通关环节免予提交纸质《中华人民共和国海关进出口货物征免税证明》的公告/

Announcement of the General Administration of Customs [2017] No.19 -- Announcement on the exemption from submitting Tax Exemption Certificate of PRC Customs Import and Export Goods.

21/04/2017

From 26 April 2017, consignees, consignors and customs brokers are not required to submit the second page of the China Customs Import-Export Tax and Duty Exemption Certificate("Certificate") in paper form or scanned copy if the following conditions are met:-

1. They have successfully applied for tax reduction or exemption via the tax reduction and exemption declaration system for QP pre-entry system of China electronic ports.
2. The application has been approved by the customs.

国家税务总局关于为纳税人提供企业所得税税收政策风险提示服务有关问题的公告/

Announcement of the State Administration of Taxation on Providing Taxpayers with Risk Warning Service on Enterprise Income Tax

18/04/2017

The tax risk warning service aims to help taxpayers to enhance tax compliance for and to lower tax risks in Enterprise Income Tax("EIT") annual filing when performed in the online filing system before the submission.

The tax risk warning service would assess the tax calculation logic, rationality of the declared data, relevance of taxation to financial indicators, etc. by taking advantage of the information collected such as tax registration information, tax filing information, financial and accounting information, as well as third-party taxation information.

Taxpayers may voluntarily accept the tax risk warning service and modify accordingly or decline the warning. The risk warning service will not change the rights and obligations granted to taxpayers to calculate, declare and pay taxes by law at their discretion, enjoy statutory rights and interests and bear legal liability.

For taxpayers who have completed the EIT annual filing for 2016 would be no longer eligible to the said tax risk warning service.

OTHER TAX NEWSLETTER

1. 海关总署公告2017年第17号 (关于公布、废止部分商品归类决定的公告) /

Announcement of the General Administration of Customs [2017] No.17 -- Announcement on Announcing and Abolishing Some Commodity Classification Decisions

2. 关于中小企业融资(信用) 担保机构有关准备金企业所得税税前扣除政策的通知/

Circular on Policies for Pre-tax Deduction of Relevant Reserves from Enterprise Income Tax by SMEs Financing (Credit) Guarantee Institutions

- 3 . 关于证券行业准备金支出企业所得税税前扣除有关政策问题的通知/

Circular on Policy Issues Concerning the Pre-tax Deduction of Reserve Expenditures from Enterprise Income Tax in the Securities Industry

- 4 . 国家税务总局关于个人转让住房享受税收优惠政策判定购房时间问题的公告/

Announcement of the State Administration of Taxation on Determining the Time of Purchasing a Property for an Individual Transferring the Property with Entitlement to Preferential Tax Policies

SOURCES

1. <http://www.chinatax.gov.cn/>
2. <http://www.mof.gov.cn/index.htm>
3. <http://www.customs.gov.cn>
4. <http://www.lexiscn.com>
5. <http://www.gov.cn/>

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FOR MORE INFORMATION:

MANUEL TORRES

Partner

Corporate Law and Commercial Contracts

Mergers & Acquisitions

Litigation and Arbitration

manuel.torres@garrigues.com

T +86 21 5228 1122

+86 10 8572 0000

DIEGO D'ALMA

Principal associate

Tax

diego.dalma@garrigues.com

T +86 21 5228 1122

+86 10 8572 0000

Follow us:



GARRIGUES

3205 West Gate Mall - 38 Nanjing Xi Lu

200041 Shanghai (China)

T +86 21 5228 1122

F +86 21 6272 6125

shanghai@garrigues.com

China World Trade Center I Jian Guo Men Wai Avenue

(Tower I – Office 1815)

Beijing 100004 (China)

T +86 10 85720000

F +86 10 85720020

beijing@garrigues.com