



# LEGAL INFORMATION

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#### **【ATTENTION】**

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# LEGAL NEWS EXPRESS

## 01 Decision on Publishing the Catalog of Abolished Tax Department Regulations by the State Administration of Taxation

In accordance with the relevant provisions of the Regulations on Procedures for Formulation of Rules, the State Administration of Taxation has sorted out the rules and regulations of taxation departments. The cleaning results have been reviewed and approved at the 2023 first executive meeting by the State Administration of Taxation on May 23, 2023. The Catalog of Abolished Regulations of Taxation Departments is hereby promulgated.

The Interim Measures for the Collection and Administration of Individual Income Tax on Overseas Income (revised by Order No. 44 of the State Administration of Taxation on June 15, 2018) is abolished in full because it does not adapt to the new individual income tax system. And the Measures for the Announcement of Tax Illegal Cases (revised by Order No. 44 of the State Administration of Taxation on June 15, 2018) has been replaced by new tax regulations, and the entire text is abolished.

## 02 Announcement on the Issues Related to the Substantive Production or R&D Activities of Key Industrial Enterprises in Lingang Special Area of China (Shanghai) Pilot Free Trade Zone

According to the Notice on Income Tax Policies for Key Industries in the Lingang Special Area of the China (Shanghai) Pilot Free Trade Zone by the Ministry of Finance and the State

Administration of Taxation " ( No.38 [2020]), and the Announcement on Issuing the Administrative Measures for the Accreditation of Enterprise Income Tax Preferential Qualifications for Key

Industries in Lingang Special Area of China (Shanghai) Pilot Free Trade Zone (No.12 [2020], hereinafter referred to as the "Administrative Measures"), in order to promote the high-quality development of Lingang Special Area of China (Shanghai) Pilot Free Trade Zone (hereinafter referred to as the Special Area), the issues related to the corporate income tax of key industries in the Special Area are hereby announced as follows:

**1.** This announcement is applicable to the legal person enterprises registered in the Special Area and declaring the qualifications for preferential corporate income tax as key industries in the Special Area.

**2.** According to the requirements of the Administrative Measures, the enterprise should submit Self-Assessment Commitment Form for Substantive Production or R&D Activities while submitting the application materials for the preferential corporate income tax qualifications as key industries in the Special Area to the Management Committee of Lingang Special Area of China (Shanghai) Pilot Free Trade Zone.

**3.** Carrying out substantive production or R&D activities in the Special Area refers to having a fixed production and operation site, fixed staff, and matching software and hardware support conditions in the Special Area, and carrying out relevant business on this basis.

(1) Fixed production and business premises

The production and operation site be in the Special area, that is, the enterprise has a fixed production and operation site and necessary equipment and facilities for production or R&D activities in the Special Area, the main production or R&D activities are located in the Special Area, and relevant contracts are concluded in the name of the enterprise. At the same time, accounting documents such as enterprise accounting vouchers, accounting books and financial statements are stored in the Special Area, and the basic deposit account of the enterprise and the bank account for the main business settlement are opened in the Special Area.

(2) Permanent staff

Practitioners who meet the needs of the production or R&D activities of the enterprise actually work in the Special Area. The wages and salaries of the employees are paid through the bank accounts opened by the enterprise in the Special Area, and the social insurance of more than 50% of the employees is paid in the administrative area where the Special Area is located.

(3) Software and hardware support conditions

The enterprise should have the ownership or right to use the hardware and software assets and actually uses them in the Special Area, and the assets must match the production or R&D activities of the enterprise.

4. Under any of the following circumstances, it is not eligible to carry out substantive production or R&D activities in the Special Area:

(1) The enterprise is registered in the Special Area, but its production and business premises, staff, software and hardware assets, etc. are not in the Area;

(2) The enterprise undergoes a major business transformation and no longer assumes the functions of substantive production or R&D activities, but only undertakes auxiliary functions such as financial settlement, tax declaration, and issuance of invoices;

(3) The production and operation sites of enterprises are moved out of the Special Area.

5. Shanghai Municipal Taxation Bureau of the State Administration of Taxation, Shanghai Municipal Finance Bureau, Shanghai Municipal Economic and Information Commission, and the Management Committee of Lingang Special Area of China (Shanghai) Pilot Free Trade Zone

jointly establish a daily management linkage mechanism according to the Management Measures. Which is to carry out follow-up management on the substantive production or R&D activities of enterprises enjoying preferential policies, carry out "full coverage" inspections for newly-enjoyed enterprises in the current year, and conduct spot checks on stock enterprises according to a certain percentage to dynamically adjust the list of enterprises eligible for preferential income tax in key industries in the Special Area .

6. This announcement is interpreted by Shanghai Municipal Taxation Bureau of the State Administration of Taxation, Shanghai Municipal Finance Bureau, Shanghai Municipal Economic and Information Technology Commission, and the Administrative Committee of the Lingang Special Area of the China (Shanghai) Pilot Free Trade Zone.

