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Dear Friends,

This is a monthly newsletter focusing on legal matters in China, and related issues that shape the general business environment for foreign companies operating in China. Should you have any comments or questions, please do not hesitate to contact Ms. Anna Lukina, Business Development & Marketing Director at alukina@a-zlf.com.cn and visit the [A&Z website](http://www.a-zlf.com).

Sincerely, The Editors

LEGAL NEWS

The Tariff Law was Voted on and Passed by the Standing Committee of the National People's Congress

The Tariff Law was voted on and passed by the Standing Committee of the National People's Congress at its ninth session on April 26, 2024. The law will take effect on December 1, 2024.

As a special law on tariffs in China, the Tariff Law maintains the basic stability of the existing tariff system, with the overall tax burden level remaining unchanged. It improves the relevant existing systems and policies. It consists of the general provisions, tax items and rates, tax payable, tax incentives, collection of tariffs in special circumstances, collection management, legal liability, and supplementary provisions.

Shanghai Municipal Tax Service Issues the "Announcement on Matters Concerning the Pilot Implementation of Preferential Stamp Tax Policy on Offshore Trade in China (Shanghai) Pilot Free Trade Zone and Lin-gang Special Area"

Shanghai Municipal Tax Service issued the Announcement on Matters Concerning the Pilot Implementation of Preferential Stamp Tax Policy on Offshore Trade in China (Shanghai) Pilot Free Trade Zone and Lin-gang Special Area (the "Announcement") on April 1, 2024 and it remains valid until March 31, 2025.

The Announcement is applicable to the sales contracts signed by the enterprises registered in the China (Shanghai) Pilot Free Trade Zone and Lin-gang Special Area that engage in offshore resale business. Taxpayers, who sign such contracts, can enjoy the preferential policy of exemption from stamp duty. The Announcement clearly states that the identification of resident and non-resident enterprise identities shall be determined according to the country or region where the enterprise is registered. If the taxpayers are applying for the preferential policy of stamp duty for offshore resale business, it will adopt a processing method of "self-discrimination, declaration and enjoyment, and retention of relevant information for future checking". Taxpayers shall bear legal responsibility for the authenticity, completeness, and legality of the information retained for future checking.

GAC Issues Circular on Taking More Convenience Measures for Advanced Certified AEO Enterprises to Increase the Volume and Raise the Quality of Foreign Trade

On April 6, the General Administration of Customs ("GAC") issued the Circular on Taking More Convenience Measures for Advanced Certified AEO Enterprises to Increase the Volume and Raise the Quality of Foreign Trade (the "Circular").

The Circular introduces a series of measures for Advanced Certified AEO Enterprises, including reducing the frequency of inspection and quarantine supervision, lowering import and export costs for enterprises, and raising the level of intelligence of the facility measures, as well as the level of precision service for enterprises. It sets forth the following specific provisions: lowering the inspection and quarantine sampling proportion for Advanced Certified AEO enterprises, which export food and cosmetics, to 20% below that of enterprises subject to regular administrative measures; optimizing the performance inspection cycle to one year for export-oriented dangerous goods packaging produced by Advanced Certified AEO enterprises; reducing the number of on-site inspections for Advanced Certified AEO enterprises, which are included in the remote territorial inspection reform; conditionally piloting tax exemption guarantee for production-oriented enterprises that have been certified as an Advanced Certified AEO enterprise for more than five years; and expanding the scope of AEO data automatic exchange.

SAFE Revises and Issues the Guidance on Foreign Exchange Business under the Capital Account (2024 Edition)

The State Administration of Foreign Exchange ("SAFE") revised and issued the Guidelines on Foreign Exchange Business under the Capital Account (2024 Version) (the "Guidelines"), to be effective on May 6, 2024.

The Guidelines further refine and clarify the principles for the processing of certain business to enhance practicality. For example, they clarify the procedures for domestic institutions to issue loans overseas and convert debts into shares. The Guidelines update the relevant provisions, with addition of content on the facilitation of signing and registration of foreign debts for cross-border financing, and on the digital business under the capital account. The Guidelines also streamline each chapter to make their structure clearer. For example, it has merged the chapters on the registration and account management of the same business related to investment of overseas institutional

A&Z UPDATES

March 28, Shanghai

"The 5th Belt and Road High-end Economic and Trade Legal Talents Practice Base Program Launching Ceremony" was held on March 28, under the guidance of the Shanghai Federation of Returned Overseas Chinese, and hosted by the Jing'an District Judicial Bureau, East China University of Political Science and Law, Overseas Chinese Affairs Office of Jing'an District People's Government, and Jing'an District Federation of Returned Overseas Chinese. Andrew Zhang, Senior Partner at A&Z Law Firm, was invited to attend this event. As a member firm of the Belt and Road High-end Economic and Trade Legal Talents Practice Base Program, A&Z has been acting as a mentor of the program for many times, supporting and guiding the internships of foreign students. This year, A&Z has been appointed as a designated mentor of the program again, and has been awarded a three-year letter of appointment by the program organizer.

