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**NEWSLETTER**

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LATEST NEWS FROM CHINA

# Newsletter

Latest news from China  
Issue n.6 – June/July 2017

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## 1. Civil Engineering Construction Business Disclosure Standardized

News Category: Finance/ Accounting  
Shenzhen Stock Exchange No. 316 [2017]  
Title: *Guidelines for Industrial Information Disclosure No. 7 – Listed Companies Engaged in Civil Engineering Construction Business*  
Promulgator: SZSE  
Promulgation Date: May 19<sup>th</sup>, 2017  
Effective Date: May 19<sup>th</sup>, 2017

On May 19<sup>th</sup>, the Shenzhen Stock Exchange released the Guidelines for companies that are registered with the Chinese government as a civil engineering construction business. According to the guidelines, companies that gather 30% or more of their business from civil engineering construction must fulfill all the disclosure obligations as follows:

1. The company must fully disclose details on the macroeconomic situations of the industry it is engaged in;
2. The company must fully disclose its industrial policy environment;
3. The company must fully disclose the industrial development of its main business;
4. The company must fully disclose the demands of domestic and foreign markets;
5. The company must fully disclose all other details on the business mode adopted to implement engineering, construction, and settlement projects.

**You can read the complete news at:**

[http://www.szse.cn/main/disclosure/bsgg\\_front/39771840.shtml](http://www.szse.cn/main/disclosure/bsgg_front/39771840.shtml)

## 2. SAT et al. Set to Enforce New Non-Residents Due Diligence Measures

News Category: Tax  
SAT, MOF, PBOC, CBRC, CSRC, CIRC Announcement No.14 [2017]  
Title: *Announcement of the State Administration of Taxation, the Ministry of Finance, the People's Bank of China, the China Banking Regulatory Commission, the China Securities Regulatory Commission and the China Insurance Regulatory Commission on Promulgating the Administrative Measures for the Due Diligence of Tax-related Information of Financial Accounts Owned by Non-residents*  
Promulgator: SAT, MOF, PBC, CBRC, CSRC, CIRC  
Promulgation Date: May 9<sup>th</sup>, 2017  
Effective Date: July 1<sup>st</sup>, 2017

On May 9<sup>th</sup>, the State Administration of Taxation (SAT), Ministry of Finance (MOF), Peoples Bank of China (PBC), China Banking Regulatory Commission (CBRC), China Securities Regulatory Commission (CSRC), and China Insurance Regulatory Commission (CIRC) released an Announcement that declared that the proposed measures, drafted in October of 2016, are now to be enforced beginning on July 1<sup>st</sup>, 2017. According to the Measures, **a non-resident or a passive non-financial entity controlled by a non-resident, when opening a financial account, must provide a detailed announcement** of the name, current home address, country (region) where it's a tax resident, taxpayer identification number, place and date of birth etc., in order to prove the tax resident's identity (or the identity of the account owner or account controller). Furthermore, financial institutions may entrust third parties to fulfill these obligations in due diligence, but relevant responsibilities shall be borne by these financial institutions. These materials that are collected shall be kept for at least five years.

**You can read the complete news at:**

<http://www.chinatax.gov.cn/n810341/n810755/c2623078/content.html>

### 3. Individuals Purchasing Commercial Health Insurance Benefit on Individual Income Tax

News Category: Tax

SAT Announcement No. 17 [2017]

Title: *Announcement of the State Administration of Taxation on the Tax Collection Issues concerning the Promotion of the Implementation of the Commercial Health Insurance-related Personal Income Tax Policy*

Promulgator: SAT

Promulgation Date: May 19<sup>th</sup>, 2017

Effective Date: July 1<sup>st</sup>, 2017

The announcement establishes the targets eligible for Individual Income Tax policies on commercial health insurance and provides relevant requirements on tax declaration as follows: **expenditures made by an individual purchasing commercial health insurance products that are in line with the applicable provisions can be deducted before the individual income tax and such individuals shall still use the original tax return.**

However, taxpayers or withholding agents must now submit the *Schedule of Pre-Tax Deductions for Commercial Health Insurance* as an appendix that describes the expenditures when purchasing commercial health insurance and when filing a tax return. The announcement also calls for all private health insurance companies to adjust quickly to the announcement so that affected taxpayers may adapt to changes in a timely manner.

**You can read the complete news at:**

<http://www.chinatax.gov.cn/n810341/n810755/c2644800/content.html>

### 4. SAT Releases New Measures Calling for Cheaper and Quicker Tax-Paying Service

News Category: Tax

Shui Zong Hang No. 160 [2017]

Title: *Circular on Implementing Further Tax-cut Measures to Optimize Tax-Payment Services*

Promulgator: SAT

Promulgation Date: May 12<sup>th</sup>, 2017

Effective Date: May 12<sup>th</sup>, 2017

On May 12<sup>th</sup>, the State Administration of Taxation (SAT) released the circular meant to optimize tax-payment services and implement systems that free taxpayers from commuting between different departments. The circular calls for SAT office and local tax bureaus to make all possible efforts to reduce their costs when handling tax-related matters.