7. This announcement has come into force on January 1, 2023.

## **03 Notice on Printing and Distributing Shanghai Several Policies and Measures to Strengthen Support for the Development of Private Investment by Shanghai Development and Reform Commission**

In order to further improve the policy environment, step up efforts to boost the

confidence of private investment and support the development of private investment, Shanghai Development and Reform Commission has formulated Several Policies and Measures of Shanghai to Strengthen Support for the Development of Private Investment. The Measures will come into force on June 1, 2023 and will be valid until December 31, 2025. The main contents are as follows:

### **1. Create a fair market access environment**

(1) Implement a unified market access system. For the fields out of national market access negative list, support private enterprises to enter on an equal footing and invest in accordance with the law. Implement the reform of market entry system on a trial basis in Pudong New Area, informing the market participants at one time of all the conditions and standards that must be met for engaging in specific industry licensing projects, so that the participants can obtain an administrative license if they promise in writing about meeting the requirements and submitting the necessary materials.

(2) Give full play to the guiding and leading role of government investment. In the field of government investment bidding, letters of guarantee (insurance) are fully implemented to replace cash deposits for bids, contract performance, and project quality. In the fields of enterprise investment such as bidding, contract performance, project quality and other deposits,

the use of letters of guarantee shall not be refused.

### **2. Optimize the private investment environment**

(1) Accelerate the preliminary work of private investment projects. For the projects that have been included in the pilot project of the architect responsibility system and have been insured with the professional liability insurance of registered architects, the responsible architect has informed and promised that after the relevant approval requirements are met, the construction drawing review certificate will no longer be a precondition for the approval and issuance of construction project construction permits.

(2) Implement preferential tax and fee policies. Fully implement policies such as value-added tax reduction and exemption for small-scale taxpayers. In accordance with the requirements of relevant national policies, qualified enterprises in manufacturing and other industries will continue to be fully refunded the amount of value-added tax incremental tax credits on a monthly basis.

(3) Reduce the cost of land for enterprises. Optimize the land market transaction link, cancel the on-site transaction link for the transfer of land that adopts directional listing and only one person signs up to participate in the auction, and private investment can directly electronically list

transactions and confirm the bid. In accordance with the planning and industry orientation, if privately invested industrial and storage land is approved to increase the floor area ratio and increase the underground space, no additional land price will be charged.

### **3. Improve Private Investment and Financing Services**

(1) Strengthen the sharing and application of corporate credit information. In Shanghai's 41 major law enforcement areas, market entities will be implemented in two batches to use special credit reports instead of proof of illegal records

(2) Guide financial institutions to support private investment projects. Continuously promote the incremental expansion of seamless loan renewals, and achieve "free application, free processing, and free loan renewal" on the premise of meeting the credit management

requirements of various banks and risk controllability.

### **4. Guide the high-quality development of private investment**

(1) Support private investment in technological innovation. Support private enterprises to apply for the headquarters of innovative enterprises in Shanghai, and give start-up fees and operating incentives of up to 10 million yuan to certified private enterprises. If the R&D expenses actually incurred by the enterprise do not form intangible assets and are included in the current profit and loss, on the basis of deduction according to the regulations, 100% of the actual amount incurred will be deducted before tax; if the intangible assets to be formed, 200% of the cost will be amortized pre-tax.

## **04 Notice on Implementing Sixteen Convenience Measures for Medical Insurance Services by the Office of the National Medical Security Administration**

In order to thoroughly study and implement the Thoughts on Socialism with Chinese Characteristics in the New era, do practical things for the people, and provide convenient,

efficient, and high-quality medical insurance handling services for the insured, the first batch of 16 medical insurance service convenience measures are hereby introduced, the main

contents are as follows :

### **1. Optimize the transfer and continuation of medical insurance relations**

(1) Simplify procedures. The requirement to issue the materials of Basic Medical Insurance Participation Certificate and the Contact Letter for Transfer and Continuation of Basic Medical Insurance Relationship is cancelled.

(2) Shorten the processing time limit. The time for inter-provincial transfer of basic medical insurance has been shortened from the original 45 working days to 15 working days.

(3) The insured person no longer needs to go to and for the transfer-in and transfer-out places, and can choose to handle it online or go to the windows of the transfer-in place and the transfer-out place nearby, and can also apply online and check the processing progress at any time .

### **2. Simplify the filing process for medical treatment in different places and improve the settlement service**

(1) It is convenient for the masses to handle medical records in different places through multiple channels. Insured persons can apply for filing procedures for medical treatment in other places through online channels such as the National Medical Insurance Service Platform APP

and the National Small Program for Medical Recordation in Other Places.

