

# Rödl & Partner

NEWSLETTER CHINA

BROADENING HORIZONS

Issue:  
June 2021

Latest news on law, tax and business in China

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Read in this issue:

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## → Work Permit

- Shanghai, Ready to Welcome More Foreign Talents

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## → Transfer Pricing

- Unilateral APA in China - Procedures are Expected to be Simplified!

---

## → Individual Income Tax

- Deadline for 2020 IIT Annual Filing is Approaching

---

## → Export Control

- Export Control in China - New Guidelines for Dual-Use Items Published

---

## → Data Protection

- New Data Security Law Adopted

---

## → Business Environment

- Revised Regulations on Medical Devices Entered into Force  
- Facilitation for Cosmetics Imports in China  
- New Provisions on the Administration of Enterprise Name Registration

---

## → Highlights

- Recent Important Regulation Highlight

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## → Events

## → Work Permit

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### Shanghai, Ready to Welcome More Foreign Talents

Shanghai, the city with the highest number of foreign talents in China, has implemented a series of new initiatives since March 2021 with intention of attracting more foreign talents to work in the city, by offering more convenient and friendly practice guidelines in terms of work permit application and foreign exchange conversion with employment income.

#### 4.0 Version of “Virtual” Approval Policy for Foreigners’ Work Permit applications is launched

In March 2021, Shanghai has published the Version 4.0 of “Virtual” Approval Policy for Foreigners’ Work Permit applications, which has provided a series of more friendly practice guidelines, including but not limited to relaxing the restrictions in age, educational background and working experiences in work permit applications, as well as permitting part-time job taking for foreign science and technology talents, etc.. Certain eye-catching policies are summarized as follows:

1. For foreign science and technology talents
  - For talents to be employed by Chinese companies meeting certain criteria, restrictions in age, educational background and working experiences will be relaxed in work permit application and work permit for at least 2 years will be granted.
  - For talents who are not eligible to [category A](#) work permit and to be employed by Chinese companies with good credit rating, criminal records can be replaced by self-declaration and commitment.
  - Taking part-time job and starting-up business are permitted.

Note: As the most commonly seen criteria in Shanghai, foreign talents who are applicable for category A work permit application should have annual employment remuneration of more than RMB600,000 with annual individual income tax payment of more than RMB120,000.

2. For foreign innovative and entrepreneurial talent
  - Restrictions in age, education background and working experiences will be relaxed when work permit is applied for the first time.

- Business conditions, tax and social security payments should be reported for work permit extension for talents with actual business premise. Extension for those without actual business premise will be granted where appropriate.

3. For foreign high-skilled talents

For foreign high-skilled talents who are not applied to category A work permit application but meeting the following conditions, restrictions in age (below 70 years of age in principle) and educational background will be relaxed. And work permit for more than 2 years can be granted:

- Holding a national general foreign vocational qualification certificate
- Skilled talent in urgent need with overseas skill certificate
- Holding other international general vocational skills certificates (such as ACCA)

#### Fast Pass for foreign exchange conversion with foreign talents’ employment income launched

Since March 2021, foreign talents can apply to convert and remit foreign exchange with their remuneration income at banks in Shanghai by providing the Fast Pass to be issued by the relevant authority and their passports only, with no need to provide further supporting documents such as labor contracts and tax payment certificates.

In order to get the Fast Pass, employers and foreign talents should meet certain basic requirements, e.g., the employer should have actual business premises, pay taxes and social security according to Chinese regulations, no bad credit records; the salaries for foreign talents should exceed the local minimum salary. The foreign talents should be over 18 years of age with good health and without criminal records. They should have legal salary income in Shanghai with determined employer.

#### Our View

In practice, there still exist details to be further specified in terms of application of the above policies, e.g., the concrete identification standards for

foreign science and technology talents and foreign innovative and entrepreneurial talents etc.. And the Fast Pass for foreign exchange conversion with foreign talents' employment income has more general applicability which has benefited lots of foreigners working in Shanghai. That may be the reason why it has been launched all over Shanghai so soon after 3 months of trial implementation in Pudong New Area.