Additionally, efforts shall be made to allocate reasonable resources in taxpayer service halls and set up an easy access point for the handling of preference-related matters quickly. Tax authorities may use their official website, mobile app, WeChat, and any other media platform to inform taxpayer the number of taxpayers waiting for handling in front of them. Following in this timely fashion, the Circular calls for tax authorities to give risk warnings in an effective and timely manner.

Lastly, in cases where it is possible that the taxpayer might fail to file tax returns accurately or issues invoices in compliance with relevant requirements that have been adjusted recently, such as and among others, the change in the VAT tax rate that can be found in our [May Newsletter](#), the taxpayer must be notified and aided by the tax authorities to actively resolve these issues.

**You can read the complete news at:**

<http://wh.nm-n-tax.gov.cn/whgsj/xxgk/bsgk/41331.shtml>



## 5. New Pre-Tax Deductions for Cosmetic, Medicine, and Beverage Advertising

News Category: Tax  
Cai Shui No.48 [2012]  
Title: *Circular on Pre-Tax Deduction Policy for Advertising Expenses and Business Promotion Expenses*  
Promulgator: SAT; MOF  
Promulgation Date: May 27<sup>th</sup>, 2017  
Effective Date: January 1<sup>st</sup>, 2016 to December 31<sup>st</sup>, 2020

On May 27<sup>th</sup>, the Ministry of Finance (MOF) and the State Administration of Taxation (SAT) jointly issued a circular for pre-tax deductions in regard to advertising for businesses. According to the Circular, all advertising expenses and business promotion costs incurred by enterprises manufacturing or selling cosmetics, medicines, or beverages (excluding liquor) may be deducted from taxable income, up to 30% of sales revenue. Secondly, associated enterprises that have signed agreements to share advertising expenses are also allowed to deduct as stated above. Lastly, the advertising and business promotion expenses of tobacco enterprises are not allowed to be deducted when calculating taxable income. These changes in taxation are in effect until the end of 2020.

**You can read the complete news at:**

[http://szs.mof.gov.cn/zhengwuxinxi/zhengcefabu/201705/t20170531\\_2611605.html](http://szs.mof.gov.cn/zhengwuxinxi/zhengcefabu/201705/t20170531_2611605.html)

## 6. New Tax Policies for Venture Capitalists and Angel Investors

News Category: Tax  
SAT Announcement No. 20 [2017]  
Title: *Announcement on Relevant Matters Concerning the Pilot Tax Policies for Venture Capital Firms and Individual Angel Investors*  
Promulgator: SAT  
Promulgation Date: May 22<sup>nd</sup>, 2017  
Effective Date: July 1<sup>st</sup>, 2017

On May 22<sup>nd</sup>, the State Administration of Taxation (SAT) released an announcement confirming changes to pilot tax policies for venture capitalism firms and individual angel investors. The provisions regarding the enterprise income tax shall apply to the final settlement of tax in 2017 and onwards, whereas those on the individual income tax will be effective July 1<sup>st</sup>, 2017.

Good for taxpayers, **the announcement states that a corporate partner who invests in at least two qualified partnership venture capital enterprise is allowed to calculate, in aggregate, the deductible investment amount and the income it has gained.** In cases where the taxable income of the current period is insufficient for deduction purposes, the deduction may be carried forward into the following taxable years. However, if the taxable income is positive, the enterprise income tax must be calculated and paid.

The Announcement also provides that, for tech startups going through cancelation of registration and liquidation procedures - in cases where the individual angel investor's amount is not fully deducted - the remaining amount may be deducted when the same investor transfers the equities of any other tech startup that meets the conditions for deduction within 36 months.

**You can read the complete news at:**

<http://www.chinatax.gov.cn/n810341/n810755/c2651543/content.html>

## 7. SAT Monitors Issuance of VAT Invoices

News Category: Tax  
SAT Announcement No.16 [2017]  
Title: *Announcement of the State Administration of Taxation on Matters Regarding the Issuance of Value-added Tax Invoices*  
Promulgator: AQSIQ  
Promulgation Date: May 19<sup>th</sup>, 2017  
Effective Date: July 1<sup>st</sup>, 2017

Effective July 1<sup>st</sup>, it will **NOT** be possible anymore to register accounting **VAT invoices without a taxpayer identification number**. These efforts were made in order to further strengthen the management of value-added tax (VAT) invoices and for a smoother implementation of the new VAT.

When an enterprise purchaser asks for an ordinary VAT invoice, it shall provide the seller with its taxpayer ID number or unified social credit score; at the same time, the seller must indicate the taxpayer identification number or unified social credit code. Invoices that are not so issued may not be taken as tax evidence. Additionally, when the seller issues VAT invoices, the content shall state the actual sales information, and the seller will not fill in content that conflicts with the actual transaction declared by the purchaser. These transactions must also be added to the VAT invoice tax control system, and also filled out correctly.

