

China Tax Weekly Update

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Reference: Guo Ke Fa Huo [2016] No.195
Issuance date: 22 June 2016
Effective date: 1 January 2016

Relevant industries: All
Relevant companies: High-tech enterprises
Relevant taxes: CIT

Potential impacts on businesses:

- Compliance costs due to regulatory uncertainties reduced

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

New administrative guidelines for recognition of high and new technology enterprises (HNTEs)

On 22 June 2016, the Ministry of Science and Technology (MST), the Ministry of Finance (MOF) and the State Administration of Taxation (SAT) jointly issued Guo Ke Fa Huo [2016] No.195 (“Circular 195”) providing administrative guidance for recognition of HNTEs (“Guidance”). The Guidance sets out, from an organizational and implementation perspective, details on the HNTE regime including HNTE recognition procedures, recognition conditions, supervision, and tax preferences. The new Guidance is effective from 1 January 2016. Circular 195 also makes clear that:

- For any HNTE recognized in accordance with the old Administrative Measures for Recognition of HNTEs (Guo Ke Fa Huo [2008] No.172) (“the Measures 2008”) prior to 1 January 2016, for which the recognition period has not yet elapsed, its HNTE qualification shall remain valid. The enterprise may enjoy the Corporate Income Tax (CIT) preferential policy in accordance with the CIT Law and its implementation regulations.
- In the event that any HNTE recognized in accordance with the 2008 Measures came under the situation set forth in Article 15 of the Measures 2008 prior to 31 December 2015 (the HNTE provided false information during the recognition application or engaged in tax evasion or tax fraud), and the relevant department had made penalty decision prior to 31 December 2015, the matter shall still be disposed in accordance with applicable provisions of the 2008 Measures. The penalty that the application of the enterprise(s) for recognition may not be accepted within 5 years shall be implemented until 31 December 2015 (i.e., The enterprise(s) can re-apply the HNTE qualification in 2016 even if it is still within the 5 year penalty period under the 2008 Measures).

* For details on the tax impact of the new HNTE recognition guidance click the following link:

- ❑ [China Tax Alert: Administrative guidelines for recognition of High and New Technology Enterprise \(HNTE\) \(Issue 19, July 2016\)](#)

** For the New version of Administrative Measures for Recognition of High and New Technology Enterprise (HNTE), click the following link :

- ❑ [China Tax Alert: New Version of Administrative Measures for Recognition of High and New Technology Enterprise \(HNTE\) Released \(Issue 5, February 2016\)](#)

Reference: SAT
Announcement [2016] No.38
Issuance date: 22 June 2016
Effective date: 1 July 2016

Relevant industries: All
Relevant companies: All
Relevant taxes: Resource
Tax

Potential impacts on
businesses:

- Effective tax burden may reduced
- Compliance costs due to regulatory uncertainties reduced

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

SAT revised tax filing forms for Resource Tax

As mentioned in KPMG [China Tax Weekly Update \(Issue 18, May 2016\)](#), on 9 May 2016, the MOF, the SAT and the Ministry of Water Resource (MWR) issued 3 circulars to comprehensively implement the Resource Tax Reform beginning 1 July 2016. China will implement a reform of expanding the scope of collection of the Resource Tax as well as transitioning it from a volume basis tax to a price basis tax. The main objectives of the reform are to regularise the interaction between the Resource Taxes and fees and to establish a more fair, reasonable, and efficient Resource Tax system.

Thus, SAT issued SAT Announcement [2016] No. 38 to accordingly revise the Resource Tax filing forms, effective from 1 July 2016.

