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Relevant industries: All
Relevant companies:
Multinational enterprises
Relevant taxes: CIT

Potential impacts on
businesses:

- Risks of being challenged due to cross-border tax anti-avoidance arrangements increased

You may click [here](#) to access full content of the circular.

OECD seeks public comments on discussion draft of branch mismatch structures under BEPS Action 2

In a posting to the OECD website on 22 August 2016, the OECD invited public comments on a [discussion draft](#) which deals with branch mismatch structures as an extension of the work completed in 2013-2015 under Action 2 (Neutralising the Effects of Hybrid Mismatch Arrangements) of the BEPS Action Plan.

The Report on [Neutralising the Effects of Hybrids Mismatch Arrangements](#) (Action 2 Report) sets out recommendations for domestic rules which may be implemented by countries, on a voluntary basis, to tackle three broad types of mismatch, arising from differing characterisations of payments or of entities by two or more jurisdictions:

- Deduction / no inclusion (D/NI) outcomes, where the payment is deductible under the rules of the payer jurisdiction but not included in the ordinary income of the payee;
- Double deduction (DD) outcomes, where the payment triggers two deductions in respect of the same payment; and
- Indirect deduction / no inclusion (indirect D/NI) outcomes, where the income from a deductible payment is set-off by the payee against a deduction under a hybrid mismatch arrangement.

The report includes specific recommendations for improvements to domestic law intended to reduce the frequency of such mismatches as well as targeted hybrid mismatch rules which adjust the tax consequences in either the payer or payee jurisdiction in order to neutralise the hybrid mismatch without disturbing any of the other tax, commercial or regulatory outcomes.

The branch mismatch discussion draft extends the Action 2 report recommendations, from its original focus on characterisation conflicts, to also cover mismatches arising from use of branches. The discussion draft identifies five basic types of branch mismatch arrangements and sets out preliminary recommendations for domestic rules, based on those in the Action 2 Report. The OECD invites interested parties to send comments on this discussion draft by 19 September 2016.

Reference: Guo Fa [2016] No. 48

Issuance date: 22 August 2016

Effective date: N/A

Relevant industries: All
Relevant companies: All
Relevant taxes: N/A

Potential impacts on businesses:

- Operational costs reduced

You may click [here](#) to access full content of the circular.

New measures to reduce corporate costs

On 22 August 2016, the State Council issued *Work Plan on Reducing Corporate Costs of Real Economy* ("Work plan"). The government aims to achieve major progress in about three years with a view to supporting corporate profitability. The main measures in relation to finance and tax are as follows:

<p>Lower tax and charges burdens</p>	<ul style="list-style-type: none"> Fully implement the VAT reform, and ensure decrease rather than increase in the tax burdens of all industries Implement the super deduction policy for R&D expenses, revise and improve the catalogue of special equipment for energy saving and environmental protection subject to tax incentives Expand the exemptions from administrative undertaking fees, standardize the enterprise-related fees (e.g., domestic plant quarantine fee and forestry right survey fee from which the small enterprises with low-profits are exempt now) Abolish, reduce or exempt enterprises from the existing mandatory contributions to an array of government funds, grant more exemptions to small enterprises with low-profits
<p>Lower financing costs</p>	<ul style="list-style-type: none"> Increase credit support to enterprises contending with credit bottlenecks (such as small enterprises with low-profits, agriculture, rural areas, farmers) and enterprises in key economic sectors. Provide long-term credit to lower capital costs for infrastructure construction and the development of key strategic emerging industries Steadily promote the establishment of private banks and develop small and medium financial institutions. Accelerate the development of financial leasing companies, finance lease enterprises, village banks and other institutions Improve the equity financing function of securities exchange markets, standardize the development of National Equities Exchange and Quotations as well as regional equity markets and private equity investment funds. Reform and improve the management system for the issuance of corporate credit bonds, reasonably scale up the bonds issues, and raise the direct financing ratios Push forward reform for filing and registration for issuance of foreign debt by Chinese enterprises, expand the pilot scheme of cross-border financing under overall prudent and macroeconomic management, further streamline the procedures, reasonably enlarge the scale of foreign debt issued by enterprises, relax the restriction on backflow of overseas RMB funds and foreign exchange settlement (The previous cross-border financing system for foreign investment enterprises (FIEs) is allowing foreign debt up to the difference between total investment and registered capital. The new system requires that the calculated foreign debt balance shall be limited to the total assets cap. FIEs are allowed to select either the old or new system for their cross-border financing for now. You may click to read Yin Fa [2016] No. 132 for details.)