**You can read the complete news at:**  
<http://www.chinatax.gov.cn/n810341/n810755/c2644618/content.html>

## 8. Argentine Grapes Cleared for Import

News Category: Customs  
Title: *Argentina Grapes Approved for Export to China*  
Promulgator: AQSIQ  
Promulgation Date: May 15<sup>th</sup>, 2017

On May 15<sup>th</sup>, the Chinese National Bureau of Quality Inspection (AQSIQ) met with a delegation from Argentina's Ministry of Agriculture to discuss the export of Argentine grapes. The two parties worked together, signing a protocol concerning the sanitation and quarantine of grapes that ultimately lead to the clearing of grapes for importation.

Furthermore, the two parties discussed the trade increase between the two nations. In recent years, Argentina has made strides to develop their agricultural output and hopes to find increased business in China. China, as its need for food imports grows, is also very interested in an increased trade relationship between the two countries. With this in mind, **the two parties signed a five-year plan for strategic bilateral agricultural cooperation**. Specifically, the plan highlights multiple promises to strengthen Sino-Argentinean quality and quarantine cooperation of agricultural products. The agreement states that it aims for future imports to China to include blueberries, honey, green peas and more.

Additionally, the Argentinean party met with Alibaba Group, specifically Jack Ma the company's CEO, and publicized an agreement that names Alibaba as the official channel for sales of Argentinean wines and other fresh products.

**You can read the complete news at:**  
[http://www.agroindustria.gob.ar/sitio/areas/ss\\_ganaderia/?accion=noticia&id\\_info=170515140407](http://www.agroindustria.gob.ar/sitio/areas/ss_ganaderia/?accion=noticia&id_info=170515140407)

## 9. EU-China Summit: 200 Geographical Indications to be Protected

News Category: Customs

19th EU- China Summit

Title: *100 European geographical indications set to be protected in China*

Promulgator: Directorate General for Agriculture and Rural Development of the European Commission; Ministry of Commerce of the People's Republic of China

Promulgation Date: June 3<sup>rd</sup>, 2017

Effective Date: June 3<sup>rd</sup>, 2017

During the 19th EU- China Summit, the Directorate General for Agriculture and Rural Development of the European Commission and the Ministry of Commerce of the People's Republic of China met to finish discussing the protection of geographical indications. Both the EU and China were tasked to provide the other with a list of 100 geographic indications that are to be protected in a bilateral agreement. The links to these complete lists are located below. A few of the EU countries and their products are listed in the chart on the following page.

The publication of these lists is standard procedure and the two sides are now in a period of asking interested parties for comments. The process, as of June 3<sup>rd</sup>, is to be completed as quickly as possible and all outstanding issues should be expedited to a quick conclusion.

The agreement works to protect the 100 geographical indication products from imitations and usurpations. The protection leads to the consumer's trust in the quality of the product is expected to result in trade benefits and increased consumers' awareness for the high-quality products for both sides.

EU-China cooperation on geographical indications began over 10 years ago and has already worked to protect 10 GI names on both sides under EU and Chinese legislation. The increase in domain is part of a larger plan to increase trade while developing stronger relationships between like-minded parties. Furthermore, geographic indications play a large role within EU agriculture. With over 3300 EU names registered, and an addition of 1250 protected non-EU names, the combined value of these markets is around €54.3 billion, and together they account for 15% of total EU food and drinks exports.

List of 100 Proposed Geographic Indicators:

<https://ec.europa.eu/agriculture/sites/agriculture/files/newsroom/2017-06-02-gis.pdf>

<https://ec.europa.eu/agriculture/sites/agriculture/files/newsroom/2017-06-02-joint-comm.pdf>



Country	Product
France	<p><b>Wines:</b> Alsace, Beaujolais, Bordeaux, Bourgogne, Chablis, Champagne, Châteauneuf-du-Pape, Côtes de Provence, Côtes du Rhône, Côtes du Roussillon, Graves, Languedoc, Margaux, Médoc, Pauillac, Pays d'Oc, Pessac-Léognan, Pomerol, and Saint-Emilion;</p> <p><b>Spirits:</b> Armagnac, Calvados, Cognac;</p> <p><b>Fruits, vegetables, and cereals:</b> Agen Prunes;</p> <p><b>Cheeses:</b> Roquefort and Comté.</p>
Italy	<p><b>Wines:</b> Asti, Barbaresco, Bardolino Superiore, Barolo, Brachetto d'Acqui, Brunello di Montalcino, Chianti, Conegliano-Valdobbiadene-Prosecco, Dolcetto d'Alba, Franciacorta, Montepulciano d'Abruzzo, Soave, Toscano, and Vino nobile di Montepulciano;</p> <p><b>Cheeses:</b> Gorgonzola, Asiago, Grana Padano, Mozzarella di Bufala Campana, Taleggio, Parmigiano Reggiano, Pecorino Romano, Taleggio;</p> <p><b>Meat Products:</b> Prosciutto of Parma, Prosciutto of San Daniele, Bresaola della Valtellina;</p> <p><b>Spirits:</b> Grappa;</p> <p><b>Sauces:</b> Aceto balsamico of Modena.</p>
Poland	<p><b>Spirit:</b> Polska Wódka Spirit.</p>
Portugal	<p><b>Wines:</b> Alentejo, Dão, Douro, Pêra, Porto, Vinho Verde; Rocha do Oeste;</p> <p><b>Fruits, Vegetables and Cereals:</b> Rocha of Oeste.</p>
Spain	<p><b>Wines:</b> Rioja, Cava, Cataluña, La Mancha, Valdepeñas, Jerez- Xérès, Navarra, Valencia;</p> <p><b>Spirits:</b> Brandy de Jerez;</p> <p><b>Cheeses:</b> Queso Manchego;</p> <p><b>Oils and fats:</b> Sierra Mágina, Priego of Còrdoba</p>

