

China Tax Center China Tax & Investment Express

*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.

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Tax circulars

- ▶ **Questions and answers of the Shenzhen Tax Service, State Taxation Administration on advance compliance assessment service for certain cross-border tax-related matters**

Synopsis

According to “Opinions on further deepening the reform of tax collection and administration” (hereinafter referred to as the “Opinions”), the Shenzhen Tax Service, State Taxation Administration (hereinafter referred to as “Shenzhen Tax Service”) has initiated an advance cross-border tax compliance assessment services by announcing the “Questions and answers (Q&As) of the Shenzhen Tax Service on advance compliance assessment service for certain cross-border tax-related matters” (hereinafter referred to as the “Q&As”) recently. This service aims to better serve market entities’ development by providing higher tax certainty for cross-border businesses.

Key features of the Q&As are as follows:

Items	Details
Purpose of the advance cross-border tax compliance assessment service (hereinafter referred to as the "compliance assessment service")	The compliance assessment service allows taxpayers to request for a risk assessment of their future cross-border transactions to determine if they are considered low risk.
Scope of assessment service	<ul style="list-style-type: none"> ▶ Assessing the tax risk level associated with the functional analysis of enterprises and their affiliated entities in cross-border related-party transactions; ▶ Evaluating the tax risk level pertaining to the selection of transfer pricing methods in cross-border related-party transactions; ▶ Assessing the tax risk level for the recognition approaches of related and unrelated party's debt investments.
How to apply	When applying for the compliance assessment, a taxpayer should submit the "Advance Cross-Border Tax Compliance Assessment Application Form" (hereinafter referred to as the "application form") and relevant documents to the Comprehensive Business Division of the Fourth Tax Bureau of the Shenzhen Tax Service (hereinafter referred to as the "tax authority"). The applicant should provide in the Application Form the type of transactions, an overview of the related parties involved, a detailed description of the transactions, key assumptions, and the applicant's requests.
Assessment process	<ul style="list-style-type: none"> ▶ Upon receiving the documentations, the tax authority shall determine if the compliance assessment service applies and will issue a written notice to accept or reject the application within five working days. ▶ The taxpayer can expect to receive an update from the tax authority on the progress of the assessment within three months from the date the written notice of acceptance is issued. Once the final assessment is complete, the tax authority will deliver another written notice along with the "Advance Cross-Border Tax Compliance Assessment Opinion" within 10 working days. ▶ However, during the assessment period, the tax authority may request additional documents from the taxpayer, and the time taken to submit these documents would not be taken into account towards the three-month period. In complex cases, the deadline may be extended after consultation with the taxpayer.
Availability	The assessment opinion is applicable to three tax years from the issuance of application acceptance notice and can retrospectively apply to similar past transactions upon request.
Exceptions	<p>The compliance assessment service is not applicable to the following scenarios:</p> <ul style="list-style-type: none"> ▶ The proposed application items are similar to or same as past cross-border transactions with special tax adjustments investigation, regardless the investigation is completed or not. ▶ The proposed application items resemble or the same as previous cross-border transactions with ongoing or concluded tax risk management. ▶ The proposed application items are related to transactions under current or prospective advance pricing arrangements.

The compliance assessment service launched by the Shenzhen Tax Service provides higher tax certainty for enterprises engaging in cross-border related party transactions.

Taxpayers are encouraged to read the Q&As for more information and consider their eligibility for applying the advance compliance assessments. While pursuing such assessment, taxpayers should brace themselves that they may expose their tax risk areas. If in doubt, consultations with professionals are always recommended.

You can click this link to access the full contents of the Q&As:

<https://shenzhen.chinatax.gov.cn/sztax/xwdt/ztzl/12366nsfwrx/12366rdwt/202312/66bf01453437465291829d0b5b6f34f0.shtml>

You can click this link to access the full contents of the Opinions:

https://www.gov.cn/zhengce/2021-03/24/content_5595384.htm

- ▶ **Administrative measures of Guangzhou on the implementation of financial subsidy for the preferential Individual Income Tax (IIT) policy in the Guangdong-Hong Kong-Macau Greater Bay Area (GBA) (2023 revised version) (Suicaiguizi [2023] No. 4)**
- ▶ **Application guidelines of Guangzhou on the financial subsidy for the preferential IIT policy in the GBA (2023)**

Synopsis

According to Caishui [2019] No. 31 (Circular 31, i.e., Notice regarding the preferential IIT policy for the GBA), from 1 January 2019 to 31 December 2023, overseas high-end and urgently needed talents who work in the GBA shall be eligible for a financial subsidy to recover the portion of their IIT paid in the nine mainland GBA cities¹ that exceeds 15% of their taxable income. The financial subsidy (hereinafter referred to as the “IIT subsidy”) paid to the individuals shall be exempt from IIT. Caishui [2023] No. 34 (Circular 34, i.e., Notice regarding the extension of the preferential IIT policy for the GBA) extends the preferential IIT policy until 31 December 2027.

