China Tax & Investment Express (CTIE)* brings you the latest tax and business announcements on a weekly basis. We selected some comparatively key announcements to provide for a synopsis and we also provide a link that leads you to the full content of each latest announcement (in Chinese). Please feel free to contact your EY client service professionals for further assistance if you find the announcements have an impact on your business operations.

CTIE does not replace our China Tax & Investment News* which will continue to be prepared and distributed to provide more in-depth analyses of topical tax and business developments in China.

*If you wish to access the previous issues of CTIE and China Tax & Investment News, please contact us.

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Tax circular

▶ Public notice (PN) regarding the “Monthly (Quarterly) Provisional Corporate Income Tax Return of the People’s Republic of China (Type A)” (STA PN [2021] No. 3)

Synopsis

To optimize the business environment and reduce the burden of taxpayers, on 15 March 2021, the State Taxation Administration (STA) announced the updated Monthly (Quarterly) Provisional Corporate Income Tax (CIT) return (Type A) applicable to resident enterprises taxed on an actual basis (hereinafter referred to as the “updated provisional CIT return”) via STA PN [2021] No. 3 (“PN 3”).

Changes made to the updated provisional CIT return include the removal of Schedule for Gross Income/Taxable Income Exemption/Reduction (i.e., A201010, 《免税收入、减计收入、所得减免等优惠明细表》) and Schedule for CIT Preference (i.e., A201010, 《减免所得税优惠明细表》), as well as further simplifications of the lead sheet, and Schedule for Accelerated Depreciation/Amortization of Assets (i.e., A201020, 《资产加速折旧、摊销（扣除）优惠明细表》), etc.
In the meantime, it is worth noting that the STA shall separately announce a Catalog of items to be reported for CIT purpose (《企业所得税申报事项目录》) via its official website to provide standardized guidance for reporting all types of specific items, such as tax preferences and charitable donations, etc.

PN 3 will become effective on 1 April 2021. Resident enterprises that file CIT on a monthly and actual basis shall start to adopt the updated provisional CIT return in their filing for March 2021, while resident enterprises that file CIT on a quarterly and actual basis shall start to adopt the updated provisional CIT returns in their filing for the first quarter of 2021. Resident enterprises are encouraged to read PN 3 for greater details. If in doubt, consultations with professionals are always recommended.

You can click this link to access the full content of PN 3: http://www.chinatax.gov.cn/chinatax/n362/c5162422/content.html

You can click this link to access the full content of STA’s official interpretation of PN 3: http://www.chinatax.gov.cn/chinatax/n810341/n810760/c5162423/content.html

Business circulars

► Outline of the 14th Five-Year Plan of the People’s Republic of China on National Economic and Social Development and the Long-Range Objectives by the Year 2035

Synopsis

On 12 March 2021, the National People’s Congress (NPC) released the “Outline of the 14th Five-Year Plan of the People’s Republic of China on National Economic and Social Development and the Long-Range Objectives by the Year 2035” (hereinafter referred to as the “Outline”), which was adopted at the fourth session of the 13th NPC.

Some key points concerning taxation and business mentioned in the Outline are summarized as follows:

► Encourage the increase of enterprises’ investment in research and development (R&D)

Intensify preferential tax policies on technology development through greater super deductions of R&D expenditures and tax incentives for high-tech enterprises. Improve the preferential tax policies for encouraging the innovation of technology-based small and medium-sized enterprises.

► Attract overseas talents

Improve the systems of salary and welfare, children education, social security, and tax incentives so as to provide an internationally competitive and attractive environment for overseas scientists to work in China.

► Improve the policy system to promote domestic economic circulation

Maintain a reasonable level of fiscal expenditure and deficit rate, improve the policies for tax cuts and public fee reductions, and build a tax system to encourage enterprises to expand investment, increase R&D expenditures, adjust income distribution and reduce the burden on consumers.

► Promote the coordinated development of import and export

Reduce import tariffs and institutional costs, expand the imports of high-quality consumer goods, advanced technology, key equipment, energy resources, etc., and promote the diversified import sources.

► Fully promote consumption

Improve the policy of duty-free shops in cities and build a batch of duty-free shops with Chinese characteristics.
► **Optimize the business environment for the development of private enterprises**

Improve the policy system to promote the development of medium, small and micro-sized enterprises and self-employed industrial and commercial households, and enhance tax incentives and credit support.

