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Foreign Exchange

Implementing Measures for the Functional Upgrade of Free Trade Accounts in the China (Shanghai) Pilot Free Trade Zone (Trial)

Issued by: The People's Bank of China, Shanghai Head Office
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The Measures for the upgraded Free Trade Accounts (referred to as “FT Account”) are similar to the rules for multi-functional Free Trade Accounts (referred to as “EF Account”) previously launched in Hengqin and Hainan, aiming to facilitate efficient financing between high-quality enterprises and overseas funds. Cross-border fund transfers at the first tier (excluding securities investments) can be executed directly upon instruction, while transfers at the second tier are managed through quotas and a negative list system. The main points are as follows:

- The upgraded FT Accounts have a high entry threshold. Pilot enterprises are limited to qualified, high-quality enterprises registered in the China (Shanghai) Pilot Free Trade Zone, with priority given to those in the Lingang New Area. In addition to meeting conventional requirements, such as being established for over one year and having no major cross-border business violations in the past three years, pilot enterprises must also reach a certain scale: the audited owner's equity of the previous year should be no less than RMB 200 million, operating revenue no less than RMB 1 billion, and the total amount of domestic and foreign currency international settlements (converted to RMB) no less than RMB 100 million.
- Enterprises that have opened an upgraded FT Account are not permitted to open or retain any original FT Accounts (except for the master account used for participating in cross-border fund pools). During the initial pilot phase, each enterprise may only open one upgraded FT Account.
- Significant deregulation of "Cross-first-tier" fund transfers:
 - 1) For fund transfers between a pilot enterprise's upgraded FT Account and overseas accounts, offshore accounts, domestic accounts of overseas institutions, other upgraded FT Accounts, EF Accounts, or FT Accounts opened by non-residents (i.e., cross-first-tier transfers), the handling bank may process them directly upon receiving the pilot enterprise's payment or receipt instructions.
 - 2) Pilot enterprises conducting capital account business (excluding securities investment) are not subject to quota or approval restrictions for foreign loan or outbound lending, nor are they required to open special accounts, undergo prior registration or filing procedures with the foreign exchange authorities.
 - 3) For transactions involving overseas direct investment (ODI), pilot enterprises must still complete the approval or filing procedures for ODI projects with the competent Commission of Commerce (COC) and the National Development and Reform Commission (NDRC). The handling bank shall conduct regular mid- and post-event spot checks.
- "Cross-second-tier" fund transfers managed via quotas and a negative list:
 - 1) Foreign currency transfers between an upgraded FT Account and a non-FT Account under the same

name (cross-second-tier) are not permitted. RMB transfers are subject to macro-prudential quota management, with the quota tentatively set at 100% of the enterprise's audited owner's equity from the previous year.

- 2) The use of funds transferred from an upgraded FT Account into a domestic non- FT Account under the same name is managed according to the negative list for capital account transactions.
- Handling banks will conduct continuous monitoring and management of pilot enterprises. If a pilot enterprise is found to no longer meet the required conditions, its upgraded FT Account will be closed, and the remaining balance in the account may be transferred in a lump sum to a non-FT Account under the same name.
 - Foreign currency transfers are permitted between overseas institutions' FT Accounts (FTN Accounts) and domestic institutions' non-FT Accounts, breaking through the previous restriction in the FT account system where FTN Accounts could only transfer RMB across the second tier.

Legal

Administrative Measures for Credit Restoration in Market Regulation

Issued by: State Administration for Market Regulation
 Issue No.: Order No. 107 of the State Administration for Market Regulation
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 Links: https://www.samr.gov.cn/zw/zfxxgk/fdzdgknr/fgs/a_rt/2025/art.html

The Measures represent a comprehensive upgrade and refinement based on the 2021 version, providing enterprises with more convenient pathways to restore credit impairments. Compared with the 2021 version, the Measures introduce the following key adjustments:

- Expanded scope of restoration: In addition to administrative penalties publicized in the National Enterprise Credit Information Publicity System, inclusion in the List of Abnormal Business Operations, and the List of Seriously Dishonest Entities, negative information from spot inspection results has also been incorporated into the scope of restoration.
- Categorized management and refined restoration conditions: Illegal and dishonest information is now categorized and managed as "minor" "moderate" or "serious" with precisely defined restoration conditions and corresponding reductions in the publicity period:
 - 1) Minor violations: Warning-type administrative penalty information will not be publicized; other minor violation information will automatically cease to be publicized after 3 months of publicity, with no application required.
 - 2) Moderate violations: The publicity period ranges from 3 months to 1 year. Application for restoration can be submitted after 3 months of publicity; after 1 year of publicity, the system will automatically cease its display.
 - 3) Serious violations: The publicity period ranges from 1 to 3 years. Application for restoration can be submitted after 1 year of publicity, and the violation information will be automatically removed or cease to be displayed after 3 years. If administrative penalties or management measures are involved,

restoration or cessation of publicity is permitted only after the expiration of the penalty restriction period or the management measure period.