With the new policies, Shanghai has improved the business and living environment for both companies who employ foreign talents as well as foreign talents who work in Shanghai. It is suggested to carry out comprehensive evaluation of the employer and foreign talent's qualities in a pro-

fessional view, in a plan of employing foreign talents, so as to fully and timely enjoy the preferential treatments for foreigners to work in Shanghai.

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## → Transfer Pricing

### Unilateral APA in China - Procedures are Expected to be Simplified!

For enterprises with good tax compliance, signing Advanced Pricing Arrangement ("APA") with the Chinese tax authorities may help multinational enterprises to reduce their transfer pricing risks proactively. However, in practice, the existing APA procedure generally suffers from cumbersome negotiation and long processing and reviewing time. With the recent release of the Solicitation of Public Comments on the Announcement of the State Taxation Administration on Matters Regarding the Application of the Simplified Procedure to Unilateral Advance Pricing Arrangements (Draft for Comment) ("Draft Announcement"), we expect that more multinational enterprises will consider entering into unilateral APAs with the Chinese tax authorities in the future to enhance their business certainty in China.

Currently, enterprises apply for unilateral APAs in accordance with the relevant provisions of the Public Notice on Matters Regarding Refining the Administration of APA (SAT Public

Notice [2016] No. 64, hereinafter referred to as "Public Notice 64"). With the release of the Draft Announcement, enterprises that meet certain requirements can apply for the simplified unilateral APA procedure which not only increases the efficiency of the process, but also clarifies the deadline for processing by the tax authorities. The negotiation and implementation of the simplified procedure will be shortened from the previously in Public Notice 64 stipulated six stages to the following three stages:

1. Application & Assessment
2. Negotiation & Signing, and
3. Implementation & Monitoring.

In addition, the Draft Announcement will help to improve the cumbersome process and long review time in previous APA applications by specifying the processing time of Negotiation & Signing:

Application & Assessment	Negotiation & Signing	Implementation & Monitoring
<ol style="list-style-type: none"> <li>1. Analysis and assessment as well as on-site functional risk review</li> <li>2. Issuance of a Notice of Tax Matters ("Notice") the within 90 days to the enterprise:                             <ul style="list-style-type: none"> <li>- Accepted → Delivery of Notice;</li> <li>- Not accepted → Delivery of Notice and explanation of reasons.</li> </ul> </li> </ol>	<ol style="list-style-type: none"> <li>1. Negotiation between the tax authority and enterprise</li> <li>2. Completion of negotiation within 6 months starting from the delivery of an "Accepted" Notice to the enterprise                             <ul style="list-style-type: none"> <li>- Consensus → Signing of APA;</li> <li>- Disagreement → Delivery of Notice and termination of the simplified APA procedure</li> </ul> </li> </ol>	<p>Submit the Annual Reporting for review/adjustment</p>

Deadline: (3 months) <sup>1</sup> + 90 days	Deadline: 6 months + Time for enterprises to submit supplementary information	Deadline: 3-5 years starting from the tax year when the "Accepted" Notice is delivered to the enterprise. Also, the enterprise can choose the retroactive application of previous years when submitting the application.
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As to the application conditions, enterprise, which has incurred related-party transactions of more than RMB 40 million in each of the three years preceding the tax year when the Notice was issued by the tax authority in charge, and meets one of the following three conditions, may apply for the simplified APA procedure:

- It has, at least three months prior to the application of the simplified APA procedure, provided the tax authority with the local file for the recent three tax years in accordance to the Announcement of the SAT on Matters Regarding Refining the Filing of Related-party Transactions and Administration of Contemporaneous Transfer Pricing Documentation ([2016] No. 42). If it meets the conditions for preparing the master file, the master file shall further be provided;
- It has implemented APAs in the recent ten tax years, and the implementation results meet the arrangement requirements; or
- It has been subjected to special tax investigation and adjustment by the tax authority in the recent ten tax years, and the case has been closed.

