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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](mailto:alukina@a-zlf.com.cn) and visit the [A&Z website](#).

**Sincerely, The Editors**

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## LEGAL NEWS

### **MOF Issues the Circular on Relevant Tax Policies on Pilot Temporary Inbound Repair in China (Shanghai) Free Trade Pilot Zone**

On June 2, Ministry of Finance ("MOF") issued the Circular on Relevant Tax Policies on Pilot Temporary Inbound Repair in China (Shanghai) Free Trade Pilot Zone (the "Circular"), which has been implemented from June 27.

The Circular specifies that in the special customs supervision area of Shanghai Free Trade Pilot Zone (including Lingang New Area) (the "Pilot Area"), the goods that are temporarily allowed to enter the Pilot Area for repair by the enterprise from abroad from June 27, 2024 shall be bonded, and if the goods are exported again shall be exempt from customs duties, import value-added tax and consumption tax; if the goods are not exported again but are converted to domestic sales, the enterprise shall go

## ABOUT A&Z

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

through import formalities as required, and collect import duties, import value-added tax and consumption tax according to regulations based on the actual inspection status of the repaired goods. The Circular emphasizes that this policy is only applicable to Yangshan Special Comprehensive Bonded Zone, Shanghai Pudong Airport Comprehensive Bonded Zone, Shanghai Waigaoqiao Port Comprehensive Bonded Zone, Shanghai Waigaoqiao Bonded Zone, as well as other customs special supervision areas approved and agreed by the State Council in China (Shanghai) Free Trade Pilot Zone.

**The State Council Temporarily Adjusts the Implementation of Relevant Administrative Regulations and Relevant Departmental Rules in 6 Comprehensive Pilot Cities for the Expansion and Opening Up of the Service Industry.**

On July 11, the official website of the Chinese central government ([www.gov.cn](http://www.gov.cn)) published the Reply of the State Council on Approving Temporary Adjustments to the Implementation of Relevant Administrative Regulations and Department Rules in Six Cities Including Shenyang. (the "Reply").

The Reply clearly agrees to temporarily adjust the implementation of the relevant provisions of the Interim Regulations on Registration Administration of Private Non-profit Organizations, the Regulations on Travel Agencies, the Regulations on the Administration of Entertainment Venues, the Regulations for the Administration of Commercial Performances, and the Special Administrative Measures (Negative List) for Foreign Investment Access (Edition 2021). In particular, the cities of Shenyang, Nanjing, Hangzhou, Guangzhou and Chengdu have opened up domestic Internet virtual private network services to foreign investment (with a foreign equity ratio of no more than 50%), and have attracted overseas telecommunication operators to provide domestic Internet virtual private network services to foreign-invested enterprises through the establishment of joint ventures.

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

**Shanghai Municipal Commission of Commerce Issues Implementation Plan on Further Optimizing Foreign Investment Environment and Increasing Efforts to Attract Foreign Investment**

On July 11, Shanghai Municipal Commission of Commerce issued Implementation Plan on Further Optimizing Foreign Investment Environment and Increasing Efforts to Attract Foreign Investment (the "Plan"), which has been implemented as the date of issuance.

The Plan puts forward 15 initiatives to improve the quality of utilization of foreign investment, improve the level of operation facilitation of foreign investment, optimize foreign investment services, and improve the way of foreign investment promotion, etc. It explicitly states that it will actively strive for the early and pilot implementation of measures to expand opening-up in the key areas, such as the financial services, biomedicine and fashionable consumerism, accelerate the landing of foreign-invested projects in the field of biomedicine and put them into operation, and encourage foreign-invested enterprises to carry out the clinical trials of overseas marketed cell and gene therapy drugs in Shanghai in accordance with the law; it will study and formulate regulations on the management of cross-border flow of data in China (Shanghai) Free Trade Pilot Zone, and explore the formulation of a "negative list" of cross-border flow of data in China (Shanghai) Free Trade Pilot Zone and guiding documents focusing on different scenarios such as biomedicine, intelligent networked automobiles, shipping, retailing, financial services and technological exports.

**Beijing Municipal People's Government Issues Implementation Plan for Deepening Opening-up of Beijing's Service Industry to Promote Foreign Investment**

On July 16, Beijing Municipal People's Government issued the Implementation Plan for Deepening Opening-up of Beijing's Service Industry to Promote Foreign Investment (the "Implementation Plan"), which has been implemented as of the date of issuance.

Logistics and  
Maritime  
Commerce, and  
Environment,  
Health and  
Safety (EHS).