* With regard to the tax impact of the comprehensive implementation of Resource Tax Reform, you may click the following link to access the relevant analysis:

- [China Tax Alert: Comprehensive Implementation of the Resource Tax Reform on 1 July: the overall tax burden on enterprises will not be increased \(Issue 18, June 2016\)](#)

Reference: Shui Zong Fa [2016] No.95 / Shang Zheng Han [2016] No. 1209 / Yue Fu [2016] No. 60 / GSTB Announcement [2016] No. 13
Issuance date: From 14 June 2016 to 27 June 2016
Effective date: 1 May 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 reform implementation rules

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 tax authorities and other relevant authorities in different regions issued several announcements or interpretations to clarify implementation issues for the VAT reform. The main circulars are as follows:

- [SAT issues notice on implementation of analysis for VAT reform pilot and improvement of tax services \(Shui Zong Fa \[2016\]No.95\)](#)
- [Shanghai Stock Exchange issues notice on VAT reform related matters \(Shang Zheng Han \[2016\] No. 1209\)](#)
- [Q&A on hot VAT reform issues by Beijing State Tax Bureau](#)
- [Guangdong Provincial Government issues notice on transitional scheme for division of provincial revenue on VAT after the VAT reform \(Yue Fu \[2016\] No. 60\)](#)
- [Guangdong State Tax Bureau \(GSTB\) issues announcement on repealing the administrative measures of entrusted issuance of the general invoices \(GSTB Announcement \[2016\] No. 13\)](#)
- [Q&A on VAT Reform issues of brokerage services by GSTB](#)
- [Guidance on comprehensive implementation of VAT reform by Hainan STB- Q&A in construction industry](#)
- [Q&A on VAT Reform issues of construction industry by Anhui STB \(Issue 5\)](#)
- [Q&A on hot 12366 VAT Reform issues by Fujian STB](#)

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](#) and [Issue 24](#) 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 Cai Shui [2016] No. 68 ("Circular 68") to further clarify VAT treatment of services in regard of reinsurance arrangements, lease of immovable properties and non-academic education on 18 June 2016. With regard to the tax impact that Circular 68 making to reinsurance services, you may click KPMG the following link to understand more details:

- ❑ [China Tax Alert: New Circular clarifies China's VAT treatment of reinsurance arrangements \(Issue 17, June 2016\)](#)

Reference: Guo Han [2016]
No. 106 /107
Issuance date: 16 June 2016
Effective date: 16 June 2016

Relevant industries: Hi-tech
Industry
Relevant companies:
Enterprises located in Fu Xia
Quan SHIDZs and He Wu
Beng SHIDZs
Relevant taxes: N/A

Potential impacts on
businesses:

- Operational costs
reduced

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

China sets up two new National Independent Innovation Demonstration Zones (NIIDZs)

On 16 June 2016, the State Council issued Guo Han [2016] No. 106 and No. 107, officially approving the establishment of two new NIIDZs in the Fuzhou-Xiamen-Quanzhou State Hi-tech Industry Development Zones (Fu Xia Quan SHIDZs) in South East China and Hefei-Wuhu-Bengbu SHIDZs (He Wu Beng SHIDZs) in Eastern China. The two circulars took effect from the date of issuance, i.e., 16 June 2016.

- ❑ [Reply of the State Council to approving the set up of NIIDZs in Fu Xia Quan SHIDZs \(Guo Han \[2016\] No. 106\)](#)
- ❑ [Reply of the State Council to approving the set up of NIIDZs in He Wu Beng SHIDZs \(Guo Han \[2016\] No. 107\)](#)

* On March 2016, the Standing Committee Meeting of the State Council decided to set up several new NIIDZs and to accelerate the construction of Shanghai Scientific and Technological Innovation Centre. For more information about these, you may click KPMG [China Tax Weekly Update \(Issue 12, April 2016\)](#) to understand more.

** For further information about relevant tax preferential policies of NIIDZs, you may click KPMG [China Tax Weekly Update \(Issue 6, March 2016\)](#) to understand more details.

Reference: N/A
 Issuance date: 27 June 2016
 Effective date: 1 July 2016

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

Potential impacts on businesses:

- Compliance costs reduced
- Risks of being challenged due to non-compliance issues increased

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

Guidelines on cooperation between the State Tax Bureau and the Local Tax Bureau [Version 3.0]

In order to comprehensively implement the VAT reform, the Resource Tax reform, as well as deepen the reform of the tax collection and administration system, the SAT revised the *Guidelines on Cooperation between the State Tax Bureau (STB) and the Local Tax Bureau (LTB) [Version 2.0]*. STBs, which are established at every level of administration (from province down to country level) form a hierarchy of tax authorities under the national SAT and focus on collecting the national taxes. LTBs, by contrast, collect mainly the separate local taxes to fund local governments. There has always been a measure of cross-over and cooperation between the duties and responsibilities of the STBs and LTBs. Efforts have been made, in recent years, to make them work together more effectively.