**You can read the complete news at:**

<https://ec.europa.eu/agriculture/sites/agriculture/files/newsroom/2017-06-02-joint-comm.pdf>

## 10. China and Germany Sign 11 Pacts

News Category: Customs

Title: *China and Germany Sign 11 Pacts*

Promulgator: National Reform and Development

Commission of the People's Republic of China

Promulgation Date: June 1<sup>st</sup>, 2017

Effective Date: June 1<sup>st</sup>, 2017

On June 1<sup>st</sup>, 2017 China and Germany signed a basket of 11 deals including automatic driving, aviation, and new energy vehicles. "We will continue to work hard together to promote the development of electric vehicles and to create a favorable environment for the existing auto market" Premier Li said at a news conference after the signing ceremony.

Also discussed was China's ascension to the World Trade Organization. China wishes for the effects of WTO's Article 15, which was set to end after December 11<sup>th</sup>, 2016, to conclude. The date was exactly 15 years after China's admission to the WTO. China, not being a market economy, and having had dumping charges brought up against them, was categorized under the "non-market economy," and found this disadvantageous. Germany stated that they believe the European Union should uphold protocol and make efforts to find a solution that does not discriminate against China.

German Ambassador to China Michael Clauss' words best reflect the growing relationship between China and Germany, "There is a growing overlap of common interests, in the G20 framework and beyond, whether it's promoting free trade, combating climate change, or supporting a strong EU, UN and WTO," Clauss said.

**You can read the complete news at:**

[http://english.gov.cn/premier/news/2017/06/02/content\\_281475674142438.htm](http://english.gov.cn/premier/news/2017/06/02/content_281475674142438.htm)

## 11. Luxury Brands Use E-Commerce to Rebound in China

News Category: Corporate/ Legal

Luxury China 2017

Title: *Luxury's Focus Shifts Back to China*

Promulgator: L2 Digital IQ Index

Promulgation Date: May 24<sup>th</sup>, 2017

In the past few years, the Chinese Government has been campaigning against corruption and fake production of luxury brand products. This action was taken as a response to a decline in the luxury goods market. Fortunately, even though the campaign has yet to end, 2016 brought a four percent year-to-year increase in value for the market. The Chinese government's efforts to, one, keep more spending in the country with tariff polices, two, crackdown on smuggled items, and, three, to increase non-airport duty-free sales have been fruitful. Major companies including LVMH, Gucci, Hermès, Burberry, and Prada have all reported growth in mainland China sales.

Part of the reason for the recent growth rests in E-Commerce sales. Many luxury brands have launched direct-to-consumer e-commerce in the past year. Companies are also experimenting with WeChat commerce as an alternative form. It is still unclear whether or not WeChat will prove a viable platform for sales.

Interestingly, while Chinese shoppers remain the Luxury industry's biggest-spending nationality, most of their shopping still takes place abroad. Chinese shoppers account for 30% of Luxury spending, however, domestic markets only account for 7% of the market. It is estimated that greater investment in digital marketing and sales would further increase the growth of the luxury market. Specifically, capitalizing on airport traveling stores is viewed as a missed opportunity in the market.

L2 Digital IQ Index for 2016, published in 2017, compares the digital competence of 89 Luxury brands across Fashion and Watches& Jewelry

sectors in China. The tool is used to diagnose digital strengths and weaknesses. This year the top five scoring companies were:

1. Burberry
2. Cartier
3. Coach
4. LVMH
5. Gucci

These companies scored highest on the index because of their proliferation in website quality, specifically the product pages and customer service satisfaction; their strength in digital marketing with regards the Baidu search, web advertising and brand buzz; their social media prowess on Weibo, WeChat, and other video platforms; and lastly the quality of their mobile sites.

In reflection of the market as a whole, these five companies, among many other thriving companies, were at the top because of their efforts to embrace the new e-commerce market. The quality of e-services provided by Burberry, Cartier, Coach, LVMH, and Gucci were found to be higher than other brands. L2 proposes that this has had a large impact of the profitability of these companies and recommends that more resources be invested by luxury brands to embrace the e-commerce market.

**You can read the complete news at:**

<https://www.l2inc.com/research/luxury-china-2017>

## 12. Catalog of Business Registration Matters: New Approvals

News Category: Corporate/Legal  
Industrial and Commercial Notice No. 77 [2017]  
Title: *Circular of the State Administration for Industry and Commerce on Adjusting the Catalog of Business Registration Matters Subject to Ex-Ante Approval*  
Promulgator: SAIC  
Promulgation Date: May 16<sup>th</sup>, 2017  
Effective Date: May 16<sup>th</sup>, 2017

According to the Circular, the *Catalog of Business Registration Matters Subject to Ex-Ante Approval* includes four business registration matters that are subject to ex-ante approval, as required by law.

