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## Tax

### **Announcement of the State Taxation Administration on Reducing the Minimum Pre-Collection Rate of Land Value-Added Tax ("LVAT")**

Issued by: State Administration of Taxation  
Issue No.: State Taxation Administration Announcement No. 10 of 2024  
Release Date: November 13, 2024  
Effective Date: December 1, 2024  
Links: <https://fgk.chinatax.gov.cn/zcfgk/c100012/c5235810/content.html>

Starting from December 1, 2024, the minimum pre-collection rate of LVAT is reduced by 0.5 percentage points. After the adjustment, except for affordable housing, the minimum pre-collection rate for provinces in the eastern region is 1.5%, for provinces in the central and northeastern regions is 1%, and for provinces in the western region is 0.5%.

The above is the minimum pre-collection rate of LVAT (except for affordable housing), and the specific pre-collection rate is determined by localities according to different types of real estate.

### **Announcement on the Issuance of the "Administrative Penalty Discretionary Benchmark for East China"**

Issued by: State Taxation Administration Shanghai Tax Bureau / Jiangsu Provincial Tax Bureau / Zhejiang Provincial Tax Bureau / Anhui Provincial Tax Bureau / Fujian Provincial Tax Bureau / Jiangxi Provincial Tax Bureau / Shandong Provincial Tax Bureau / Ningbo Municipal Tax Bureau / Xiamen Municipal Tax Bureau / Qingdao Municipal Tax Bureau  
Issue No.: Announcement No. 3 of 2024  
Release Date: November 25, 2024  
Effective Date: January 1, 2025  
Links: <http://shanghai.chinatax.gov.cn/zcfw/zcfgk/zhsszc/202411/t474202.html>

To promote the unification of enforcement standards across regions, the tax bureaus of the ten provinces and cities in East China have jointly formulated the "Administrative Penalty Discretionary Benchmark for East China" (the "Discretionary Benchmark"). The specific provisions are as follows:

- Applicable provinces and cities: Shanghai, Jiangsu Province, Zhejiang Province, Anhui Province, Fujian Province, Jiangxi Province, Shandong Province, Ningbo, Xiamen, Qingdao.
- The Discretionary Benchmark include 55 types of tax violations across 7 categories, such as violations of tax registration management, violations of account book and voucher management, violations of tax declaration management, violations of tax collection, violations of tax inspection, violations of invoice and ticket management, and violations of tax guarantee management regulations. It specifies the basis for penalties and clarifies the applicable conditions and specific standards for different discretionary levels.
- "Failure to file tax returns and submit tax materials within the prescribed time limit" and "Failure to submit withholding/collecting and remitting tax reports and related documents to the tax authorities

within the prescribed time limit" should be subject to "the first violation without penalty".

- For tax violations that occurred before the implementation of the Discretionary Benchmark and for which the tax authority has not yet made an administrative penalty decision, they shall be handled according to the original regulations, except where handling them according to the Discretionary Benchmark would be more favorable to the tax administrative counterpart.

## **Announcement on the Promotion of Fully Digitalized Electronic Invoices in Civil Aviation Passenger Transportation Service**

Issued by: State Taxation Administration, Ministry of Finance, Civil Aviation Administration of China  
Issue No.: Announcement No.9 (2024) of the State Taxation Administration, Ministry of Finance and Civil Aviation Administration of China  
Release Date: November 6, 2024  
Effective Date: December 1, 2024  
Links: <https://fgk.chinatax.gov.cn/zcfgk/c100012/c5235729/content.html>

Starting from December 1, 2024, fully digitalized electronic invoices ("electronic itinerary") have been promoted in civil aviation passenger transport in China. Passengers no longer need to print paper itineraries, making travel and reimbursement more convenient.

After completing their journey, passengers can obtain the electronic itineraries through the official website, mobile APP, service hotline, etc., of air transport enterprises or agents, and inquire and download them in the personal ticket folder of the Individual Income Tax APP. The purchaser can achieve full-process paperless processing of the electronic itinerary according to the electronic voucher accounting data standards.

For flights taken before September 30, 2025, the original paper itineraries obtained by passengers can still be reimbursed and accounted for. Paper itineraries, electronic itineraries, and other invoices cannot be issued repeatedly.

## **Announcement on Adjusting Export Tax Refund Policies**

Issued by: Ministry of Finance, Taxation Administration  
Issue No.: Announcement No. 15 of 2024 by the Ministry of Finance and Taxation Administration  
Release Date: November 15, 2024  
Effective Date: December 1, 2024  
Links: <https://fgk.chinatax.gov.cn/zcfgk/c102416/c5235887/content.html>

- Cancel export tax refunds for some products, including aluminum materials, copper materials, and chemically modified animal/vegetable/microbial oil or lipid.
- The export tax refund rate for some products is reduced from 13% to 9%, including some refined oil products, photovoltaic, batteries, and some non-metallic mineral products.
- The applicability of this policy is determined by the export date indicated on the Export Declaration Form.