In this regard, the competent government authorities in Guangzhou released Suicaiguizi [2023] No. 4 (Circular 4, i.e., Administrative measures of Guangzhou on the implementation of financial subsidy for the preferential IIT policy in the GBA) and the “Application guidelines of Guangzhou on the financial subsidy for the preferential IIT policy in the GBA (2023)” (hereinafter referred to as the “Guangzhou Guidelines”) on 27 December 2023, to launch the application for the years 2021 and 2022.

Key features are as follows:

- ▶ Applicants who derived consolidated income and operating income in 2021 and 2022 or their withholding agent should access the official website of Guangdong Government Services to lodge the application and submit the relevant documentations within the period from 29 December 2023 to 29 February 2024. The retroactive application for the year 2020 shall be accepted at the same time.
- ▶ The maximum amount of the IIT subsidy per taxpayer per tax year shall not exceed RMB5 million.

Notably, similar to the regulations in Shenzhen, Huizhou, Dongguan, Zhaoqing Zhuhai and Foshan, applicants are required to have worked in Guangzhou for more than 90 days for each of the years 2020, 2021, and 2022. Furthermore, if the amount of the IIT subsidy exceeds RMB1 million per applicant per tax year, these applicants are also required to submit the form for declaration and registration of IIT preferences (i.e., Appendix 4 of the Guangzhou Guidelines) in addition to the application form for the IIT subsidy (i.e., Appendix 3 of the Guangzhou Guidelines).

Circular 4 is effective from its promulgation date, i.e., 27 December 2023 until 31 December 2027.

Applicants are encouraged to read Circular 4 and Guangzhou Guidelines for details and assess if they are qualified for the subsidy before applying. If in doubt, consultations with professionals are always recommended.

¹ The nine cities refer to Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing in Guangdong Province.

You can click this link to access the full contents of Circular 31:

https://www.gov.cn/xinwen/2019-03/19/content_5374437.htm

You can click this link to access the full contents of Circular 34:
<https://www.chinatax.gov.cn/chinatax/n363/c5211160/content.html>

You can click this link to access the full contents of Circular 4:
https://www.gz.gov.cn/gfxwj/sbmgfxwj/gzsczj/content/post_9410809.html

You can click this link to access the full contents of Guangzhou Guidelines:
https://czj.gz.gov.cn/tzgg/content/post_9411562.html

► **Notice regarding the tax filing deadlines for year 2024 (Shuizongbanzhengkehan [2023] No. 244)**

Synopsis

On 21 December 2023, the General Office of the State Taxation Administration (STA) released Shuizongbanzhengkehan [2023] No. 244 (Circular 244) to clarify the filing deadlines of taxes to be declared monthly or quarterly in 2024. According to Circular 244:

- The tax filing deadlines of January, March, July, August and November 2024 will be the 15th day of the month respectively.
- As a public holiday falls on 10 to 17 February 2024, the tax filing deadline of February 2024 will be extended to 23 February 2024.
- As a public holiday falls on 4 to 6 April 2024, the tax filing deadline of April 2024 will be extended to 18 April 2024.
- As a public holiday falls on 1 to 5 May 2024, the tax filing deadline of May 2024 will be extended to 22 May 2024.
- As a public holiday falls on 8 to 10 June 2024, the tax filing deadline of June 2024 will be extended to 19 June 2024.
- As a public holiday falls on 15 to 17 September 2024, the tax filing deadline of September 2024 will be extended to 18 September 2024.
- As a public holiday falls on 1 to 7 October 2024, the tax filing deadline of October 2024 will be extended to 24 October 2024.
- As 15 December 2024 falls on Sunday, the tax filing deadline of December 2024 will be extended to 16 December 2024.

To adjust tax filing deadlines due to special circumstances, tax authorities at the local level should report to the STA (Tax and Information Technology Administration Department) for record filing in advance. Taxpayers are advised to make reference to Circular 244 for greater details and comply with the deadlines.

You can click this link to access the full contents of Circular 244:
<https://fgk.chinatax.gov.cn/zcfgk/c102424/c5219953/content.html>



- ▶ **Public notice (PN) regarding extending the 13th set of exclusions to the goods originating from the United States that are imposed with additional tariffs (Customs Tariff Commission PN [2023] No. 11)**

Synopsis

With the approval of the State Council, the Customs Tariff Commission of the State Council issued Customs Tariff Commission PN [2023] No. 11 (PN 11) on 22 December 2023, announcing the 13th list of exclusions from additional tariffs on the goods originating from the United States. PN 11 extended the exclusion period for relevant goods in Customs Tariff Commission PN [2023] No. 6 (PN 6, i.e., PN regarding extending the 11th set of exclusions to the goods originating from the United States that are imposed with additional tariffs), which was expired on 31 December 2023.

Accordingly, 95 types of goods listed in the attachment of PN 11 shall continue to be excluded from imposing the additional tariffs against the US Section 301 measures from 1 January 2024 to 31 July 2024.