It should be noted that the Draft Announcement also indicates the circumstances under which the tax authorities may reject an application, with particular reference to the compliance requirement for contemporaneous documentation and the annual related-party transactions forms. Therefore, for enterprises intending to apply for the simplified procedure, special attention should be paid to the quality of their transfer pricing compliance documentation to ensure complete and accurate disclosure of information. It is also worth noting that this issue shall also be integrated into the analysis of the Transfer Pricing Documentation. In addition, compared with the previous years, if the enterprise's related party transactions, business environment, functions and risks have changed fundamentally during the period in which the unilateral APA applies, the tax authorities may also reject the application for the simplified procedure and the enterprise may only apply for the general process of APA according to the Public Notice 64 in this case.

duration and the enterprise may only apply for the general process of APA according to the Public Notice 64 in this case.

## Our Observations

The release of the Draft Announcement shows the determination of the SAT to optimize the business environment and increase tax certainty for enterprises with good tax compliance. Furthermore, in times of economic uncertainty, the implementation of the simplified unilateral APA procedure will also bring convenience to transfer pricing year-end adjustments for enterprises. According to the "Q&As on the Administration Policy of Transfer Pricing Adjustment of Foreign Exchange Business" recently released by the State Administration of Foreign Exchange ("SAFE"), when processing "foreign exchange business of profit compensation by enterprises from transfer pricing perspective", the bank is required to review the following documents: "relevant written documents issued by tax authority or Customs, profit adjustment agreement, invoices", etc. Therefore, if an enterprise can quickly reach a unilateral APA with the competent tax authority through a simplified procedure, it can provide a copy of the APA to help the bank to quickly complete the review of the "profit compensation business from transfer pricing perspective".

In order to ensure a successful application, it is recommended that enterprises shall adequately review their own situation for quality improvement of the transfer pricing compliance documentation to ensure the completeness and accuracy of the information disclosure and comply with the application requirements. Enterprises may also consider communicating with the tax authorities in advance to assess the possibility of acceptance and related risks before making a formal application. On the other hand, given that the unilateral APA is only an agreement between the enterprise and the Chinese tax authorities, and that the unilateral APA application report requires a detailed analysis of the enterprise's value chain/supply chain as well as examination of geographically specific advantages such as cost saving and mar-

<sup>1</sup> Enterprises are required to submit the Contemporaneous Transfer Pricing Documentation report of the last 3 tax years in full compliance with Public Notice 42 at least 3 months before the application to the tax authorities.

ket price premium, enterprises should also communicate with their related parties accordingly prior to formal application to ensure that the general understanding agreed with the Chinese tax authorities can also be acknowledged by the competent tax authorities of the related parties, so that the double taxation risk could be alleviated.

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## → Individual Income Tax

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### Deadline for 2020 IIT Annual Filing is Approaching

The deadline for 2020 IIT annual filing is approaching. Taxpayers who still have not completed the process shall follow the new regulations previously issued by the State Administration of Taxation of China ("SAT") to make the annual declaration. Compared with 2019, no major changes have been made regarding key policies, such as the calculation methods and filing process, etc. However, based on the experience of last year's annual filing, the SAT has introduced some updates to the details. The following is a summary of the main changes:

#### Approach of confirmation for annual filing via employer

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The New Regulations still accept that the employee authorizes his/her employer to conduct annual filing on behalf of him/her, but it is clarified that the authorization must be confirmed by both the employer and the taxpayer in advance. In addition to the traditional confirmation in written form, the New Regulations have allowed a new electronic confirmation method, i.e. the taxpayer may confirm with the employer via email, SMS or WeChat, which shall have the same legal effect as written confirmation. The electronic confirmation must be completed by 30 April.

#### Filing location for taxpayers without employer

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The New Regulations specify that a taxpayer without employer may make annual filing not only at the tax authority located in his/her domicile or habitual residence, but also with the one located in where the taxpayer's main income derives from. The main income source location is defined as the location of the withholding agent from which a taxpayer obtains the largest cumulative income during a tax year, including service remuneration, author's remuneration and royalty.

#### Tax refund and payment

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The New Regulations also indicate that before applying for tax refund for 2020, taxpayers must first finalize supplementary tax payment as well as fix all the existing issues in the tax declaration for year 2019, otherwise they are not allowed to apply for the 2020 tax refund. In addition, if a taxpayer makes an over-refund or underpayment due to incorrect filing information but has timely corrected the mistakes on his/her own initiative or after being reminded by tax authorities, the tax authorities may exempt the taxpayer from penalty in accordance with the principle of "No penalty for first-time violation".