Version 2.0 was issued in early 2016. The *Guidelines* have been upgraded to Version 3.0 with 51 cooperation items in total, which retains 44 cooperation items, revises 13 cooperation items in Version 2.0 and newly adds 7 cooperation items. The Version 3.0 will be effective from 1 July 2016.

New cooperation items

- Share core resources: STBs and LTBs can share tax service halls with each other.
- Cooperative administration of tax collection from construction enterprises operating across tax districts: LTBs are experiencing difficulties in obtaining business information on construction enterprises operating across tax districts after the May 2016 VAT reform. Addressing this issue, STBs will help LTBs strengthen the tax management by means of jointly collecting taxes, levying by commission and sharing information.
- Cooperative implementation of integrated tax management for real estate enterprises: STBs and LTBs shall jointly set up a registration system for real estate enterprise projects and share relevant tax information of the enterprises.
- Draw on each others' tax management experience: in view of STBs' lack of tax management experience with VAT-reform industries, and LTBs' lack of experience with general VAT management, STBs and LTBs shall establish long-term experience sharing mechanisms.
- Jointly promote tax online services: STBs and LTBs shall establish unified mobile online systems for tax services.
- Collaborative implementation of recordal management for CIT preferential policies : At present, some enterprises have their CIT affairs managed by STBs, and others by LTBs. Their requirements of filing materials are not unified. To solve this problem, STB and LTB shall unify their standards of filing materials.
- Jointly sign with taxpayer the entrusted tax payment agreement: STB or LTB can sign with taxpayer the entrusted tax payment agreement on behalf of each other. The entrusted tax payment agreement is an agreement signed among the taxpayers, tax authorities and banks so that the taxpayers can make the tax payments electronically through the banks.

* For further information about the earlier 2.0 Guidelines, which the 3.0 Guidelines now replace, please click on KPMG [China Tax Weekly Update \(Issue 2, January 2016\)](#).

Reference: N/A
 Issuance date: N/A
 Effective date: N/A

Relevant industries: All
 Relevant companies:
 Enterprises in Hong Kong
 Relevant taxes: CIT/IIT

Potential impacts on
 businesses:

- Risks of being challenged due to non-compliance issues increased

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

Hong Kong joins global inclusive framework for implementation of BEPS

According to a Hong Kong SAR government website, Hong Kong has accepted the OECD's invitation to join, in the name of "Hong Kong, China", the inclusive framework for implementation of the package of measures against BEPS, as an Associate. In becoming an Associate to the BEPS Project, Hong Kong has committed to the comprehensive BEPS Package, including its four minimum standards: in the areas of harmful tax practices, tax treaty abuse, country-by-country reporting requirements and improvements in cross-border tax dispute resolution.

There are three pledges to fulfil (commitment automatic exchange of information, adherence to the multilateral convention, and meeting the standards of the Global Forum Peer Review on information exchange). If these standards are not met a jurisdiction may be put on a blacklist and tax countermeasures taken by other countries against it.

The Hong Kong SAR government is on putting in place the mechanism for automatic exchange of financial account information in tax matters, in order to meet the pledge to commence the first information exchanges by the end of 2018. The Commissioner of Inland Revenue will represent Hong Kong and attend the inaugural meeting of the inclusive framework, which will take place in Kyoto, Japan, from June 30 to July 1, 2016.