Lower financing costs (cont'd)	<ul style="list-style-type: none"> Encourage enterprises with good credit standing and strong solvency to issue RMB and foreign currency bonds in overseas markets. Expand the cross-border use of RMB, increase the proportions of RMB settlement in cross-border trade so as to reduce the impacts of currency conversion cost and exchange rate fluctuations
Lower systematic transaction costs	<ul style="list-style-type: none"> Abolish the local restrictions which block forming a unified national market, introduce competition into industries which are currently subject to state monopolies. Carry out the pilot scheme of negative list system for market entry and have it formally launched throughout the country from 2018. Where chain store enterprises request to set up the non-legal entity storefront and distribution centre, the local governments and relevant authorities shall not set any obstacles (In practice, local governments tend to require enterprises to set up local legal entities (i.e., subsidiaries) rather than non-legal entities (i.e., branches).) Implement fair competition review system to eliminate or limit impediments to market competition at root. Improve competition policies and rules, strengthen law enforcement against monopoly and unfair competition. Intensify the pricing review, optimize the market environment, improve the market rules for operators to determine prices at their sole discretion Ensure all kinds of market players may enjoy the same treatment in relation to investment approval, government support, and participation in government investment projects. Lift the restrictions (such as minimum registered capital, shareholder structure, shareholding ratio) on private investments in natural resources exploitation, environmental protection, energy, transportation, municipal public utilities, unless otherwise stipulated in the laws and regulations. Streamline the set-up procedure for foreign-invested enterprises Reduce the exports' inspection rate for export enterprises with good credit, lower the costs for customs clearance
Lower labor costs	<ul style="list-style-type: none"> Reduce the contribution ratios of enterprises' basic pension insurance and unemployment insurance, from 1 May 2016 Cap the contribution ratio of housing funds at 12%, otherwise, will be adjusted

The work plan also makes clear the following: (i). Further reduce enterprises' costs on use of energy and lands; (ii). Reduce enterprises' logistics costs; (iii). Raise the enterprises' capital turnover; (iv). Guide enterprises to find the internal potential; (v). Work out the supporting measures for reducing costs; etc.

Reference: Cai Shui [2016] No. 89
 Issuance date: 11 August 2016
 Effective date: 11 August 2016

Relevant industries: Science and technology industries
 Relevant companies: Science and technology enterprise incubators
 Relevant taxes: RET / UTLUT / BT / VAT / CIT

Potential impacts on businesses:

- Compliance risks due to regulatory uncertainties reduced
- Operational costs reduced

You may click [here](#) to access full content of the circular.

Continuance of existing tax incentives for science and technology enterprise incubators

On 11 August 2016, the MOF and the SAT jointly issued Cai Shui [2016] No. 89 ("Circular 89") to clarify the tax incentives for the eligible science and technology enterprise incubators* (including Group Innovation Space**, hereinafter referred as "incubators").

* Incubators here refer to those enterprises providing office space, equipment, and even consulting advice and funds to startup enterprises (incubated enterprises in the incubators). In March 2016, the Ministry of Science and Technology issued 133 state-level incubators for year 2015. They are located in 31 provinces including Beijing, Tianjin, Shanghai, Hebei, Jiangsu, Sichuan, Xinjiang etc.

** With regard to the tax incentives of Group Innovation Space, you may access KPMG [China Tax Weekly Update \(Issue 7, February 2016\)](#) for more details.

- From 1 January 2016 to 31 December 2018, eligible incubators shall be exempted from real estate tax (RET) and urban and township land use tax (UTLUT) on properties or land for own use, and provided free or leased to incubated enterprises
- From 1 January 2016 to 30 April 2016, business tax (BT) shall be exempted for income derived by eligible incubators from renting sites or buildings, and providing incubation services to incubated enterprises. Such incomes shall be subject to VAT exemption in the period of VAT reform

(Although it is not clearly stated in the circular, we believe that there is a retroactive effect that the paid taxes shall be refunded or credited against the future tax payable amount of the incubator.)