- Approval granted to the incorporation of a securities company and 28 other ex-ante approval business registration matters that are retained by the State Council decision;
- Approval granted to the incorporation or alteration of a foreign-invested company that partakes in sector specific to special administrative measures;
- Approval granted to the establishment of a credit information agency that engages in the person credit business;
- Approval granted to the incorporation of a business of a financing guarantee institution, a branch of foreign-invested bank, and an insurance company or its branch office, etc.

### **You can read the complete news at:**

[http://www.saic.gov.cn/zw/wjfb/zjwj/201705/t20170518\\_265186.html](http://www.saic.gov.cn/zw/wjfb/zjwj/201705/t20170518_265186.html)

## 13. Personal Insurance Companies under Closer Inspection

News Category: Corporate/ Legal  
Bao Jian Ren Shen Xian No.136 [2017]  
Title: *Circular of the China Insurance Regulatory Commission on Further Strengthening Marketing Management of Personal Insurance Companies*  
Promulgator: CIRC  
Promulgation Date: May 17<sup>th</sup>, 2017  
Effective Date: May 17<sup>th</sup>, 2017

On May 17<sup>th</sup>, 2017, the China Insurance Regulatory Commission (CIRC) published a circular for further strengthening the management work of personal insurance companies. Additionally, the Circular calls for primary efforts be made into investigating the compliance of relevant business operations with laws and regulations. Particularly, to check internal control systems and whether information and materials are authentic and complete. **This includes: business processes, product management, information disclosure, sales promotion, customer return visits, renewal services, and handling of complains.**

Further, the Circular calls for investigation into the issue of false advertising, among other illegal sales issues. Companies that “guarantee the benefits irrespective of the fact that benefits from the insurance product concerned are uncertain, or advertises its insurance products with the historical return rate at a relatively high level and guarantees the benefits,” are breaking false advertising laws. The companies that violate this policy will be **suspended from receiving new business for 3 to 12 months**. Lastly, the circular calls for companies to establish internal accountability systems that link salary with the position rank.

### **You can read the complete news at:**

<http://www.circ.gov.cn/web/site0/tab5168/info4069779.htm>

## 14. Internet News Information Services Under New Rules

News Category: Corporate/ Legal

Title: *Implementing Rules for the Administration of the Licensing for Internet News Information Services*

Promulgator: Cyberspace Administration of China

Promulgation Date: May 22<sup>nd</sup>, 2017

Effective Date: June 1<sup>st</sup>, 2017

Effective June 1st, 2017, the Cyberspace Administration of China has enacted a new set of rules for the administration of licensing internet news information services. For any enterprises applying for an Internet News Information Service License, the following conditions must be met.

1. The enterprise follows all pre-existing laws and is located in the territory of the People's Republic of China;
2. The Chief Editor is a Chinese citizen;
3. The enterprise must have full-time news editors that audit content and provide technical security;
4. Have an established information service management system;
5. Have in place all pre-specified technical safeguards;
6. The infrastructure of the enterprise is already funded;
7. Foreign enterprises must not own more than a 50% stake in the company.

Additionally, the platforms must later develop a system for dealing with tip-offs and complaints. This is aimed to prevent ambiguity in the division of responsibilities. The rules give explicit requirements on the conditions, materials, and processes for changing, renewing or deregistering a permit, with particular clarification on the licensing withdrawal mechanism.

**You can read the complete news at:**

[http://www.cac.gov.cn/2017-05/22/c\\_1121015789.htm](http://www.cac.gov.cn/2017-05/22/c_1121015789.htm)

## 15. Record Filing Change for Foreign-Invested Enterprises

News Category: Corporate/ Legal

Title: *Public Comments Sought by the Ministry of Commerce on the Administrative Measures for the Record-filing of the Incorporation and Changes of Foreign-invested Enterprises (Draft for Comment)*

Promulgator: MOFCOM

Promulgation Date: May 26<sup>th</sup>, 2017

Effective Date: May 26<sup>th</sup>, 2017

On May 26<sup>th</sup>, the Ministry of Commerce (MOFCOM) released the *Administrative Measures for Record-filing of the Incorporation and Change of Foreign Invested Enterprises (Draft for Comment)* and asked for public comments to be submitted before June 15<sup>th</sup>, 2017.

The Draft states that in regard to incorporating a foreign-invested enterprise (FIE), formalities for filing a record for the incorporation should go through the comprehensive administration information system for foreign investment.

However, this should only happen after the enterprise name has been pre-approved. When a non-FIE transforms into a FIE through an acquisition, strategic investment, merger or any other possible avenue of transformation, relevant formalities shall go through the requirements listed in the proposed draft.