- Provisions for special circumstances: Regulations have been established for special situations such as enterprise deregistration and bankruptcy reorganization. Specifically, enterprises undergoing bankruptcy reorganization are allowed to apply for temporary credit restoration during the implementation of their reorganization plan or settlement agreement, providing institutional support for distressed enterprises to regain operational capacity.
- Establishment of a unified national platform: The Measures propose the establishment of a "National Unified Platform for Market Regulation Credit Restoration." Parties involved may handle procedures online via this unified platform or on site at local market regulation bureaus.
- Inter-departmental coordination and data sharing: The Measures explicitly require market regulation departments to establish and improve a coordinated credit restoration linkage mechanism with relevant departments, achieving data sharing and mutual recognition of results between the National Enterprise Credit Information Publicity System and platforms such as the "Credit China" website.

Measures for the Certification of Export of Personal Information

Issued by: Cyberspace Administration of China, State Administration for Market Regulation
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Effective Date: January 1, 2026
Links: https://www.cac.gov.cn/2025-10/17/c_1762449728720008.htm

The Measures signifies the full establishment of the institutional framework for the three legal pathways (namely, Security Assessment, Standard Contracts, and Personal Information Protection Certification) for personal information export as stipulated in the *Personal Information Protection Law*. The main contents are as follows:

- Certification and Standard Contracts: Provided that the export is not exempted and does not trigger a mandatory Security Assessment, personal information processors may choose either a Standard Contract or Personal Information Protection Certification for the export of personal information.
- Applicable scenarios: For exporting personal information through certification, the following conditions must be simultaneously met: 1) the entity must not be a critical information infrastructure operator. 2) starting from January 1 of the current year, the cumulative volume of personal information (excluding sensitive personal information) exported overseas exceeds 100,000 but within 1 million individuals, or the cumulative volume of sensitive personal information exported overseas is fewer than 10,000 individuals. Additionally, the personal information exported must not include important data.
- Prior obligations: Before exporting personal information, personal information processors must fulfill obligations such as notification, obtaining separate consent from individuals, and conducting personal information protection impact assessments.
- Validity period: The Certificate is valid for three years. If continued use is required upon expiry, the personal information processor must submit a certification renewal at least six months prior to the

expiration date.

- Information reporting: Professional certification bodies must report information related to the Certificate to the National Public Service Platform for Certification and Accreditation Information. This includes the certificate number, the name of the certified personal information processor, the scope of certification, and changes in certificate status, among other details.

Tax

Announcement on Certain Matters Concerning the Administration of Tax and Fee Collection in Enterprise Bankruptcy Proceedings

Issued by: State Administration of Taxation, Supreme People's Court
 Issue No.: No. 24, 2025 of the Announcement of the State Administration of Taxation, the Supreme People's Court
 Release Date: November 27, 2025
 Effective Date: November 27, 2025
 Links: <https://fgk.chinatax.gov.cn/zcfgk/c100012/c5245432/content.html>

This Announcement aims to unify the standards of recognition between tax authorities and People's Courts regarding the same matters in enterprise bankruptcy proceedings. It also seeks to eliminate hidden barriers to the exit of bankrupt enterprises at the institutional level, thereby providing policy support for the smooth functioning of market circulation. Its key points are as follows:

- Clarify the scope of tax-related claims that should be declared by tax authorities and the corresponding declaration rules:
 - 1) Tax-related claims declared separately with priority over ordinary bankruptcy claims: the taxes owed by the enterprise (including the education surcharge and local education surcharge), social insurance contributions;
 - 2) Tax-related claims declared as ordinary bankruptcy claims: tax late payment and interest arising from special tax adjustments;
 - 3) Tax-related claims subordinated to ordinary bankruptcy claims: late payment of social insurance contributions and fines.
- Clarify that the aforementioned tax-related claims shall be calculated and determined with the date of the People's Court's ruling to accept the bankruptcy application as the cutoff. And tax obligations that have arisen before the People's Court's ruling to accept the bankruptcy application but for which the statutory declaration period has not yet expired are deemed due, and the enterprise shall proceed with tax declaration.
- Clarify that upon receiving the court ruling on the acceptance of the bankruptcy application and the administrator's appointment decision, the tax authority must, without requiring an application from the administrator, lift the property preservation measures and suspend compulsory enforcement measures.
- Clarify the tax representation authority of the administrator, that is, where the administrator is responsible for administering the debtor's property and business affairs, the administrator shall represent it in fulfilling all tax-related obligations during the bankruptcy proceedings.

- Simplify the process for lifting abnormal status: After a bankrupt enterprise makes up tax filings for overdue non-filing acts and the tax authority issues a penalty decision, the enterprise's abnormal status shall be lifted immediately.
- Clarify the classification of claims for newly incurred taxes and fees after the acceptance of bankruptcy. Among them, taxes and fees arising from the disposal of debtor's assets shall constitute bankruptcy expenses, while those arising from continued operation shall constitute common benefit debts, both of which shall be paid at any time out of the debtor's assets.
- Clarify that after lawful recovery by the tax authority, there remain outstanding tax late payment, fines, and interest pursuant to the reorganization plan or settlement agreement, such circumstances shall not affect the enterprise's application for restoration of tax-and-fee payment credit and subsequent tax-and-fee payment credit evaluations, nor shall they affect the enterprise's handling of tax-related matters such as migration and deregistration.
- Streamline the tax deregistration process: Where an enterprise is adjudicated bankrupt by a ruling of the People's Court, and applies to the tax authority for tax deregistration with the People's Court's ruling on the conclusion of the bankruptcy proceedings, the tax authority shall immediately issue a tax clearance document.