The Implementation Plan specifies 15 major tasks and measures, proposing to cooperate with the revision of the Special Administrative Measures (Negative List) for Foreign Investment Access, encouraging foreign investors to invest in strategic emerging industries, high-end manufacturing industries, modern service industries and other key development areas in Beijing; Within the Integrated National Demonstration Zone for Opening Up the Services Sector, canceling the foreign share ratio restriction of IDC, CDN, ISP businesses; and formulating the Negative List of Data outbound for the Pilot Free Trade Zone. Taking pharmaceutical enterprises as a breakthrough, accelerating the promotion of data outbound compliance of foreign-invested enterprises in medical and health industry, and first opening a green channel for foreign-invested pharmaceutical enterprises to declare data outbound; supporting qualified foreign and Hong Kong, Macao and Taiwan doctors to set up clinics in Beijing; supporting qualified medical institutions to carry out clinical trials of stem cells and other clinical trials; perfecting the policies for supporting headquartered enterprises, further optimizing the relevant recognition standards, and encouraging foreign-invested enterprises to set up and apply for the recognition of regional headquarters of multinational corporations in Beijing, and so on.

#### **MOT Issues the Circular on the Issuance of Criteria for Determination of Major Accident Hazards in Dangerous Goods Port Operations**

On July 19, the Ministry of Transportation ("MOT") issued the Circular on the Issuance of Criteria for Determination of Major Accident Hazards in Dangerous Goods Port Operations (the "Circular"), which has been implemented as of the date of issuance.

Compared with the original determination guidelines, the main revisions of the Circular are as follows:

Firstly, it enhances the operability and practicability of the criteria. Modified and improved the relevant content which is not very maneuverable on the anti-fire, anti-explosion, anti-lightning, anti-static and other aspects.

Secondly, it highlights the investigation of hidden dangers in key areas. Focusing on the fire control room, central control room, and tanks constituting the first and second level of major sources of danger in dangerous goods workplaces, etc., refined the criteria for the determination of major accident potential hazards.

Thirdly, it highlights preventing new risks and solving new problems. Supplement the relevant content focusing on the full production safety responsibility system, dual prevention mechanism, personnel behavior management in high-risk operation areas, storage tank floating plate bottoming operation, and pyrotechnic operation, etc.

**GAC Publishes Announcement on Matters Concerning the Handling of Matters Related to the Voluntarily Disclosure of Violations by Advanced Certified Enterprises**

On July 22, the General Administration of Customs ("GAC") website announced the Announcement on Matters Concerning the Handling of Matters Related to the Voluntarily Disclosure of Violations by Advanced Certified Enterprises (the "Announcement"), which has been implemented as of the date of issuance.

The Announcement specifies that if an Advanced Certified Enterprise takes the initiative to disclose the violation of customs regulations, but voluntarily to disclose to the Customs within one year from the date of the tax-related violation, or voluntarily to disclose to the Customs more than one year from the date of the tax-related violation but within two years from the date of the tax-related violation, and the omission or underpayment of tax is less than 30% of the tax payable or the omission or underpayment of tax is less than RMB 1,000,000, the administrative penalties shall be exempted. In addition, although it affects the national export tax refund management, if an Advanced Certified Enterprise voluntarily discloses to the Customs within one year from the date of violation, or voluntarily discloses to the Customs more than one year from the date of violation but within two years from the date of violation, which affects the national export tax refund management and the possible tax refund is less than 30% of the tax payable or the possible

tax refund is less than CNY 1,000,000, the administrative penalties can be exempted.

### **MOF Issues the Guidelines on Major Tax Preferential Policies for the Mergers and Reorganizations of Enterprises**

On July 24, the Ministry of Finance ("MOF") issued the Guidelines on Major Tax Preferential Policies for the Mergers and Reorganizations of Enterprises (the "Guidelines"), which has been implemented as of the date of issuance.

The Guidelines have sorted out the major tax preferential policies and tax collection and management documents that are currently in force to support mergers and reorganizations of enterprises, and clarified the applicable subjects, applicable circumstances, policy contents, implementation requirements and policy bases according to the types of mergers and reorganizations of enterprises, which are divided into five parts: Enterprise Income Tax, Value-added Tax (VAT), Deed Tax, Land Value-added Tax (LVAT), Stamp Duty, and are accompanied by specific tax policy documents and a compilation of tax collection and management documents, in an effort to provide guidance to taxpayers with concise and feasible operational guidelines with a strong sense of accessibility.



## **INDUSTRY NEWS**

### **PayPal bullish on nation's opening-up**

China Daily, July 4

### **China adds 6.98 mln urban new jobs in first half of year**

Reuters, July 23

### **Experts highlight data's role in economy**

China Daily, July 4

### **Drug giants eye China for deals despite growing Sino-US tensions**

Reuters, July 24

**China and Brazil to try out beef  
traceability plan**

Reuters, July 10

**Shanghai reports record-high  
foreign trade in H1**

Xinhua, July 25

**Economic Watch: Italian  
heating giant heats up  
expansion in Chinese market**

Xinhua, July 18

**China's cross-border e-  
commerce trade posts solid  
growth**

Xinhua, July 30

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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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