Reference: Shui Zong Han [2016] No. 274
 Issuance date: 19 June 2016
 Effective date: N/A

Relevant industries: N/A
 Relevant companies: Beijing Juling Plastic Co.,Ltd
 Relevant taxes: CIT

Potential impacts on
 businesses:

- Compliance risks due to regulatory uncertainties reduced

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

SAT response to reply Beijing enforcement case clarifies position on deductibility of insurance payments

On 19 June 2016, the SAT issued Shui Zong Han [2016] No. 274. This contained a reply to the Beijing State Tax Bureau (BSTB) regarding the *Review Opinion on the Tax Evasion Case of Beijing Juling Plastic Co., Ltd. in 2009*. The company regarded the commercial insurance expenses paid by the company for some of the management personnel as deductible expenses for CIT purpose. The SAT replied that such activity shall not be identified as tax evasion for the following reasons:

- According to article 36 of Implementation Regulations for the Corporate Income Tax Law (CIT) of the People's Republic of China (PRC), the commercial insurance expenses paid by the enterprise for some of the management personnel cannot be deductible for CIT purpose. But the expenses deducted for CIT purpose were the actual expenditure of the enterprise.
- Apart from the insurance issue subject to this investigation, there was no other matter under investigation for this enterprise. No other noncompliant behaviour had been recorded since the establishment of the enterprise. The enterprise in this case has withheld and paid the individual income tax for the commercial insurance expenses paid for the management staff during the tax period. Therefore, the SAT took the view that there was insufficient evidence to prove a taxpayer intent to avoid tax.

Reference: N/A
 Issuance date: N/A
 Effective date: N/A

Relevant industries: All
 Relevant companies: Enterprises of multinational groups located in Beijing
 Relevant taxes: CIT

Potential impacts on businesses:

- Risks of being challenged due to non-compliance issues increased

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

Beijing State Tax Bureau (BSTB) anti-avoidance activities

Per the website of the 2nd sub-bureau of Beijing State Tax Bureau (2nd sub-bureau), the 2nd sub-bureau recently undertook a series of activities to strengthen the supervision and management of tax anti-avoidance, and clarified their work direction.

❑ [China and Denmark cooperate on two bilateral advance pricing arrangements \(APAs\)](#)

- The 2nd sub-bureau assisted the SAT in bilateral negotiations with Denmark on two APA cases. The first APA has agreed on the payment of RMB 10 million of CIT plus interest. The second case is the renewal of a bilateral APA between China and Denmark.

❑ [2nd sub-bureau establishes supervision mechanism for MNE profit levels](#)

- Based on the tax administrative data in the tax bureau system, the 2nd sub-bureau has gradually built up a supervision index system on MNE profit levels. This includes the company's basic information, financial information and tax information.
- The 2nd sub-bureau evaluates the risk of tax avoidance through statistical analysis on MNEs. They utilizes the evaluation results as a basis to establish a mechanism that MNEs will be supervised and dealt with differently based on their different risk levels.

❑ [2nd sub-bureau strengthens related-party transaction risk monitoring](#)

- The 2nd sub-bureau has been investigating related-party payments declarations. During the audit of TP documentation, the bureau collects the information of related-party transactions and the finance information covering several years where the amounts of related-party transaction are large. Through the real-time monitoring of the risk index, the bureau can guard against the activities of shifting profits and evading taxes in the large amount of related-party transactions.

Reference: GAC
 Announcement [2016] No. 39
 Issuance date: 28 June 2016
 Effective date: 1 July 2016

Relevant industries: All
 Relevant companies: All
 Relevant taxes: Customs Duty

Potential impacts on businesses:

- Compliance risks due to regulatory uncertainties reduced

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

Real time information exchange of customs data under China-South Korea FTA

On 28 June 2016, the General Administration of Customs (GAC) issued GAC Announcement [2016] No. 39 ("Announcement 39"), clarifying that place of origin data of goods under *Free Trade Agreement Between the Government of the People's Republic of China and the Government of the Republic of Korea* ("the Agreement") can realise real-time exchange through the Country of Origin Electronic Information Exchange System between the customs of China and South Korea from 1 June 2016. The completion notes for customs declaration forms and relevant issues are also clarified in Announcement 39.

