

**【Newsletter】 -International Trade**

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**FTZ Program in Guangdong, Tianjin and Fujian is approved**

China's Politburo meeting on March 24 discussed and approved the general program of free trade trial zone in Guangdong, Tianjin and Fujian and the program of further deepening reform and open of Shanghai FTZ. It is reported that the official start time of Guangdong, Tianjin, Fujian FTZ and the expansion area of Shanghai FTZ is almost finalized and is expected to be listed on March 31.

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### **China may completely abolish business tax**

It is reported that the VAT reform of last three sectors, construction and real estate, financial and insurance and service industries, will be launched in May. It may be carried out according to industries. The provisional VAT rate of construction and real estate is 11% and rate of finance and insurance and service industries is 6%.

### **GAC: Customs integration reform in Silk Road economic belt will be implemented since May 1**

This year, GAC will review and estimate the reformation of regional customs integration and expand the trial scope and content. Since May 1 this year, GAC will implement the integration reform in Silk Road economy belt and northeast area. GAC will gradually realize the interconnection between trans-regional customs.

### **State Council deployed national customs integration measures**

Recently, the State Council Executive Meeting determined policies and measures on improving border work and promoted expansion of opening and steady development of foreign trading. It will innovate on cooperation mechanism on customs clearance, accelerate the construction of trans-regional, trans-sector customs clearance, carry forward the national customs integration, change 'series enforcement' to 'paralleling enforcement' and promote 'single window' of international trade.

### **Coal resource tax reform has achieved initial success**

According to latest statistics from the State Administration of Taxation, in the first two months after coal resources tax reform, the coal resource tax paid by enterprises in 25 coal-producing provinces such as Inner Mongolia, Shaanxi, Shanxi is 6.589 billion, which increased 4.817 billion than ad valorem. After the reform, the overall tax burden of coal enterprises decreased 2.234 billion, averagely about 4 Yuan per ton.

### **SAT Strengthens Administration of Transfer Pricing in Outbound Payments**



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SAT has recently issued the Announcement on Issues concerning the Enterprise Income Tax on Payments of Fees Made by Enterprises to Related Parties Overseas which further specifies the basic principles with respect to the payments of fees made by enterprises to related parties overseas and lists four payment scenarios which are in contravention of the arm's length principle.

### **Opinions on Innovating Administrative Mode and Establishing Coordinated Mechanism for Supervision and Regulation of Investments Issued**

On March 10, 2015, the State Council issued the Several Opinions of the General Office of the State Council on Innovating the Administrative Mode and Establishing a Coordinated Mechanism for the Supervision and Regulation of Investments which sets forth the requirements for the innovation of the administrative mode and the establishment of a coordinated mechanism for the supervision and regulation of investments. The document requires to establish vertical and horizontal coordinated mechanisms for the regulation of investment projects that are transparent, well-regulated, and highly efficient; achieve effective supervision and regulation relying on 'institutional rules and technologies'.

### **MOFCOM Formulate Supplementary Provisions on Administrative Measures for Foreign Investment in Leasing Industry**

MOFCOM has formulated supplementary provisions on the Measures for the Administration of Foreign Investment in the Leasing Industry for public comment. The Draft removes the provision which read 'the registered capital shall be no less than USD10 million'. A new paragraph has been added which reads: 'No minimum registered capital restrictions shall be imposed on the establishment of a subsidiary by a foreign-invested financial leasing company.'

### **MOF Clarifies Land VAT Policies regarding Enterprise Reform and Reconstruction**

MOF and SAT have recently issued the Circular on the Policies of Land Value-Added Tax regarding the Reform and Reconstruction of Enterprises, which requires that the transfer or changes in rights in terms of the relevant land and housing properties under four circumstances shall be exempted, for the time being, from land value-added tax ("VAT").