- Where an incubator is qualified as a non-profit organization, its income may enjoy CIT preferential policy (Income of the eligible non-profit organization shall be subject to tax exemption)
- Incubator entitled to preferential policies shall satisfy the criteria of state-level science and technology business incubator. List of state-level science and technology business incubator shall be issued by science and technology department of the State Council

In addition to the above, Circular 89 sets out the requirements that the incubators and incubated enterprises shall be met, and this also clarifies the taxable items of "incubation services" subject to BT and VAT respectively.

Reference: Cai Shui [2016] No. 87
 Issuance date: 2 August 2016
 Effective date: 2 August 2016

Relevant industries: Finance leasing
 Relevant companies: Enterprises engaged in finance leasing
 Relevant taxes: VAT / Consumption Tax

Potential impacts on businesses:

- Compliance risks due to regulatory uncertainties reduced

You may click [here](#) to access full content of the circular.

Tax refund policy for goods exported via finance leasing further clarified

On 2 August 2016, the Ministry of Finance (MOF), the General Administration of Customs (GAC) and the State Administration of Taxation (SAT) jointly issued Cai Shui [2016] No. 87 to provide a further clarification on their previous [Circular Cai Shui \[2014\] No. 62 \("Circular 62"\)](#) in relation to pilot tax refund policy for goods exported via finance leasing.

- "Finance lease enterprises, financial leasing companies and the project subsidiaries they establish" (hereinafter referred as "lessors under financial lease") in Circular 62 include the finance lease enterprises, financial leasing companies as well as the project subsidiaries established by the aforesaid enterprises and companies
- Finance lease enterprises mean enterprises engaging in financial leasing business pursuant to the relevant provisions of the Ministry of Commerce (MOFCOM), including: (i). Foreign-invested finance lease enterprises established upon the approval of MOFCOM; (ii). Domestically-funded finance lease enterprises carrying out pilot financial leasing business upon the joint approval of the MOFCOM and the SAT; (iii). Other finance lease enterprises approved by provincial commerce authorities and national economic and technical development zones authorised by MOFCOM
- Financial leasing companies only include financial leasing companies established upon the approval of China Banking Regulatory Commission

* According to Circular 62, for goods which are leased by lessors under financial lease to overseas lessees by way of finance leasing for a term of lease of at least five years and which depart from China after being declared for export with the customs, the export tax refund policy concerning VAT and consumption tax is carried out on a pilot basis. The scope of goods exported under finance leasing includes aircrafts, aircraft engines, railway locomotives, compartments of passenger trains, vessels and other goods, which shall comply with the relevant provisions on "fixed assets" specified in the *Implementation Rules for the Provisional Regulations on VAT*.

Reference: Shui Zong Fa [2016] No. 99
 Issuance date: 19 August 2016
 Effective date: 19 August 2016

Relevant industries: All
 Relevant companies: All
 Relevant taxes: N/A

Potential impacts on businesses:

- Compliance risks due to regulatory uncertainties reduced

You may click [here](#) to access full content of the circular.

SAT to classify & grade taxpayers

On 19 August 2016, the SAT issued the Administrative Measures for Classification and Grading of Taxpayers (Shui Zong Fa [2016] No. 99, "Admin Measures"). The Admin Measures require that the tax authorities: (i). Scientifically classify taxpayers and tax matters; (ii). Rationally divide management duties among the tax authorities at all levels; (iii). Deploy the tax collection resources to taxpayers with high tax risks and high tax revenue concentration; (iv). Manage the tax collection in standardized, specialized and differentiated manners.

(This classification and grading of taxpayers is different from the existing tax credit rating. Tax credit ratings are divided into A, B, C and D, and the tax authorities shall implement categorised services and administration pursuant to the principles of rewarding integrity and punishing dishonesty for taxpayers with different ratings. This administration on classification and grading is to classify taxpayers based on tax risks and tax revenue concentration and to take differentiated management accordingly.)