List of Key Tax Policies in the first half of 2016

Tax	Regulations	Effective date	Link
Value Added Tax	<ul style="list-style-type: none"> • MOF and SAT issue notices on VAT reform implementation and supplement documents <ul style="list-style-type: none"> ❑ From 1 May 2016, all business taxpayers in the construction, real estate, financial and lifestyle service industries will be included into the scope of the BT to VAT reforms to pay VAT rather than BT. 	1 May 2016	<p>China Tax Weekly Update Issue 11, Issue 13, Issue 14, Issue 15, Issue 16, Issue 17, Issue 18, Issue 19, Issue 20, Issue 21, Issue 22, Issue 23 and Issue 24</p> <p>China Tax Alert Issue 9, Issue 10, Issue 11, Issue 12 and Issue 17</p>
	<ul style="list-style-type: none"> • State Council issues the transitional scheme for division of central and local revenue on VAT after the VAT reform (Guo Fa [2016] No. 26) <ul style="list-style-type: none"> ❑ Central government is entitled to get 50% of VAT collected, while the local governments will get the other 50%, with the division of the local portion of VAT subdivided between local governments on the basis of where the VAT is paid. The transitional scheme will take effect from 1 May and the transitional period is tentatively set as 2-3 years. Following this, revised arrangements for sharing revenue between local and central government will need to be put in place. 	1 May 2016	<p>China Tax Weekly Update Issue 16</p>
	<ul style="list-style-type: none"> • SAT issues notice to amend the VAT filing returns (SAT Announcement [2016] No. 27) <ul style="list-style-type: none"> ❑ The SAT amends the VAT filing returns and the appendices. The relevant completion notes have also been modified. 	1 June 2016	<p>China Tax Weekly Update Issue 17</p>
Corporate Income Tax	<ul style="list-style-type: none"> • SAT revises Corporate Income Tax (CIT) Filing Forms (SAT Announcement [2016] No. 3) <ul style="list-style-type: none"> ❑ The SAT has revised several CIT annual filing forms. The revised CIT annual filing forms shall apply to the 2015 CIT annual filing and onwards. 	N/A	<p>China Tax Weekly Update Issue 4</p>
	<ul style="list-style-type: none"> • New version of Administrative Measures for Recognition of High and New Technology Enterprise (HNTE) released (Guo Ke Fa Huo [2016] No. 32) <ul style="list-style-type: none"> ❑ Circular 32 adjusts the HNTE recognition requirements, as well as the procedures and supervision of the policy. • SAT implements the new Administrative Measures for Recognition of High and New Technology Enterprise (HNTE) (Shui Zong Han [2016] No. 74) • Three ministries jointly release administrative guidelines for recognition of HNTE (Guo Ke Fa Huo [2016] No. 195) 	1 January 2016	<p>China Tax Weekly Update Issue 5, Issue 7</p> <p>China Tax Alert Issue 19</p>

Tax	Regulation	Effective date	link
Corporate Income Tax	<ul style="list-style-type: none"> • <i>Preferential Corporate Income Tax (CIT) policies for software and integrated circuit (IC) enterprises (Cai Shui [2016] No. 49)</i> <ul style="list-style-type: none"> ❑ Circular 49 upgrades certain provisions under the Notice on CIT policies for further encouraging the development of software and IC industries (Cai Shui [2012] No. 27) in order to clarify the preferential CIT policies enjoyed by software and IC enterprises • <i>4 authorities jointly clarify issues for key software and IC design enterprises under the State planning (Fa Gai Gao Ji [2016] No.1056)</i> 	1 Jan 2015	China Tax Weekly Update Issue 17 and Issue 20
Tax Admin	<ul style="list-style-type: none"> • <i>SAT announces the key tasks of taxation work in 2016 (SAT Announcement [2016] No.12)</i> <ul style="list-style-type: none"> ❑ SAT clarify 10 key tasks which include: push forward the tax reform, implement the taxation policies, transform tax collection and administration methods, strengthen tax collection mechanism, promote tax administration in accordance with the laws, optimize taxation services, push forward administration of taxation using information technologies, participate in international cooperation on taxation, etc. 	N/A	China Tax Weekly update Issue 6
	<ul style="list-style-type: none"> • <i>SAT issues the Trial Measures for the Public Disclosure of Significant Tax Fraud Cases [2016] No. 24)</i> <ul style="list-style-type: none"> ❑ Revise the announcing principles, case standards, announcement content, announcing methods, remedial measures, information keeping and penalty measures, etc. for significant tax fraud cases. The SAT has “named and shamed” 15 tax fraud cases in two batches in May and June this year respectively. 	1 June 2016	China Tax Weekly update Issue 16 , Issue 19 and Issue 24
	<ul style="list-style-type: none"> • <i>SAT issues the Provisional Administrative Measures for Tax Audit Case Sourcing (Shui Zong Fa [2016] No. 71)</i> <ul style="list-style-type: none"> ❑ Clarify tax audit case sourcing information, case sourcing type, case sourcing handling, case sourcing allocation and use of results etc. 	1 July 2016	China Tax Weekly update Issue 20
	<ul style="list-style-type: none"> • <i>SAT issues the measures for administration of name-list database of random inspection objects of tax inspection (Trial) (Shui Zong Fa [2016] No. 73)</i> <ul style="list-style-type: none"> ❑ Clarify that the population of taxpayers which may potentially be chosen for audit (‘audit objects’) are divided into key audit objects and non-key audit objects, and also clarify issues in regard of collecting tax-related information for the list of enterprises in the audit pool, and in relation to construction and maintenance of the database, etc. 	24 May 2016	China Tax Weekly update Issue 21
	<ul style="list-style-type: none"> • <i>SAT issues notice on the Measures for Joint Tax Audit Work of State Tax Bureaux and Local Tax Bureaux (Trial) (Shui Zong Fa [2016] No. 84)</i> <ul style="list-style-type: none"> ❑ Stipulate relevant aspects of joint tax audit work carried out by STBs and LTBs 	6 June 2016	China Tax Weekly update Issue 23