**Particularly, in a case where a foreign investor makes an investment in a non-foreign invested listed company, the above-said record-filing formalities shall be handled 30 days before or after the securities registration is completed at the securities depository and clearing institution.**

The Draft also states that a foreign-invested listed company shall make changes with respect to the



draft in regard to the basic information of investors or shares, as long as the proportion of such company's shares held by foreign investors changes **over five percent in aggregate**, or the holding position or relative holding position changes.

**You can read the complete news at:**

<http://fs.mofcom.gov.cn/article/as/201705/20170502582832.shtml>

## 16. Action Plan for Green Standardization 2017-2019 Released

News Category: Corporate/ Legal

MIIT Notice No. 110 [2017]

Title: Circular of the Ministry of Industry and Information and Technology on Issuing the Action Plan for Industrial Energy Efficiency and Green Standardization (2017-2019)

Promulgator: MIIT

Promulgation Date: May 25<sup>th</sup>, 2017

Effective Date: May 25<sup>th</sup>, 2017

On May 25<sup>th</sup>, the Ministry of Industry and Information Technology (MIIT) issued its action plan for industrial energy efficiency and green standardization for 2017-2019. The plan aspires to formulate and revise 300 key standards of energy or water consumption limits. It targets utilization of renewable resources, green manufacturing, improving policies on supervision and inspection of energy efficiency, benchmarking and target-hitting, and tiered electricity rates by 2020.

The plan sets out to accomplish these tasks by stepping up efforts to enact and update industrial energy efficiency and green standards through increased capacity to inspect and uphold these regulations. Specifically, the plan calls for more utilization of renewable resources in construction materials, nonferrous metals, and mechanics.

Furthermore, enhanced attention will go to the formulation of some other standards regarding consumer end-user products, disturbed energy, and the tiered electricity rate policy that is based on the energy consumption limits. These standards will be put into place on the steel sector and other manufacturing sectors, in particular.

**You can read the complete news at:**

<http://www.miit.gov.cn/n1146295/n1652858/n1652930/n3757016/c5660058/content.html>

## 17. State Council Seeking to Crack Down on IP Infringement

News Category: Corporate/ Legal

Guo Ban Fa No. 46 [2017]

Title: *Major Tasks in Nationwide Crackdown on Intellectual Property Infringements and Production and Sale of Counterfeit and Shoddy Goods in 2017*

Promulgator: General Office of the State Council

Promulgation Date: May 31<sup>st</sup>, 2017

Effective Date: May 31<sup>st</sup>, 2017

On May 31<sup>st</sup>, 2017, the General Office of the State Council put forth the major tasks for their crackdown on Intellectual Property (IP) Infringements. These major tasks, comprised of **31 specific measures**, included eight aspects boiled down to: continuously pushing ahead with the cleaning-up actions in key fields, making greater efforts in routine regulation of the quality of merchandises, and stepping up efforts to crack down on IP infringements.

The tasks call for online trade management to tighten record-filing administration on trading rules of online retail third parties and for the management to fight against online infringement and piracy. Additionally, efforts are being made to tighten patent law-enforcement and case-handling, focusing on technology, food, drugs, medical devices, and environmental protection.

Lastly, the major tasks sought to drive ahead the formulation and revision of the Anti-fair Competition Law, the Copyright Law, the Patent Law, the Implementing Regulations for the Law on the Protection of Consumer Rights and Interests, and all other relevant laws and regulations.

**You can read the complete news at:**

[http://www.gov.cn/zhengce/content/2017-05/31/content\\_5198504.htm](http://www.gov.cn/zhengce/content/2017-05/31/content_5198504.htm)

## 18. Patent Information Services Plan Gets Efficiency Upgrade

News Category: Corporate/ Legal

Guo Zhi Ban Han Ban Zi No.406 [2017]

Title: *Circular on Issuing the Implementing Plan for Assistance in Respect of Patent Information for the Year 2017*

Promulgator: SIPO

Promulgation Date: May 31<sup>st</sup>, 2017

Effective Date: May 31<sup>st</sup>, 2017

The State Intellectual Property Office released a new plan that calls for guiding patent information service agencies to provide enterprises with pro bono patent information services. The Plan requires efforts to find ways to create a long-term collaboration platform for patent information services between the information providing services and the enterprises. Additionally, the plan has been given a specific timetable.

First, the start-up phase in May 2017. During this time, the relevant provincial and municipal intellectual property offices formulated the implementation plan as follows:

1. Deepen the patent information key contact unit cultivation;
2. Establish a patent information liaison system and clear the provincial intellectual property offices, key contact enterprises, related service agencies contact list and related information;
3. Establish a regular return visit mechanism;
4. Organization of patent information service agencies and enterprises to help work in regard to children patents;
5. Cultivate the public service capability of the patent information service organization;
6. Build a patent information help desk;
7. Submit a yearly work summary report and an end of work summary.

Second, the implementation phase from June to October of 2017. During this time, the above plan will be put into action by SIPO, which will inspect different information services to assure the implementation of the plan.

Lastly, the acceptance stage from October to November 2017. During this time, the relevant provincial and municipal intellectual property offices will summarize the tactile changes the new plan has made, and create a summary for the national bureau. The bureau will then be responsible for organizing an expert group on provincial patent information to inspect and set a long-term acceptance plan for the changes.