You can click this link to access the full contents of PN 11:

<http://cws.mofcom.gov.cn/article/swcjzc/202401/20240103464183.shtml>

You can click this link to access the full contents of PN 6:

http://gss.mof.gov.cn/gzdt/zhengcefabu/202305/t20230530_3887764.htm

Business circular

- ▶ **Opinions on certain special measures for relaxing market access to support the development of the Guangdong-Macau In-Depth Cooperation Zone in Hengqin (Fagaitigai [2023] No. 1730)**

Synopsis

On 15 December 2023, the National Development and Reform Commission and Ministry of Commerce jointly issued the “Opinions on certain special measures for relaxing market access to support the development of the Guangdong-Macau In-Depth Cooperation Zone in Hengqin” (hereinafter referred to as the “Hengqin Opinions”) via Fagaitigai [2023] No. 1730.

The Hengqin Opinions aim to expand Hengqin’s market access in six areas with 20 measures, which include, optimizing market access in modern finance, relaxing market access in culture, tourism, science and technology innovation, professional services and other areas, as well as innovating market access in the pharmaceutical and healthcare sector.

Notably, the Hengqin Opinions propose relaxing market access restrictions for Hong Kong and Macau medical institutions to encourage the establishment of wholly Hong Kong or Macau investors owned or Sino-Hongkong/Macau joint venture medical institutions in Hengqin. In addition, the Hengqin Opinions also support the development of high-end medical aesthetics industry and encourage well-known domestic and foreign medical aesthetic institutions to establish their presences in Hengqin.

We will keep an eye on any further developments and advise you accordingly. Please stay tuned.

You can click this link to access the full contents of the Hengqin Opinions:

https://www.ndrc.gov.cn/xxgk/zcfb/tz/202312/t20231226_1362933.html



Customs circular

- ▶ **Tariff Schedule of the People's Republic of China (PRC) (2024) (Customs Tariff Commission PN [2023] No. 12)**

Synopsis

On 28 December 2023, the Customs Tariff Commission of the State Council released Customs Tariff Commission PN [2023] No. 12 to announce the "Tariff Schedule of the PRC (2024)" (hereinafter referred to as the "2024 Tariff Schedule").

On top of the 2023 Tariff Schedule, the 2024 Tariff Schedule adjusted the tariff items for import and export, most-favorite-nation tariff rates, provisional tariff rates for import and more, according to the relevant adjustments made in Customs Tariff Commission PN [2023] No. 10 (PN 10, i.e., PN regarding the tariff adjustment plan for 2024). For instance, the tariff rates on imports of certain medicines, raw materials, intermediate goods and parts have been reduced to further meet the needs of protecting people's lives and health, enterprise production and social development, and to expand high-level opening up.

2024 Tariff Schedule became effective from 1 January 2024. Relevant parties are encouraged to read the 2024 Tariff Schedule for more detail.

You can click this link to access the full contents of 2024 Tariff Schedule:
https://www.gov.cn/zhengce/zhengceku/202312/content_6923614.htm

You can click this link to access the full contents of PN 10:
https://gss.mof.gov.cn/qzdt/zhengcefabu/202312/t20231221_3923368.htm

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

- ▶ **Notice regarding the "Catalog of Energy Saving & New Energy Vehicles Eligible for Preferential Vehicle and Vessel Tax Policies (57th Batch)", "Catalog of New Energy Vehicles Eligible for Vehicle Purchase Tax (VPT) Exemption (73rd Batch)", "Catalog of New Energy Vehicle Eligible for VPT Reduction and Exemption (1st)" (MIIT PN [2023] No. 42)**
https://www.miit.gov.cn/zwgk/zcwj/wjfb/gg/art/2023/art_f9e4c7489a5f4c89a1683a8e06525c02.html
- ▶ **China Financial Stability Report 2023**
<http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/5177895/index.html>
- ▶ **Three-year action plan to foster world-leading business environment in the GBA**
https://www.cnbayarea.org.cn/policy/policy%20release/policies/content/post_1147127.html
- ▶ **Notice regarding strictly implementing accounting standards for enterprises and effectively ensuring quality of enterprises' 2023 annual report work (Caikuai [2023] No. 29)**
https://www.mof.gov.cn/jrtts/202312/t20231220_3923180.htm
- ▶ **PN regarding the abolishment of the People's Bank of China and the General Administration of the Customs PN [2014] No.31 (PBOC/GAC PN [2023] No. 22)**
<http://www.pbc.gov.cn/tiaofasi/144941/3581332/5181936/index.html>
- ▶ **Opinions on promoting the development of processing trade (Shangmaofa [2023] No. 308)**
<http://www.mofcom.gov.cn/article/zcfb/zcdwmy/202312/20231203463539.shtml>
- ▶ **Standards of the Customs of the PRC on Discretion for Administrative Penalties (II) (GAC PN [2023] No. 187)**
<http://www.customs.gov.cn/customs/302249/2480148/5588494/index.html>
- ▶ **Administrative Measures on the place of origin of import and export goods under the "Free Trade Agreement Between the Government of the PRC and the Government of the Republic of Nicaragua" (GAC PN [2023] No. 190)**
<http://www.customs.gov.cn/customs/302249/2480148/5590013/index.html>
- ▶ **PN regarding matters related to the inspections of imported crude oil (GAC PN [2023] No. 193)**
<http://www.customs.gov.cn/customs/302249/2480148/5593110/index.html>

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