Tax	Regulation	Effective date	link
Tax Admin	<ul style="list-style-type: none"> • <i>MOFCOM issues Administrative Measures on Recordal Filing of HK and Macao Service Providers Making Investments in Mainland China (Trial) (MOFCOM Announcement [2016] No. 20)</i> <ul style="list-style-type: none"> ❑ Clarify the recordal filing scope of <i>HK and Macao Service Providers</i>, the relevant in-charge authorities for the filings, procedures and materials for the filings, and administrations of the filings, etc. • <i>State Council issues decision on adjusting administrative approval procedures and relaxing entry restriction for HK and Macao service providers providing cross-border services and making investments in mainland (Guo Fa [2016] No. 32)</i> <ul style="list-style-type: none"> ❑ Adjust the administrative approval procedures and relax entry restriction for HK and Macao service providers providing cross-border services and making investments in certain sectors in mainland China. 	1 June 2016	China Tax Weekly Update Issue 19 and Issue 22
International Tax	<ul style="list-style-type: none"> • <i>SAT issues Announcement on Implementation of Multilateral Convention on Mutual Assistance in Tax Collection and Administration (SAT Announcement [2016] No.4)</i> <ul style="list-style-type: none"> ❑ Clarify that the Multilateral Convention on Mutual Assistance in Tax Collection and Administration will be applicable to China on 1 February 2016. China shall start to implement the Convention on 1 January 2017. The Convention applies to 16 taxes including CIT, VAT, Business Tax, Consumption Tax, and others. 	N/A	China Tax Weekly update Issue 4
	<ul style="list-style-type: none"> • <i>The 10th FTA meeting held in Beijing</i> <ul style="list-style-type: none"> ❑ SAT signs the Multilateral Competent Authority Agreement for the automatic exchange of Country-by-Country reports (CBC MCAA), also signs the Memorandum of Understanding on Taxation Cooperation with Canada and US separately. The Communiqué of the 10th Meeting of the OECD Forum on Tax Administration was also released at the close of the meeting. 	N/A	China Tax Weekly Update Issue 18 and Issue 19
	<ul style="list-style-type: none"> • <i>OECD releases a discussion draft on the development of a multilateral instrument to implement the tax-treaty related Base Erosion and Profit Shifting (BEPS) measures</i> <ul style="list-style-type: none"> ❑ The multilateral instrument will modify existing bilateral tax treaties in order to swiftly implement the tax treaty measures developed in the course of the OECD-G20 BEPS Project. 	N/A	China Tax Weekly update Issue 22
	<ul style="list-style-type: none"> • <i>OECD Council approves the amendments to the Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations</i> <ul style="list-style-type: none"> ❑ BEPS transfer pricing related measures were included in the Guidelines, and BEPS reports were included in the preface of Committee recommendations on the transfer pricing decisions of affiliated enterprises. 	N/A	China Tax Weekly update Issue 23
	<ul style="list-style-type: none"> • <i>The Fourth Protocol to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (SAT Announcement [2016] No.12)</i> <ul style="list-style-type: none"> ❑ SAT announce that the Protocol entered into force from 29 December 2015, and shall be applied to the income generated on and after 29 December 2015. 	29 December 2015	China Tax Weekly update Issue 10