## Declaration of foreign-sourced income

In 2019, taxpayers who obtained foreign-sourced income could only conduct their annual filing via post or on-site declaration. The New Regulations introduce for the first time the online declaration function for foreign-sourced income in the 2020 annual filing.

## Our View

Overall, the nuanced policy updates reflect the Chinese tax authorities' experience of first annual filing under the new IIT system last year as well as considerations and improvements on the current situation. With the precondition of compliance, the annual filing process is becoming multi-channel, more con-

venient and comprehensible. We suggest that relevant taxpayers should pay attention to the policy changes so as to actively choose the most convenient way to complete their IIT annual filing in a timely and accurate manner.

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## → Export Control

### Export Control in China - New Guidelines for Dual-Use Items Published

On 28 April 2021 the Ministry of Commerce (hereinafter "MOFCOM") released the "Guiding Opinions of Ministry of Commerce on Establishing the Internal Compliance Mechanism for Export Control by Exporters of Dual-use Items" (Announcement [2021] No.10) (hereinafter the "Guidelines") improving and updating the previous Announcement [2007] No.69. The Guidelines, which came into effect on the same day, can be seen as implementing regulations of the Export Control Law, which came into force on 1 December 2020.

#### Basic elements of the guidelines

The Guidelines mention nine basic elements that any internal compliance mechanism for export control shall have, namely

1. Drafting a Policy Statement,
2. Establishing an Organizational Structure,
3. Comprehensive Risk Assessment,
4. Establishing a Review Process,
5. Formulation of Emergency Measures,
6. Education and Training,
7. Improving Compliance Audit,
8. Retention of Data Files and
9. Compiling Management Manual.

While most of the above elements were mentioned in the previous Announcement [2007] No.69, the following three are newly added:

#### a) Comprehensive Risk Assessment

In light of their organizational scale, industries and modes of operation, exporters shall conduct a comprehensive assessment of the export control risks that they may face, identify the business links that are prone to non-compliance risks and match the compliance resources and contents of examination based on the risk level. The contents of the assessment shall mainly include: information on the items under operation, customers, technology and R&D, export countries/regions, internal operations, third party partners, and risk prevention measures. The exporters may, depending on the results of risk assessment, establish and update their internal compliance mechanism and relevant organizational management system for export control that are suitable for their own characteristics, and analyze risk prevention measures that can be taken. In case of any question during the risk assessment, the State's administrative department of export control or external specialized agencies shall be consulted in a timely manner.

#### b) Formulation of Emergency Measures

Exporters shall encourage their employees to improve their risk awareness, set up internal reporting channels and investigation procedures for suspicious matters, and require their employees to, upon discovery of any suspicious order, customer

or activity, promptly report to the internal compliance mechanism for export control so that the latter may carry out an investigation and make a final decision. Where the exporters find that they fail to apply for an export license for exported items, or that the end user or end use is changed or the end user or end use is inconsistent with the contract, they shall take emergency remedial measures and report to the governmental departments in a timely manner.

## c) Improving Compliance Audit

Exporters shall regularly audit the reasonableness, feasibility and effectiveness of their internal compliance mechanism. The audit report shall reflect the operation status of the internal compliance mechanism and the remedial measures. The compliance audit may be carried out by a person specially assigned within the enterprise or by an external third-party agency, and shall mainly include whether the examination procedures have been followed in the transaction of various dual-use items, whether the operation of the organizational structure is smooth, whether the investigation into suspicious matters is effective, and whether there are areas for improvement.

## New internal compliance guide for the export control of dual-use items

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Furthermore, MOFCOM for the first time released an Internal Compliance Guide for the Export Control of Dual-use Items as Appendix to the guidelines to provide the exporters with specific reference (hereinafter “Appendix”). The Appendix explains each basic element in detail, whereas the structure within each basic element is mostly divided into (1) “Main content” and (2) “Implementation points”. The Appendix is also comprised of templates, archive and audit checklists and further useful tools.