<p>Taxpayers' classification and grading</p>	<ul style="list-style-type: none"> • Enterprise taxpayers are classified as large enterprises, key tax source enterprises and general tax source enterprises by size. Large enterprises refer to enterprises groups that are identified and administered by the SAT and whose assets or tax payments satisfy certain criteria; key tax source enterprises refer to enterprises that are administered by tax authorities at the provincial level and below and whose assets or tax payment satisfy certain criteria. The criteria shall be determined by the provincial tax authorities; Apart from these two categories enterprises are classified as general tax source enterprises (Prior to this, SAT issued a circular to strengthen the management of key tax source enterprises, you may access KPMG China Tax Weekly Update (Issue 14, April 2016) for details.) • Natural persons are divided into natural persons with high income or high net worth and general nature persons. Natural persons with high income or high net worth refer to natural persons are identified by the SAT and whose income or net asset value go beyond a certain limit; and otherwise are general nature persons
<p>Tax matters' classification</p>	<ul style="list-style-type: none"> • Tax matters are classified into tax service matters (e.g. tax incentives handling), basic management matters (e.g. data collection), risk management (e.g. risk management planning) and legal affairs (e.g. resolution of dispute)
<p>Grade-specific management duties</p>	<ul style="list-style-type: none"> • SAT and provincial tax authorities shall take the following responsibilities throughout the country or within the jurisdictions: <ul style="list-style-type: none"> ❖ Data collection, data management, risk management planning, risk-based task management, monitoring on risk response, effect evaluation, design and maintenance of risk analysis tools ❖ Implement tax risk analysis for regions and industries

Grade-specific management duties (Cont'd)	<ul style="list-style-type: none"> ❖ Carry out the tax risk analysis for large enterprises and individuals with high income and high net worth ❖ Administration on policies and regulations and hearing the major tax cases • SAT shall also take charge of implementing the important anti-avoidance investigations, dealing with the tax violation cases as well as organising the national risk-based tax audit etc. While provincial tax authorities shall also take charge of tax risk analysis for key tax source enterprises, individuals with high income and high net worth that are under their administration as well as handling the risk-based tasks assigned by the SAT or being identified by themselves
Implementation	<ul style="list-style-type: none"> • SAT and provincial tax authorities play the major roles in identifying the tax risks of large enterprises and natural persons with high income and high net worth, while tax authorities at provincial, municipal, county levels play the major roles in coping with such tax risks. Tax authorities at provincial and municipal levels play the major roles in identifying the tax risks of provincial key tax source enterprises, while tax authorities at provincial, municipal, county levels play the major roles in coping with such tax risks • Tax authorities at all levels shall deem the results of risk coping as the important basis to carry out the creditworthiness evaluation, categorisation of export enterprises, classification of tax audit

In addition, the Admin Measures set forth the grade specific management duties and department-specific management duties of the tax authorities at municipal and county levels as well as the safeguard measures.

* With regard to the SAT's measures to improve the quality and efficiency of tax services and administration of large enterprises, you may click KPMG [China Tax Weekly Update \(Issue 4, February 2016\)](#) for more details.

Reference: Fa Gai Cai Jin [2016] No. 1580
 Issuance date: 20 July 2016
 Effective date: 20 July 2016

Relevant industries: All
 Relevant companies: All
 Relevant taxes: All

Potential impacts on businesses:

- Risks of being challenged due to non-compliance issues increased
- Operational costs reduced
- Risks of being challenged due to cross-border tax anti-avoidance arrangements increased

You may click [here](#) to access full content of the circular.