Tax	Regulation	Effective date	link
International Tax	<ul style="list-style-type: none"> • <i>Agreement Between the People's Republic of China and the Federal Republic of Germany for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and on Capital ("New DTA") and its Protocol (SAT Announcement [2016] No. 37)</i> <ul style="list-style-type: none"> ☐ The new DTA shall apply to income derived after 1 January 2017 and is effective from 6 April 2016. 	6 April 2016	<i>China Tax Weekly update Issue 24</i>
Resource Tax	<ul style="list-style-type: none"> • <i>MOF and SAT's Notice on Comprehensive Implementation of the Resource Tax Reform (Cai Shui [2016] No. 53)</i> • <i>MOF and SAT Clarify Specific Policies in Resource Tax Reform (Cai Shui [2016] No. 54)</i> • <i>MOF, SAT and MWR Issue the Pilot Provisional Regulation on Water Resource Tax Reform (Cai Shui [2016] No. 55)</i> 	1 July 2016	<i>China Tax Weekly update Issue 18</i> <i>China Tax Alert Issue 18</i>
Cross-Border E-Commerce	<ul style="list-style-type: none"> • <i>State Council issues Approval of the State Council on Establishing Cross-Border E-Commerce Comprehensive Pilot Zones in 12 Cities (Guo Han [2016] No. 17)</i> <ul style="list-style-type: none"> ☐ Approval to establish 12 CECPZs in Tianjin, Shanghai, Chongqing, Hefei, Zhengzhou, Guangzhou, Chengdu, Dalian, Ningbo, Qingdao, Shenzhen and Suzhou. 	N/A	<i>China Tax Weekly update Issue 3</i>
	<ul style="list-style-type: none"> • <i>Notice on Import Tax Policies for Retail of Cross-border E-commerce / Notice on adjustment of the import tax policies for inbound articles (Cai Guan Shui [2016] No.18 / Shui Wei Hui [2016] No.2)</i> <ul style="list-style-type: none"> ☐ E-commerce B2C imports shall be deemed as "goods" and be subject to Import Customs Duty, Import VAT and Import Consumption Tax • <i>Announcement on Releasing the List of Retail Goods Imported in Cross-Border E-commerce Transactions (Announcement [2016] No.40 by MOF and other 10 authorities)</i> • <i>GAC's Announcement on Revision of the Classification List of Imported Articles of the PRC and the Dutiable Value List of Imported Articles of the PRC (GAC Announcement [2016] No.25)</i> • <i>GAC's Announcement on Supervision of Retail Products Imported and Exported in Cross-border E-commerce Transaction (GAC Announcement [2016] No. 26)</i> • <i>The second batch of imported products for cross-border B2C e-commerce released (Announcement [2016] No. 47 by MOF and other 10 authorities)</i> • <i>MOF suspends customs clearance requirements for cross-border B2C e-commerce</i> 	8 April 2016 8 April 2016	<i>China Tax Weekly update Issue 12, Issue 14, Issue 15 and Issue 20</i>
Customs duty	<ul style="list-style-type: none"> • <i>Import tax issues concerning repair businesses of air materials under a guarantee arrangement clarified (GAC Announcement [2016] No. 6)</i> <ul style="list-style-type: none"> ☐ Announcement 6 clarified the tax scope, documentation requirements and tax declaration and filing requirements on repair businesses of air materials under a guarantee arrangement. 	29 January 2016	<i>China Tax Weekly Update Issue 5</i>