**You can read the complete news at:**

<http://211.157.104.86:8080/ogic/view/govinfo!detail.jhtml?id=3460>

## 19. New System of Classification for Chinese Visas

News Category: HR

Title: *Circular of the Ministry of Foreign Affairs on Seeking Public Comments on the Measures for the Issuance and Administration of Diplomatic Visas, Service Visas, and Courtesy Visas, and Documents for Foreigners' Stay or Residence in China for Diplomatic or Official Service Reasons (Draft for Comment)*

Promulgator: MFA

Promulgation Date: May 18<sup>th</sup>, 2017

Effective Date: May 18<sup>th</sup>, 2017

On May 18<sup>th</sup>, the MFA put new administrative measures, that call for adjustments to the categorization of visas, up for comment.

First, all visas shall be classified into three major groups: **diplomatic**, **official** and **courtesy visas**. Courtesy visas shall include all visas that are not diplomatic or official in nature. This is a relatively large change, as there are currently 12 different categories of visas, and, if accepted, these measures would shrink the categories to only three. Secondly, each of these groups shall be subdivided by the length of stay in China.

Visas will then be marked according to an alphabetic and numeric system. Diplomatic visas will be marked with the letter A, official with B, and courtesy with Y. Long term stays of greater than one year will be marked with Arabic numeral 1, and short term stay with be marked with a 2. Thus, there will be six types of visas according to the measures: A1, A2, B1, B2, Y1, and Y2. The measures will remain open for comment until June 18<sup>th</sup>, 2017.

**You can read the complete news at:**

[http://www.fmprc.gov.cn/web/wjb\\_673085/zfxxgk\\_674865/xxgkml\\_674869/gfxwj/ffg/t1459198.shtml](http://www.fmprc.gov.cn/web/wjb_673085/zfxxgk_674865/xxgkml_674869/gfxwj/ffg/t1459198.shtml)

## 20. CBRC Presents Plan for New Business Units of Inclusive Finance

News Category: Treasury/ Foreign Exchange  
Title: *Circular on Issuing the Implementing Plan for Setting up Business Units of Inclusive Finance in All Large- and Medium-sized Commercial Banks*  
Promulgator: China Insurance Regulatory Commission; China Banking Regulatory Commission; China Securities Regulatory Commission; National Development and Reform Commission; National Audit Office; Ministry of Finance; Ministry of Agriculture; Ministry of Industry and Information Technology; State Administration of Taxation; State Administration for Industry and Commerce; People's Bank of China  
Promulgation Date: May 25<sup>th</sup>, 2017  
Effective Date: May 25<sup>th</sup>, 2017

On May 25<sup>th</sup>, 2017, the China Bank Regulatory Commission, in conglomeration with ten other authorities, issued a plan for setting up business units of inclusive finance in all large and medium-sized commercial banks. The plan states that **the headquarters of a bank must set up a business unit of inclusive finance**, separate this such unit from those of other internal business units, and create the service, statistical, risk management, and accounting mechanisms.

The Plan also encourages banks to establish sub-branch banks for small and micro enterprises, and to improve their own service network. Additionally, the Plan calls for the improvement of write-off policies on loans granted to small or medium sized enterprises, implement the new pre-tax deduction policy on loss reserve funds for loans, and achieve the targeted reserve ratio concerning the inclusive finance. The Plan calls for banks to make these changes within the year 2017.

**You can read the complete news at:**  
[http://www.cbrc.gov.cn/govView\\_7B0554FA439B432D86C9115B8121EC98.html](http://www.cbrc.gov.cn/govView_7B0554FA439B432D86C9115B8121EC98.html)

## 21. Banks Must Report All Cross-Border RMB Transactions to PBC

News Category: Treasury/ Foreign Exchange  
Yin Fa No. 126 [2017]  
Title: *Circular of the People's Bank of China on Issuing the Administrative Measures for the RMB Cross-border Receipt and Payment Management Information System(RCPMIS)*  
Promulgator: PBC  
Promulgation Date: May 23<sup>rd</sup>, 2017  
Effective Date: May 23<sup>rd</sup>, 2017

The People's Bank of China (PBC) has recently distributed a Circular in order to collect information about the cross-border RMB transaction, to conduct statistical activities, and monitor relevant particulars.

Banks, and all other institutions using clearing systems connected to the RMB Cross-border Receipt and Payment Management Information System(RCPMIS), must now save and give information on cross-border RMB transactions. The Measures state that a bank may connect its own system, directly or indirectly, through either the sub-branch of the PBC in the capital city of a province where the bank is registered or another sub-branch at a higher level. In cases where the bank fails to report information in a timely and complete matter, the branch of the PBC may circulate a notification and conduct interviews with the bank to assess why the information isn't being reported. If the bank continues to fail to give information, the PBC has the right to suspend the banks qualifications for handling cross-border RMB business.