## New import license list and export control list for dual-use items and technologies released

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The adjusted Catalogue of Dual-use Items and Technologies Subject to the Administration of Import and Export Licenses (hereinafter “Catalogue”) has been released by MOFCOM and the General Administration of Customs on 31 December 2020 and came into force on 1 January 2021, repealing the previous catalogue from 2019. The Catalogue has 135 pages and is divided into one section for import licenses and one section for export licenses. The export control list mentions inter alia dual-use biological products and related equipment and technologies, missiles and related items and technologies, precursor chemicals and special items and technologies for civil use (such as cutter suction dredgers or bucket dredgers).

Services are not mentioned in the Catalogue.

## Outlook

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Although the abovementioned guidelines and catalogues are no legally binding law, they are in practice a relevant guidance and reference in assisting companies establishing or enhancing their export compliance program in China.

We suggest a thorough assessment of the operational circumstances in China, such as a company’s product range and customer basis, and an in-depth understanding of the released guidelines and catalogues as well as the up-to-date legal obligations under China’s export control regime in order to prevent fines or, in serious cases, suspension of business. [Read more »](#)

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## → Data Protection

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### New Data Security Law Adopted

On June 11, 2021, the Standing Committee of the National People's Congress adopted the draft of the Data Security Law (DSL). The law will come into force in September. In particular, the law aims to restrict the unregulated disclosure and dissemination of data closely related to key national information and people's livelihoods.

The law regulates and amplifies China's regulations relating to network and information security and the security of personal data. The law applies to data processing and data security monitoring within China. Nevertheless, the law also has extraterritorial applicability in the case of data processing that could harm China's national security or public interests. In such a case, legal sanctions may be imposed.

Among other things, the law stipulates that the provisions of the Cyber Security Law (CSL) shall apply to the security management when exporting data collected or produced by operators of critical information infrastructures within the territory of China. In addition, the law provides for the introduction of a centralized and unified procedure with respect to security assessment ("Security Assessment").

The law further substantiates the already existing provisions in the CSL regarding the location of storage of data collected in China ("Data Localization"). International companies with branches in China are required to store their data collected in China, which is also subject to supervision by the competent authorities.

The law provides for sanctions for violations ranging from fines to, in severe cases, revocation of the business license. Sanctions from other laws infringed by the same violation (e.g. CSL), may be added.

A key point is that the law provides for a uniform procedure for the so-called security assessment. This review, which is already stipulated in the CSL, has so far caused considerable uncertainty, as specific requirements for companies have not been adequately specified.

In addition, the draft of another law, the "Law on the Protection of Personal Data", is currently under discussion. The development of the legal environment in this area is, after all, very extraordinary. We will monitor and analyze the development of the legal framework and the regulatory interaction of the different laws and identify the relevant conclusions and recommendations for action for companies in China.

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## → Business Environment

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### Revised Regulations on Medical Devices Entered into Force

Effective 1 June 2021, the revised provisions of the Regulations on the Supervision and Administration of Medical Devices came into force. The new regulations have a wide-ranging impact on companies in the market and market conditions.

In particular, the new regulations specify the responsibility of companies in this market by tightening the responsibility of developers and manufacturers, especially for the safety and efficacy of the products. Furthermore, the revised regulation contains new provisions for the approval

and registration of medical devices and expands the competence of the relevant authorities with regard to supervision and inspection. In addition to these expanded regulatory powers, the revised regulation also provides for higher penalties for violations, which in serious cases can extend to revocation of the license. Moreover, suppliers of medical devices are now obliged to label their products or make them identifiable in such a way that clear traceability is possible throughout their entire life cycle.

Class II and III medical devices must be registered and approved by naming an agent in China which shall be either a subsidiary of the manufacturers or an authorized legal entity in China. The revised regulations now provide that such an agent is also jointly and severally liable with the manufacturer. This applies both to violations of the regulations and to (faulty) services or in the event of a product recall.

The extension of liability to authorized agents may make it difficult for foreign manufacturers to market medical devices in China, as it is unlikely to be possible to find agents in China due to joint and several liability, or the costs may be too high due to the risks involved. In this context, it

may be advisable to establish a local subsidiary, not only to save costs, but also to avoid potential risks associated with using an agent.