Sanctions on manufacturing operation breaching standards/rules in environmental protection

On 20 July 2016, a memorandum of cooperation, in respect of carrying out the sanctions on business operations and relevant personnel breaching standards/rules in environmental protection, was jointly signed by 31 Chinese authorities including National Development and Reform Commission (NDRC), People's Bank of China, Ministry of Environmental Protection, General Administration of Customs (GAC), Ministry of Finance (MOF), State Administration of Taxation (SAT), etc., in which the disciplinary measures and implementation ways are set out. Disciplinary measures that are related to finance and tax sectors mainly include:

- No application made by the business operation that breaching standards/rules for being applicable to the certified management of the customs will be accepted by the customs (implemented by GAC)
- Business operation that is subject to penalty because of violation of laws and regulations for environmental protection, shall not enjoy the VAT refund-upon-levy policy for products made through comprehensive utilization of resources and providing labour services for comprehensive utilization of resources. The penalty period is 36 months following the month in which the decision on penalty is made (implemented by MOF, SAT and relevant authorities of local governments)
- Business operation violates the laws and regulation such as discharge of pollutants exceeding the pollutant emission standards or the key pollutants total discharge quantity control indicators, the preferential corporate income tax treatments of environmental protection projects that have been enjoyed shall be ceased (implemented by MOF, SAT and relevant authorities of local governments)
- Stop the relevant fiscal fund support, or limit the application for fiscal fund projects (implemented by MOF and relevant authorities of local governments)
- Stop the relevant preferential policies for investment as well as other fields, or reject the application for enjoyment of such preferential policies (implemented by NDRC)

Reference: Shui Zong Fa [2016] No. 127
 Issuance date: 15 August 2016
 Effective date: 15 August 2016

Relevant industries: All
 Relevant companies: All
 Relevant taxes: majority of local taxes/fees

Potential impacts on businesses:

- Compliance risks due to regulatory uncertainties reduced

You may click [here](#) to access full content of the circular.

SAT standardizes the local taxes/fees collected by state tax authorities

On 15 August 2016, the SAT issued Shui Zong Fa [2016] No. 127. This clarifies certain issues for local taxes and fees levied during the process of entrusted issuance of the invoices by the state tax authorities

- The state tax authorities shall strictly follow the rule of collecting taxes before issuing the invoices for the taxpayers
- The state tax authorities shall, during the process of entrusted issuance of invoices, collect the VAT and collect the urban maintenance & construction tax, educational surcharges, local education surcharges, individual income tax (unless there is the withholding agent) as well as the CIT on the project departments of the construction enterprises operating across the regions

- In areas with suitable conditions, subject to the negotiations between the provincial state tax authorities and the local tax authorities, the state tax authorities may collect the resource tax, stamp duty and other non-tax income on behalf of the local tax authorities during the process of entrusted issuance of invoices and the scope of entrusted collection shall be announced to the public in a timely manner

(Those taxes and fees mentioned above are local government taxes and fees rather than central government taxes and so it would normally be the local tax authorities who should collect them.)

Reference: Cai Shui [2016] No. 86
 Issuance date: 3 August 2016
 Effective date: 1 August 2016

Relevant industries: All
 Relevant companies: All
 Relevant taxes: VAT

Potential impacts on businesses:

- Compliance risks due to regulatory uncertainties reduced

You may click the circular titles to access full content of the circulars.

Further VAT implementation rules from MOF and SAT

In order to help better implement the new VAT rules Measures for Implementation of the Pilot Program of VAT Reform (Cai Shui [2016] No. 36, "Circular 36"). Recently, the MOF and the SAT jointly issued a Circular to further clarify issues in relation to input VAT credit for toll fees. The SAT also announced that the national platform for authenticating VAT invoice goes live.

❑ [MOF and SAT further clarify input VAT credit for toll fees \(Cai Shui \[2016\] No. 86, "Circular 86"\)](#)

Following [Cai Shui \[2016\] No. 47](#), Circular 86 clarifies that the general VAT taxpayers may still use the following formulas to calculate creditable input VAT for toll fees from 1 August 2016.