## Legal

### China (Shanghai) Pilot Free Trade Zone Lin-Gang Special Area Issues Several Policies on Supporting the Development of Headquarters Economy

Issued by: China (Shanghai) Pilot Free Trade Zone Lin-Gang Special Area Administration Committee  
Issue No.: Lin-Gang Special Area Administration Committee [2024] No.12  
Release Date: November 17, 2024  
Effective Date: From December 18, 2024 to October 31, 2027  
Links: <https://www.lingang.gov.cn/html/website/lg/index/government/file/1858691649747677185.html>

In order to promote the development of the headquarters economy, the Administration Committee of Ling-Gang Special Area has revised the supporting policies for the headquarters in the area on the basis of the 2023 edition. The main content is as follows:

- The support objects are all kinds of headquarters recognized by relevant departments in Shanghai, including: 1) innovative headquarters recognized by the Leading Office of Shanghai Strategic Emerging Industries; 2) regional headquarters of multinational companies, foreign-funded research and development centers, trade-oriented headquarters, and headquarters of private enterprises recognized by Shanghai Municipal Commission of Commerce; and 3) corporate headquarters and functional headquarters recognized by the Administration Committee of Lin-Gang Special Area.
- Supporting policies: headquarters that meet the conditions are eligible for a reward of up to RMB 30 million; headquarters that achieve upgrades are eligible for a reward of up to RMB 6 million (consistent with the 2023 version of the policies).
- The incentives for core personnel of headquarters have been cancelled.
- The office rental subsidies for headquarters operating within the Lin-Gang Special Area has been cancelled.
- The requirements on annual reports and reports on major changes of corporate headquarters and functional headquarters have been cancelled. Whether to report major changes on time no longer affects the qualification for recognition as a corporate headquarter or a functional headquarter.

## Customs

### Notice on Expanding the Implementation Scope of the Departure Port Tax Rebate Policy

Issued by: Ministry of Finance, General Administration of Customs, State Taxation Administration  
Issue No.: Caishui (2024) No.31  
Release Date: November 12, 2024  
Effective Date: December 1, 2024  
Links: <https://fgk.chinatax.gov.cn/zcfgk/c102416/c5235851/content.html>

The notice further expands the implementation scope of the land departure port tax rebate policy and increases the scope of departure ports eligible for the waterway departure port tax rebate policy. It also clarifies policies related to intermediate calling ports. The specific updates are as follows:

- The notice has expanded the list of departure ports and exit ports eligible for the land departure port tax rebate policy. Specifically, the number of departure ports has increased from the original 3 to 26, and the number of exit ports has increased from the original 4 to 11.
- It explicitly states that hazardous goods are not eligible for the departure port tax rebate policy.
- For goods that are no longer intended for export because they have not reached the exit port, the customs at the departure port or the calling port can revoke the export cargo declaration.
- 8 ports(including Wuxi (Jiangyin) port, and Shantou port) are added as departure ports eligible for the waterway departure port tax rebate policy.
- It adds the provision that all departure ports, listed in document CaiShui (2020) No. 48, can function as intermediate calling ports, and it clarifies that vessels carrying goods eligible for the departure port tax rebate policy may load or unload cargo at these intermediate calling ports.

## Exit and Entry

### Notice on Further Expanding the Range of Visa-free Countries and Optimizing Entry Policies

Issued by: Ministry of Foreign Affairs of the People's Republic of China

Release Date: November 22, 2024

Effective Date: From November 30, 2024 to December 31, 2025

Links: [https://www.mfa.gov.cn/wjbzwwfwpt/kzx/tzqg/202411/t20241122\\_11531285.html](https://www.mfa.gov.cn/wjbzwwfwpt/kzx/tzqg/202411/t20241122_11531285.html)

- To further facilitate cross-border travel, China has decided to expand its visa-free program on a trial basis from November 30, 2024 to December 31, 2024, to include nine additional countries, including Japan.
- China has decided to simultaneously optimize its entry policy by including exchange visits as a subject of visa exemption and extending the duration of visa-free stay from the current 15 days to 30 days.
- Starting from November 30, 2024, ordinary passport holders from 38 countries, including the above-mentioned nine, can be exempted from visa to enter China and stay for no more than 30 days for business, tourism, family visit, exchange, and transit purposes.

## Recent Hot Topics

- Can the interim operating profits of a foreign investment holding company be distributed to its shareholders? What are the key points that banks and the State Administration for Foreign Exchange focus on when reviewing this matter?
- With the implementation of Golden Tax Phase IV, the tax bureau has further intensified the compliance review of pre-tax deduction invoices for enterprises. How should enterprises respond to this scrutiny?
- The Foreign Investment Law mandates that foreign-invested enterprises must, within a 5-year transitional period, align their organizational forms and structures in accordance with the provisions of the Company Law of the People's Republic of China and the Partnership Enterprise Law of the People's Republic of China, and complete the filing of corresponding changes with the State Administration for Market Regulation (SAMR). With December 31, 2024, marking the deadline of the 5-year transitional period, it's imperative for foreign-invested enterprises, especially joint ventures, to check internally whether the adjustments have been completed?

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