► **Improve the modern tax system**

Optimize the structure of the tax system, improve the direct tax system and properly increase the proportion of direct taxes. Optimize the systems of Individual Income Tax and Value-added Tax, adjust the scope and rates of Consumption Tax, promote the legislation of Real Estate Tax, promote the reform and modernization of the tax collection and administration system.

► **Actively develop a green economy**

Strengthen the legal and policy guarantees for green development and implement tax policies in support of energy conservation, environmental protection and comprehensive utilization of resources.

► **Optimize social assistance and charity system**

Promote development of charity and improve relevant fiscal and tax incentives.

► **Promote optimization and upgrading of manufacturing industry**

Further promote intelligent manufacturing and green manufacturing.

► **Develop and expand strategic emerging industries**

Support the development of strategic emerging industries such as the new generation of information technology, biotechnology, new energy, new materials, high-end equipment, new energy vehicles, environmental protection, aerospace, marine equipment, etc. and accelerate the innovation and application of key technology.

► **Deepen reform and opening-up in the service sector**

Expand opening-up of the service industry, further relax market access, and cancel unreasonable restrictions on a comprehensive basis.

► **Accelerate promotion of the digital industrialization**

Cultivate and expand emerging digital industries such as artificial intelligence, big data, blockchain, cloud computing and network security, and promote the healthy development of the sharing economy and platform economy.

Enterprises and individuals are advised to make reference to the Outline for greater details. As a common practice, the Ministry of Finance, STA as well as other related government authorities shall stipulate and announce tax and business circulars to further address the measures mentioned in the Outline from implementation perspective. We will keep an eye on any further developments in this regard, please stay tuned.

You can click this link to access the full content of the Outline:
Notice regarding public opinion consultation on the “Catalog of Statements of Business Scope”

Synopsis

To optimize the registration method of business scope, on 15 March 2021, the State Administration for Market Regulation (SAMR) announced the “Catalog of Normative Statements of Business Scope (Discussion Draft)” (hereinafter referred to as the “Draft Catalog”) on its official website to seek public opinion. The consultation of public opinion will be opened until 15 April 2021.

The Draft Catalog clarified 7 aspects for each item of normative statements of business scope, i.e., the item code, the corresponding category in “Industrial Classification of National Economic Activities”, the corresponding enterprises-related administrative licensing items, the corresponding enterprises-involved administrative licensing items (for the scope of free trade zones), the related record filing items, the related negative list items and the negative list for foreign investment.

The pilot program related to the Draft Catalog was implemented in certain areas. It is expected that government authorities will provide more regular and convenient registration service for enterprises by implementing the Draft Catalogue.

Concerned investors and enterprises are encouraged to read the Draft Catalog and express opinions on or before 15 April 2021 by emailing to djjxkc@samr.gov.cn, logging onto http://www.samr.gov.cn or sending mails to the SAMR.

You can click this link to access the full content of the Draft Catalog: http://www.samr.gov.cn/hd/zjdc/202103/t20210316_326953.html

Other tax and business-related circulars publicly announced by central government authorities in the past week:

- Notice regarding the implementation of the “Measures for the Use of Invoices for Motor Vehicle Sales” (Shuizonghan [2021] No. 42)
  http://www.chinatax.gov.cn/chinatax/n359/c5162371/content.html

- Measures on Regulating Patent Applications (ANIPA PN [2021] No. 411)
  http://www.gov.cn/zhengce/zhengceku/2021-03/13/content_5592724.htm

- Measures for the Supervision and Administration of Online Transactions (SAMR Order [2021] No. 37)
  http://www.gov.cn/zhengce/zhengceku/2021-03/16/content_5593226.htm

- Notice regarding further utilizing export credit insurance to accelerate the high-quality development of business (Shangcaihan [2021] No. 89)

- Regulations on the Case Jurisdiction of the Beijing Financial Court (Fashi [2021] No. 7)

- Notice regarding record filings of international freight forwarding enterprises in 2020 (Shangbanfumaohan [2021] No. 101)

- Regulations on the Supervision and Administration of Medical Devices (State Council Order [2021] No. 739)
  https://www.nmpa.gov.cn/xxgk/fgwj/flxzhfg/20210318084145148.html
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