(2) If the insured person who seeks medical treatment across provinces and different places is discharged from the hospital and completes the filing procedures at his own expense, he can apply for manual medical insurance reimbursement according to the regulations of the insured place.

(3) Allow long-term residents across provinces to enjoy benefits in both filing and insured places. Long-term residents who live in different provinces and other places really need to go back to the insured place for medical treatment within the validity period of the record, they can also enjoy the medical insurance settlement service in the insured place.

### **3. Open multiple channels to meet the public's medical insurance information inquiry needs**

(1) Insured people can inquire about personal payment records, personal medical insurance accounts, inter-provincial and remote medical settlement services, medical insurance drug catalogs and other information on the National Medical Insurance Service Platform app, online hall or local medical insurance service platform.



## 05 The State Administration for Market Regulation Issued New Regulations on Credit Restoration to Encourage and Support Relevant Business Entities to Reshape Their Credit

In order to encourage and support business entities to self-correct errors, rebuild credit, and create a good business environment, the State Administration for Market Regulation has recently issued the Regulations on the Management Procedures for Seriously Violating and Untrustworthy Lists and Administrative Punishment Announcement Information Credit Restoration (Trial) (hereinafter referred to as the "Regulations"). The Regulations clarifies the division of responsibilities of the relevant departments and bureaus of the General Administration and improves the working mechanism, in accordance with the principle of "who determines, who repairs".

At present, the State Administration for Market Regulation has handled credit restoration applications for relevant business entities according to the Regulations, and released credit restoration guidelines and credit restoration application forms, trustworthy commitment letters, delivery address confirmation letters and other credit restoration application document samples through the General Administration's website, to provide guidelines for business entities to apply for credit restoration, help

business entities rebuild credit, and improve credit levels and market competitiveness.

The main contents of the Guidelines for Credit Repair of the State Administration for Market Regulation are as follows:

### **1. The scope of credit repair accepted by the State Administration for Market Regulation**

For the List of the Seriously Violated and Untrustworthy and Publicized Administrative Punishment Information made by the State Administration for Market Regulation, the parties may apply to the Administration for credit restoration in accordance with the Administrative Measures for Credit Restoration of Market Supervision and Administration.

### **2. The circumstances that need to be met while applying for credit restoration on the List of the Seriously Violated and Untrustworthy**

According to Article 7 of the Market Supervision and Administration Credit Restoration Management Measures, if the party has been included in the List of the Seriously Violated and Untrustworthy for one year, and meets the following conditions, he may apply for credit restoration:

(1) Has voluntarily fulfilled the obligations stipulated in the administrative punishment decision;

(2) Has actively eliminated the harmful consequences and adverse effects;

(3) No more heavy administrative penalties from the market supervision department.

According to the laws and administrative regulations, if the period for implementing corresponding management measures has not yet expired, no application for credit restoration is allowed.

### **3. The materials submitted to the State Administration for Market Regulation for credit restoration on the List of Serious Violators and Untrustworthy**

(1) An application for credit restoration;

(2) A letter of commitment for keeping promises;

(3) Confirmation of delivery address (optional);

(4) Relevant materials for fulfilling statutory obligations and correcting illegal acts;

(5) Business license and other identification materials;

(6) Other materials required by the State Administration for Market Regulation.

### **4. The circumstances that need to be complied with while applying for administrative penalty announcement information credit restoration**

According to Article 6 of the Administrative Measures for Credit Restoration of Market Supervision and Administration, in addition to the administrative punishment stipulated in the third paragraph of Article 14 in the Regulations on the Publicity of Administrative Penalty Information for Market Supervision and Administration, or only subject to warnings, circulars of criticism and a lower amount In addition to fines, the publicity period of other administrative penalty information has expired for six months, and the period for publicity of administrative penalty information in the fields of food, drugs, and special equipment has expired for one year, and parties who meet the following conditions may apply for credit restoration:

(1) Has voluntarily fulfilled the obligations stipulated in the administrative penalty decision;

(2) Has actively eliminated the harmful consequences and adverse effects;

(3) Has not been subject to administrative punishment by the market supervision department again for the same type of illegal conduct;

(4) Not be included in the List of Abnormal Operations and the List of Serious Violators and Untrustworthy.

### **5. The materials submitted to the State Administration for Market Regulation to apply**

**for credit restoration of publicized information of administrative punishment**

- (1) An application for credit restoration;
- (2) A letter of commitment for keeping promises;
- (3) Confirmation of delivery address (optional);
- (4) Relevant materials for fulfilling statutory obligations and correcting illegal acts;
- (5) Business license and other identification materials;

(6) A written decision on administrative punishment;

(7) Other materials required by the State Administration for Market Regulation.

**6. Credit repair is free**

According to Article 17 of the Market Supervision and Administration Credit Restoration Management Measures, the State Administration for Market Regulation does not charge any fees for credit restoration.

(THE END)



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