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A&Z is a leading Chinese law firm, which employs over 50 professionals across 7 offices, focusing on 11 legal practices. Having been active in Shanghai since 2004, A&Z's presence has expanded through the establishment of offices in Beijing, Dalian, Wuhan, Tianjin, Xiamen and Tokyo. A&Z focuses on advising multi-national groups, major corporations, banks, and SMEs on various legal issues relevant to their business endeavors. A&Z's practices include Foreign Investment, Overseas Investment, Competition and Antitrust, Intellectual Property, M&A and Corporate Restructuring, Labor and Social Security, Dispute Resolution, Compliance and CSR, Finance and Capital Markets, Customs Logistics and Maritime Commerce, and

investors in China's bond market, as well as the Environment, Health and Safety (EHS).

chapters on the management of the same category of

business related to the cross-border conversion and

depository of Chinese Depository Receipt (CDR) and

Global Depository Receipt (GDR).

Shanghai Applies Summary Procedures for the Handling of Simple Tax-related Administrative Reconsideration Cases

Shanghai Municipal Tax Service released the Provisions on the Handling of Tax-related Administrative Reconsideration Cases in Summary Procedures (“Provisions”) on April 22, 2024, which took effect on April 17, 2024. The Provisions aim to promote the separation of complicated tax-related administrative reconsideration cases from simple ones, and accelerate the handling of simple cases.

According to the Provisions, an administrative reconsideration organ may apply the summary procedures in the handling of the following administrative reconsideration cases of which the facts are clear, the rights and obligations are clarified:

- (1) the cases in which the administrative decision being applied for administrative reconsideration is made on the spot;
- (2) the cases involving less than 3,000 yuan of tax amount, social insurance premium or non-tax revenue;
- (3) other cases involving an amount of less than 3,000 yuan; or
- (4) the cases requiring government information disclosure.

MOF Issues Guidelines on China's Major Preferential Tax Policies for the Development of Manufacturing

On April 25, the Guidelines on China's Major Preferential Tax Policies for the Development of Manufacturing (the “Guidelines”) were issued by the Ministry of Finance (“MOF”) and were implemented from the date of release.

The Guidelines list 31 items of special, inclusive and regional preferential tax policies, with each policy accompanied with a detailed explanation, including the entities eligible for the policy, the content of preferential policy, the access period, the policy access conditions, the application time, the materials required, the ways of accessing the policy, the policy basis and the policy cases studies. The Guidelines stress that the policy, as listed, does not represent a basis for enforcement of tax law or application for access to the policy. Implementation of a specific policy shall be subject to the official document. In case that a policy is updated, the latest provisions shall prevail.



INDUSTRY NEWS

Australian winemaker looks to go deep into Chinese market

Xinhua, April 1

Volkswagen to roll out new architecture with Xpeng to cut China EV costs

Reuters, April 17

Foreign entrepreneurs capitalize on China’s thriving travel market

China Daily, April 7

Xiaomi says sales of its electric car 3-5 times higher than expected

Reuters, April 18

HSBC to accelerate China wealth expansion, on track to meet hiring target

Reuters, April 9

Hermes quarterly sales jump 17% on strong China demand

Reuters, April 25

China sees 56 new unicorn enterprises in 2023: report

Xinhua, April 10

Industrial robot makers gear up for global expansion

China Daily, April 25

Volkswagen invests 2.5 billion euros to expand innovation hub in China

Xinhua, April 11

China's sci-fi industry rakes in 16 bln USD in 2023

Xinhua, April 27

The information contained in this Newsletter is for reference on matters of interest only, and is not intended to be comprehensive. Although we try to ensure accuracy, please note that the application and impact of laws can vary based on contextual and circumstantial variables. Before taking any action, please ensure that you obtain professional advice specific to your circumstances.



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