China Advance Pricing Arrangement Annual Report (2024)

Issued by: General Office of the State Administration of Taxation

Issue Date: November 25, 2025

Links: <https://www.chinatax.gov.cn/chinatax/n810214/c102374/c102375d/c5245175/content.html>

The State Taxation Administration (“STA”) has compiled and analyzed the negotiation and signing of Advance Pricing Arrangements (“APA”) in China from 2005 to 2024, and publicly released the *China Advance Pricing Arrangement Annual Report (2024)* in both Chinese and English. The main contents are as follows:

- Definition of APA: An arrangement whereby an enterprise applies in advance to negotiate and reach agreement with the tax authorities in respect of the transfer pricing methods and corresponding calculation methods to be applied to its related party transactions for future years in accordance with the arm's length principle.
- Review of APA: Clearly state that a submission that presents innovative application of transfer pricing methods or high quality quantitative analysis for intangibles, cost savings or market premiums will merit the STA's prioritized attention.
- Development trend of APA: As of the end of 2024, 165 Unilateral APAs (“UAPA”) have been signed, and 170 Bilateral APAs (“BAPA”) have been signed, which shows that the cumulative number of signed BAPAs has surpassed that of UAPAs for the first time. Meanwhile, there are more BAPAs than UAPAs in intent phase and application phase, which suggests that more and more enterprises prefer to apply for BAPA to gain taxation certainty.
- Related-party transaction types involved in signed APAs: Over half of the transactions involve the transfer of the right to use or ownership of tangible assets (approximately 56%), while a smaller portion pertains to the transfer of the right to use or ownership of intangibles (about 20%) and service transactions (around 23%). Only about 1% of the transactions are categorized as financing activities.

- Regional distribution of BAPAs: The distribution is concentrated primarily in Asia, accounting for 69%, followed by Europe at 19%, North America at 11%, and Oceania at 1%.
- Time taken of APAs: Over 90% of UAPAs are completed within 24 months, while the proportion of BAPAs finalized within 24 months stands at 51%.
- Transfer pricing method applied for signed APAs: The primary methods applied are the Transactional Net Margin Method ("TNMM")-Full Cost Mark Up, and the TNMM-EBIT Operating Margin. Additionally, the Cost Plus Method is also relatively common-used. In contrast, other transfer pricing methods are less frequently applied in APAs.

Human Resources

Notice on Several Issues Concerning the Implementation of the Regulations on Work-Related Injury Insurance (III)

Issued by: Ministry of Human Resources and Social Security
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 Links: https://www.mohrss.gov.cn/shehuibaozhang/gongshang/t20251120_562398.html

The Notice (III), addressing new situations and issues arising in recent practice concerning the determination of work-related injuries, further clarifies relevant rules and serves as an important supplementary document to the *Regulations on Work-Related Injury Insurance*. The main contents are summarized as follows:

- It specifies detailed circumstances for the three core elements required for recognizing a work-related injury: "work time, work place, and work cause."
 - 1) Work Time: This includes not only statutory, contractually agreed, or employer-specified work hours but also time spent completing tasks temporarily assigned by the employer or specific duties, as well as overtime hours.
 - 2) Work Place: The scope of recognition extends from areas under the effective management of the employer to relevant external areas necessary for completing specific work, as well as reasonable areas transited between multiple related locations due to work requirements.
 - 3) Work Cause: It clarifies that injuries sustained while performing one's job duties, completing tasks assigned by the employer, or safeguarding the legitimate interests of the employer are considered due to work cause. It specifically notes that injuries sustained while addressing essential physiological needs in a reasonable location during work time are considered work-related, unless entirely caused by personal reasons.
- It offers a relatively broad interpretation of "commuting to and from work." Beyond the regular commute between the workplace and one's residence, habitual domicile, or employer-provided dormitory, reasonable routes to and from "the residences of one's spouse, parents, or children" are included. It also recognizes engagement in activities essential to daily life and work during a reasonable time and on a reasonable route while commuting.
- It addresses the determination of work-related injuries under the new work-from-home model.

- 1) Where sufficient evidence proves that an employee sustained an accident injury due to work-related causes while working from home, it may be recognized as a work-related injury. However, temporary, sporadic, and simple work-related communication is not considered "work cause".
- 2) Regarding whether sudden illness at home is treated as a work-related injury, if sufficient evidence proves that the employee was handling work at home based on the employer's requirements and work needs, essentially consistent with their regular work intensity and state, and clearly occupying rest time, it may be regarded as "work time and work position".

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- The newly revised '*Shanghai Regulations on the Protection of the Rights and Interests of the Elderly*' officially came into effect on November 1st, introducing a family caregiving leave system for the first time. Who is eligible to apply for this leave, and what conditions must be met to apply?

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