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→ Business Environment

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## Facilitation for Cosmetics Imports in China

Effective 1 May 2021, the Administrative Provisions of Cosmetics Registration and Filing of the China National Medical Products Administration (NMPA) came into effect. The regulations significantly facilitate the export of cosmetics to China. In particular, the previously required mandatory animal testing prior to marketing is no longer necessary, provided that particular requirements are met.

### Two categories for cosmetics

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There are two categories for cosmetics in China: Cosmetics for general use and cosmetics for special applications. The elimination of animal testing applies to cosmetics for general use. These include, for example, makeup such as mascara, blush and lipstick, skin care products and hair care products such as shampoo, perfumes, fragrances, toothpaste as well as nail polish. Cosmetics for special applications - including, for example, hair dyes, products for removing freckles and brightening the skin, sunscreens, hair loss products and products claiming special efficacy - are still subject to the requirement of prior animal testing before they can be placed on the market.

### Requirements to waive animal testing

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The following requirements must be met to waive animal testing for cosmetics for general use:

- Existence of a quality management system certificate (QMS certificate) for production, issued by a government body in the country of

production (in the case of export of products of a manufacturer from several countries of production, corresponding official certificates in each case),

- Proof of product safety,
- Products are not intended for infants and children,
- Products do not contain new ingredients that are not approved in China, and
- The applicant/responsible person in China is not flagged as subject to special monitoring in NMPA's evaluation system.

In this respect, there is a problem for many manufacturers that no official QMS certificates are issued in their production countries, but instead such certificates are often issued by industry associations or standardization organizations. Consequently, the respective countries should establish procedures for obtaining official QMS certificates.

### Conclusion

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Overall, the new regulations can be welcomed. Not only do they level the playing field with cosmetics manufacturers who were already exempt from animal testing in the past, but they also allow companies to enter China's multi-billion dollar and rapidly growing cosmetics market, which was previously only accessible to manufacturers to a very limited extent, e.g. through cross-border e-commerce sales, for ethical reasons and the rejection of animal testing, not to mention the prevention of

animal suffering, even though animal testing has not yet been completely abolished.

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→ Business Environment

## New Provisions on the Administration of Enterprise Name Registration

The State Council promulgated the Provisions on the Administration of Enterprise Name Registration (“New Provisions”) on 28 December 2020, which have been effective since 1 March 2021. The previous provisions have been in force since 1 September 1991 and comprised of in total 34 articles, whereas the New Provisions have been shortened and only contain 26 articles.

### Certain Key Changes

Generally speaking, the New Provisions have been slightly restructured and some provisions have been formulated in more detail, whereas other partly descriptive or obsolete provisions have been deleted from the New Provisions.

New is, for instance, the mentioning of a unified business name declaration system and database, which shall be centrally administered by the market regulatory departments and shall be publicly available.

According to the previous provisions there were already special requirements to the use of the term “China” (in Chinese “中国” or “中华”) in the enterprise name. Based on the New Provisions also the terms “Central Government” (in Chinese: “中央” or “全国”) and State (in Chinese: “国家”) shall be strictly examined and reported to the State Council for approval. However, the requirements for the use of the term “International” (in Chinese: “国际”) is not mentioned in the New Provisions anymore. The New Provisions furthermore added a paragraph stating that the name of a wholly foreign-owned or holding foreign-invested enterprise using the name of a foreign investor may contain the word “China”. Further specific administrative measures shall be formulated by the market regulatory department under the State Council.

Moreover, besides a provision on the name of an enterprise group/holding, the New Provisions include a sentence on branches of an overseas enterprise, namely that the branch of an overseas enterprise shall also indicate the nationality and form of liability of the enterprise in its name.

Also, the New Provisions do not distinguish between operational and non-operational branches anymore, but rather stipulate that the name of a branch shall be preceded by the name of the enterprise to which it belongs and affixed with such words as “branch” (in Chinese: “分公司”), “branch factory” (in Chinese: “分厂”), or “branch store” (in Chinese: “分店”).