- Creditable Input VAT against highway toll fee = amount indicated on the highway toll fee receipt $\div (1 + 3\%) \times 3\%$
- Creditable Input VAT against first-grade road, secondary road, bridge or gate toll fee = amount indicated on the first-grade road, secondary road, bridge or gate toll fee receipt $\div (1 + 5\%) \times 5\%$

❑ [National platform for authenticating VAT invoices goes live](#)

- Recently, the national platform of the SAT for authenticating VAT invoices officially went live. The detailed information of invoice will be shown if the input information is consistent with the e-information, however, which shall not be deemed as legal basis for authenticating invoices purposes
- Invoices covered in the platform include: special VAT invoice, ordinary VAT invoice, special invoices for freight trade, uniform invoice for sales of motor vehicle

Meanwhile, local tax bureaus also issued several announcements and interpretation to further clarify implementation issues for the VAT reform, mainly including the followings:

❑ [Q&A on use of VAT invoices by Fujian State Tax Bureau \(Issue 1\)](#)

❑ [Q&A on hot issues for VAT reform by Jiangxi State Tax Bureau \(for the period of 1 to 12 August\)](#)

❑ [Q&A on hot issues for VAT reform by Xiamen State Tax Bureau \(Issue 13\)](#)

The State Council, the MOF and the SAT have recently issued many circulars for the implementation of Circular 36. You may click [KPMG China Tax Weekly Update Issue 13](#), [Issue 14](#), [Issue 15](#), [Issue 16](#), [Issue 17](#), [Issue 18](#), [Issue 19](#), [Issue 20](#), [Issue 21](#), [Issue 22](#), [Issue 23](#), [Issue 24](#), [Issue 25](#), [Issue 26](#), [Issue 27](#), [Issue 28](#), [Issue 29](#), [Issue 30](#), [Issue 31](#) and [Issue 32](#) to understand the details.

* On the occurrence of Circular 36 announcement, KPMG immediately issued a series of China Tax Alerts to provide an overview of the high level policies and general impacts across all industries. Focusing on construction, real estate, finance and lifestyle services, at the same time, we also issued specific alerts for each of the three major industries affected by these changes. You may click the following links to read:

- ❑ [China Tax Alert: China's new VAT rates & rules –high level policies and general impacts across all industries \(Issue 9, March 2016\)](#)
- ❑ [China Tax Alert: China's new VAT rates & rules –Financial Services impacts \(Issue 10, March 2016\)](#)
- ❑ [China Tax Alert: China's new VAT rates & rules –Lifestyle Services impacts \(Issue 11, March 2016\)](#)
- ❑ [China Tax Alert: China's new VAT rates & rules –Real Estate & Construction industry impacts \(Issue 12, March 2016\)](#)

** In addition, the MOF and SAT issued Circular 68 to further clarify VAT treatment of services in regard of reinsurance arrangements, lease of immovable properties and non-academic education. Also, Circular 70 was issued to further clarify the VAT reform policies on financial industry. KPMG has issued two China Tax Alerts to detail the tax impact to reinsurance, insurance and financial services, you may click the following links to read:

- ❑ [China Tax Alert: New Circular clarifies China's VAT treatment of reinsurance arrangements \(Issue 17, June 2016\)](#)
- ❑ [China Tax Alert: New Circular expands upon China's VAT exemptions for financial services industry \(Issue 20, July 2016\)](#)

Reference: BSTB & BLTB Announcement [2016] No. 29
Issuance date: 18 August 2016
Effective date: 18 August 2016

Relevant industries: All industries in Beijing
Relevant companies: All enterprises in Beijing
Relevant taxes: CIT

Potential impacts on businesses:

- Compliance risks due to regulatory uncertainties reduced
- Operational costs reduced

You may click [here](#) to access full content of the circular.

Beijing tax authorities no longer request tax-related assurance reports for CIT annual filing

On 18 August 2016, The Beijing State Tax Bureau (BSTB) and the Beijing Local Tax Bureau (BLTB) jointly issued Announcement [2016] No. 29. According to the Announcement, BSTB and BLTB's previous [Announcement \[2012\] No. 2](#) was abolished on 18 August.