**You can read the complete news at:**  
<http://www.pbc.gov.cn/zhengwugongkai/127924/128038/128109/3319150/index.html>



## 22. State Administration of Foreign Exchange Requires Banks Report Overseas Transactions over CNY 1,000

News Category: Treasury/ Foreign Exchange  
Hui Fa No.15 [2017]  
Title: *Circular of the State Administration of Foreign Exchange on Financial Institutions' Submission of Information about the Overseas Transactions Made through Bank Cards*  
Promulgator: SAFE  
Promulgation Date: May 26<sup>th</sup>, 2017  
Effective Date: September 1<sup>st</sup>, 2017

The Circular states that, starting from September 1<sup>st</sup> 2017, Chinese financial institutions which issue bank cards must collect and report information to the State Administration of Foreign Exchange (SAFE) on the use of their bank cards for all overseas transactions greater than CNY 1,000. This also includes cash withdrawals.

Furthermore, bank card issuers shall gather together information about overseas consumption and all information shall then be gathered centrally at the headquarter banks. The headquarter banks must report the information to the SAFE within 24 hours of the transaction. This information shall be reported without delay even in case of festivals and holidays.

### **You can read the complete law at:**

[http://www.safe.gov.cn/wps/portal!/ut/p/c4/04\\_SB8K8xLLM9MSSzPy8xBz9CP0os3gPZxdnX293QwMLE09nA09Pr0BXLy8PQyNPI\\_2CbEdFAKLWUho!/?WCM\\_GLOBAL\\_CO NTEXT=/wps/wcm/connect/safe\\_web\\_store/safe\\_web/whxw/zcfgjd/node\\_news\\_zcfgjd\\_store/6f397380415c82d6aa14bb54b8dd0b28](http://www.safe.gov.cn/wps/portal!/ut/p/c4/04_SB8K8xLLM9MSSzPy8xBz9CP0os3gPZxdnX293QwMLE09nA09Pr0BXLy8PQyNPI_2CbEdFAKLWUho!/?WCM_GLOBAL_CO NTEXT=/wps/wcm/connect/safe_web_store/safe_web/whxw/zcfgjd/node_news_zcfgjd_store/6f397380415c82d6aa14bb54b8dd0b28)

## 23. Hong Kong Releases 2017-2018 Budget Highlighting New Tax Measures with Important Deductions

News Category: Hong Kong News  
Title: *Hong Kong 2017-2018 Tax Measures*  
Promulgator: Hong Kong Inland Revenue Department  
Promulgation Date: May 25<sup>th</sup>, 2017  
Effective Date: June 1<sup>st</sup>, 2017

On May 25<sup>th</sup>, the Hong Kong Inland Revenue Department (IRD) met to pass numerous tax changes for the 2017-2018 Budget. Among the new measures, the IRD is widening marginal salaries tax bands from HKD 40,000 to HKD 45,000, increasing the disabled dependent allowance from HKD 66,000 to HKD 75,000, and raising the dependent brother/sister allowance from HKD 33,000 to HKD 37,500. Furthermore, the entitlement period for home loan interest deduction is extended from 15 years to 20 years, maintaining the deduction ceiling of HKD 100,000 a year is maintained. Self-education deductions also increased from HKD 80,000 to HKD 100,000. All of these changes are expected to reduce tax revenue by HKD 2 billion each year.

The budget, in total, costs HKD 18.3 billion. Included in these costs are the introductions of a one-off 75 percent reduction in salaries tax, tax under personal assessment, and profits tax for the year of assessment 2016-2017, subject to a ceiling of HKD 20,000 per case.

At a cost of HKD 18.3bn, the Bill also introduces a one-off 75 percent reduction in salaries tax, tax under personal assessment, and profits tax for the year of assessment 2016-17, subject to a ceiling of HKD 20,000 per case.

### **You can read the complete news at:**

<http://www.ird.gov.hk/eng/tax/budget.htm>

## 24. Hong Kong-Australia Commit to Free Trade Agreement

News Category: Hong Kong News

Title: *Hong Kong Australia Trade Negotiation Starts*

Promulgator: Hong Kong Commerce & Economic Development Department

Promulgation Date: May 16<sup>th</sup>, 2017

Effective Date: May 16<sup>th</sup>, 2017

On May 16<sup>th</sup>, Hong Kong and Australia began discussion of a free trade agreement. Gregory So, the Secretary for Commerce & Economic Development, met with Steven Ciobo, the Australian Minister for Trade, Tourism & Investment. The following are the provided pillars of the free trade agreement:

1. Elimination or reduction of tariffs;
2. Reduction of non-tariff barriers;
3. Preferential rules of origin;
4. Customs facilitation procedures;
5. Better market access for trade in services;
6. Promotion and protection of investment;
7. Legal and institutional arrangements, including dispute settlement mechanism for the FTA.

Both sides agree that a free trade agreement would strengthen their international trade and commerce. The agreement is set to enhance capital flow, innovation, and professional exchanges between the two places.

**You can read the complete news at:**

[http://www.news.gov.hk/en/categories/finance/html/2017/05/20170516\\_120320.shtml](http://www.news.gov.hk/en/categories/finance/html/2017/05/20170516_120320.shtml)

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