Finally, Art. 16 para. 3 of the New Provisions explicitly states that the information and materials submitted by an applicant shall be authentic, accurate and complete, and that the applicant shall bear legal liability in infringing upon the legitimate rights and interests of others due to the similarity between its enterprise name and the enterprise name of others. The previous provisions contained several provisions with the options of a warning or a specific fine imposed by the registration authorities ranging from RMB 500 to RMB 50,000. The New Provisions now provide that, after an order has been issued that the use of the enterprise name shall be ceased, the enterprise must change its name within 30 days of receiving the effective legal document from the court or the enterprise name registration authority. Prior to the change, the name will be mandatorily replaced with the unified social credit code of the enterprise. If the enterprise fails to change its name within the time limit, it will be included into the list of abnormal business operation until the change is completed.

## Outlook

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On the one side, the New Provisions bring more legal certainty with regards to the legal liability of infringing parties and the enforcement measures of the enterprise name registration authority. However, on the other side, the New Provisions lack several previous provisions such as certain deadlines for the processing of the enterprise name registration. It will therefore be interesting to see how the authorities will apply and implement the New Provisions in practice.

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## → Highlights

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### Recent Important Regulation Highlight

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#### Further tax relief for small and micro enterprises

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For small-scale VAT payers, the tax relief of reduced VAT rate of 1 per cent will be extended to 31 December 2021.

From 1 April 2021 to 31 December 2022, small-scale VAT payers with monthly sales of less than RMB 150,000 (inclusive) will be exempted from VAT.

From 1 January 2021 to 31 December 2022, the annual taxable income of SMEs, which is less than RMB 1 million, will be reduced by half at 12.5 per cent of the taxable income and subject to corporate income tax at a rate of 20 per cent.

#### Simplified and optimized tax filing procedures

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Starting from 1 June 2021, taxpayers who are required to declare and pay urban land use tax, property tax, vehicle and vessel tax, stamp duty, arable land occupation tax, resource tax, land value-added tax, deed tax, environmental protection tax and tobacco tax may use the "Property and Conduct Tax Return Form" for combined declaration at one time or multiple times. If a taxpayer adds new tax sources or changes tax sources, it is necessary to submit the Detailed Statement of Property and Conduct Tax Sources before tax filing.

#### Tax refund of uncredited input VAT for the advanced manufacturing sector

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The new announcement updates and clarifies that from 1 April 2021, eligible taxpayers in advanced manufacturing sectors engaged in the production and sale of "pharmaceuticals", "chemical fibers", "railways, ships, aerospace and other transport equipment", "electrical machinery and equipment", "instruments and meters", and whose sales account for more than 50 per cent of their total sales, may apply to the responsible tax authority for their Uncredited Input VAT refund from May 2021.

#### Stamp Duty Law officially promulgated in China

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On 10 June 2021, the NPC formally adopted the Stamp Duty Law of the PRC, which will come into effect on 1 July 2022. The enactment of the Stamp Duty Law indicates that the existing interim regulations on stamp duty and the relevant provisions of stamp duty on securities transactions will formally become law.

#### New regulations on super deduction of R&D expenses for manufacturing enterprises

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On 31 March 2021, the MOF and the SAT jointly issued the Announcement on Further Improving the Policy on Extra Pre-tax Deduction of R&D Expenses. Starting from 1 January 2021, the proportion of R&D expenses for manufacturing enterprises to be deducted will be increased from 75 per cent to 100 per cent.

## → Events

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### Forum Global

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29.06.2021 - International Employee Assignments, Covid-19 and Mobile Working in the Future - (In)solvable Constellations in Taxation  
Speaker: Qing Cheng, Susanne Hierl

30.06.2021 - Panel discussion: Status of tax regulations on digital invoicing in the EU and in selected countries (China, Kazakhstan, Russia)  
Speaker: Qing Cheng (Shanghai), Leonid Dimant (Moskau) Michael Quiring (Almaty), Ulrich Schäfer (Moderator)

01.07.2021 - Effects of the Pandemic on Corporate Purchase Prices - An Analysis of Multiplier Development by World Regions/Countries and Industries  
Speaker: Jiawei Wang (Stuttgart/Shanghai), Frank Breitenfeldt (Atlanta) Tobias Neukirchner (München)

[Registration to Forum Global](#)

### Networking Event: German Supply Chain Act

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Intercontinental Hongqiao, Shanghai  
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Contact for further information

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