Tax	Regulations	Effective date	Link
Customs duty	<ul style="list-style-type: none"> GAC revises administration on dutiable value for operating lease of aircraft (GAC Announcement [2016] No.8) <ul style="list-style-type: none"> Announcement 8 clarified certain issues in respect of the administration on dutiable value for operating lease of aircraft. 	29 January 2016	China Tax Weekly Update Issue 5
	<ul style="list-style-type: none"> GAC revises standards for filling in customs declaration forms (GAC Announcement [2016] No.20) <ul style="list-style-type: none"> GAC made amendments to the previous version of the standards for filling in customs declaration forms for imports and exports which was announced in 2008. 	30 March 2016	China Tax Weekly Update Issue 12
	<ul style="list-style-type: none"> GAC revises the custom declaration form and record filing list for inbound and outbound goods (GAC Announcement [2016] No. 28) <ul style="list-style-type: none"> Announcement 28 revises the import and export customs declaration form and the record filing list for inbound and outbound goods in accordance with the revisions to the filling standards. The revised customs declaration form and the record filing list will be effective from 16 May 2016. 	16 May 2016	China Tax Weekly Update Issue 15
	<ul style="list-style-type: none"> Integrated customs clearance piloted in Shanghai <ul style="list-style-type: none"> The pilot reform for integrated customs clearance will be launched in Shanghai from 1 June 2016. A pilot customs clearance administrative model described as "One-off Declaration, Step-by-step Handling" for import and export of goods will be introduced. 	N/A	China Tax Weekly Update Issue 21
Others	<ul style="list-style-type: none"> State Council approves pilot schemes for service trade innovation (GuoFa[2016] No. 40) <ul style="list-style-type: none"> The State Council officially approved the <i>Pilot Schemes of Innovative Development of Service Trade</i> which will be carried out in the above-mentioned 10 provinces (cities) as well as 5 State-level new zones over the next 2 years. The 10 provinces (cities) are Tianjin, Shanghai, Hainan, Shenzhen, Hangzhou, Wuhan, Guangzhou, Chengdu, Suzhou and Weihai. The 5 State-level new zones are Harbin, Jiangbei of Nanjing, Liangjiang of Chongqing, Gui'an of Guizhou and Xixian of Shaanxi. The pilot schemes clarify the pilot period, pilot mission and the relevant supporting measures, etc. 	N/A	China Tax Weekly Update Issue 7
	<ul style="list-style-type: none"> NDRC and MOFCOM release Draft negative list for market entry (Trial) (Fa Gai Jing Ti [2016] No. 442) <ul style="list-style-type: none"> The Draft sets forth 328 items of negative list of market entry to industries, areas and businesses subject to investment ban or restrictions, including 96 items to which entry is banned and 232 items to which entry is restricted. 	N/A	China Tax Weekly Update Issue 14
	<ul style="list-style-type: none"> CSRC invites the public to provide comments on the revised Measures for Major Assets Restructuring of listed companies <ul style="list-style-type: none"> The China Securities Regulatory Commission changes the definition of back-door listing and the scope of existing rules related to enterprises restructuring. 	N/A	China Tax Weekly Update Issue 24

Tax	Regulations	Effective date	Link
Others	<ul style="list-style-type: none"> • <i>SAFE issues notice on forex administrations for foreign institutional investors investing in the inter-bank bond market (Hui Fa [2016] No. 12)</i> <ul style="list-style-type: none"> ❑ Circular 12 regulates foreign institutional investors (FIIs) investing in domestic inter-bank bond market 	27 May 2016	<i>China Tax Weekly Update</i> Issue 21
	<ul style="list-style-type: none"> • <i>SAFE relaxes capital account forex settlement (Hui Fa [2016] No. 16)</i> <ul style="list-style-type: none"> ❑ The State Administration of Foreign Exchange (SAFE) expanded nationwide the administrative reform governing the conversion of foreign currency debt, borrowed from overseas, into RMB for use in business activities in China. It also provided for uniform administration for conversion, of amounts received by a Chinese company (including an FIE) on its foreign capital account, into RMB and use of the RMB so converted for business purposes, by the company, at will. 	9 June 2016	<i>China Tax Weekly Update</i> Issue 23

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