* Pursuant to Announcement No. 2, taxpayers whose Corporate Income Tax (CIT) are subject to tax collection based on examination of accounts, shall also provide the tax authorities with the tax-related assurance reports issued by tax professional services provider when performing CIT annual filing, for the conditions set out below:

- ❑ Assets losses subject to special declaration for pre-tax deduction occurred
- ❑ Real estate development enterprise performs tax filing for the year in which the development project is completed
- ❑ Taxpayer whose loss for the current year equals or exceeds RMB 0.1 million
- ❑ Taxpayer uses previous years' accumulated loss for the current year
- ❑ Taxpayer whose annual sales (business) revenue equals or exceeds RMB 30 million

** On 4 August, the SAT issued Shui Zong Han [2016] No. 389 to clarify that if assurance reports are not required in the relevant laws, regulations, department rules or SAT's regulatory documents (including the documents issued by SAT together with other authorities), local tax authorities shall not require such reports without authorization in the process of implementation. Where the local tax authorities have already required such documents in practice, they shall amend or abolish the relevant requirements in their local documents. You may click KPMG [China Tax Weekly Update \(Issue 32, August 2016\)](#) for more details.



Continuance of existing tax incentives for buses and trolley buses purchased by urban public transport enterprises

On 25 July 2016, the MOF and the SAT jointly issued Cai Shui [2016] No. 84 ("Circular 84"), which stipulates that the buses and trolley buses purchased by urban public transport enterprises shall continue to be exempted from vehicle purchase tax, effective from 1 January 2016 to 31 December 2020. This also clarifies the scope of the public transport enterprises, buses and trolley buses covered in the Circular 84 as well as other issues including declaration procedure for vehicle purchase tax exemption.

You may click [here](#) to access full content of the circular.

Export tax refund rate for products from further-processing of corn clarified

On 19 August 2016, the MOF and the SAT jointly issued Cai Shui [2016] No. 92 to clarify that the export tax refund rate on VAT for products from further-processing of corn (such as corn starch, alcohol) will be resumed to 13%, effective from 1 September 2016.

* Products from further-processing of corn was subject to 0% export tax refund rate from 1 January 2016 to 31 August 2016.

You may click [here](#) to access full content of the circular.

Redistribution of 2016 import tariff quotas for agricultural products announced

On 17 August 2016, the National Development and Reform and the Ministry of Commerce jointly issued Announcement [2016] No. 19. This clarifies the relevant issues for redistribution of 2016 import tariff quotas for agricultural products. Application forms for redistribution of 2016 import tariff quotas for grain, cotton and sugar are also attached in the Announcement.

You may click [here](#) to access full content of the circular.



Imports of fe-based amorphous alloy ribbon originating from Japan and the U.S. are subject to anti-dumping measures

On 17 July 2016, the GAC issued Announcement [2016] No. 44 (“Announcement 44”) to decide that the imported fe-based amorphous alloy ribbon originating from Japan and the U.S. shall be subject to the temporary anti-dumping measures in the form of cash deposits. Announcement 44 also attached investigation of relevant cases released by MOFCOM ([MOFCOM Announcement \[2016\] No. 42](#)), clarifying the scope of products that are subject to the temporary anti-dumping measures as well as the corresponding HS code.

You may click [here](#) to access full content of the circular.

* With regard to the announcement on the imposition of anti-dumping duties for imports of acrylic fibers and the preliminary ruling on the anti-dumping investigation against imports of acrylic fibers and electrical steel, you may click KPMG China Tax Weekly Update [Issue 30](#) and [Issue 13](#) for more details.

** With regard to the final ruling on the anti-dumping investigation against imports of electrical steel originated in Japan, South Korea and the EU, you may click KPMG [China Tax Weekly Update \(Issue 29, August 2016\)](#) for more details.

*** With regard to the final ruling on the anti-dumping investigation against imports of unbleached sack paper originated in the U.S., the EU and Japan, you may click KPMG [China Tax Weekly Update \(Issue 14, April 2016\)](#) for more details.

Shanghai tax authority makes tax refunds automatic

Based on news from the Shanghai State Tax Bureau, Shanghai Hongkou Tax Bureau introduces “Internet + Refund for overpaid tax” so as to facilitate tax refund. That is to say, once the CIT annual filing is completed by an enterprise, the tax authority will collect the information on overpaid CIT from its internal system, then issue an e-notice to the relevant enterprise for confirmation through the online taxation service hall. Upon receipt of confirmation, the tax authority will initiate the tax refund, as a result, there is no need for the enterprise to apply for tax refund with tax authority and submit paper materials in person.

You may click [here](#) to access full content of the circular.

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