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Recent Hot Topics

The basic information of foreign-invested enterprises in the Foreign Exchange Administration Registration System is crucial for enterprises to conduct cross-border business. If such information is inconsistent with the actual situation or is not updated in a timely manner, what impact will it have on the enterprise, and how should it be addressed? 10

With the introduction of the compulsory deregistration system and its detailed implementing rules, what are the differences in the deregistration process for companies under special circumstances (i.e., those whose business licenses have been revoked, have been ordered to close, or have been dissolved), and has the process become more convenient? 10

For landscaping (such as shrubs and lawns) purchased on environmental protection grounds, should it be recognized as "fixed assets" for accounting and tax purposes? If it does not meet the capitalization criteria for fixed assets, should it be recognized as "long-term prepaid expenses" and amortized over a period? What are the key criteria for making this determination? 10

Measures for the Supervision and Administration of Information Disclosure by Private Investment Funds

Issued by: China Securities Regulatory Commission (CSRC)
Issue No.: Decree No. 233 of CSRC
Release Date: February 24, 2026
Effective Date: September 1, 2026
Links: <https://www.csrc.gov.cn/csrc/c101953/c7616837/content.shtml>

As the first supporting administrative regulation under the *Regulations on the Supervision and Administration of Private Investment Funds*, the Measures elevate information disclosure oversight from "industry self-discipline" to "administrative regulation", introducing systematic new requirements regarding the content, frequency, and methods of disclosure. The main contents are as follows:

1. Clarification of Responsible Parties and Behavioral Norms

- The responsibilities of the three entities (the fund manager, custodians and sales agencies) in information disclosure:

The fund manager shall be the primary responsible party for information disclosure, and such liability can't be exempted by delegating the task to another institution; the custodians shall conduct substantive review and verification of financial information including the fund's net asset value and subscription, redemption prices. The custodians must issue a warning, facilitate corrections, and report the matter to the relevant authorities if any material errors are discovered; sales agencies shall not alter the information provided by the fund manager.

- Disclosure Methods: Fund managers shall disclose information to investors through agreed-upon non-public methods, such as mail, email, investor-specific websites, mobile applications, or other designated channels.
- Look-through Disclosure Requirements: where a private investment fund invests in other private investment funds, asset management products or invests through an SPV, it must disclose the investment path and the underlying assets. The invested institutions are obligated to cooperate in this process.

2. Establishment of Differentiated Disclosure Requirements Based on Fund Type

Fund Type	Periodic Reports	Special Requirements for Annual Audit
Private Securities Investment Fund	<ul style="list-style-type: none">Quarterly report (within 1 month after the end of the quarter)Annual report (within 4 months after the end of the year)	<ul style="list-style-type: none">Where the fund invests in illiquid assets, derivatives, overseas assets, other private funds, or other special circumstances, the annual financial report must be audited by an accounting firm registered with

上海市浦东新区海阳西路 512 号前滩东方广场一期 11 楼 03-04 单元

Room 1103-1104, New Bund Oriental Plaza I, No.512 West Haiyang Road, Pudong, Shanghai

+8621 6160 1999

+8621 6160 1966

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Fund Type	Periodic Reports	Special Requirements for Annual Audit
	<ul style="list-style-type: none"> NAV Disclosure: For open-end funds, at least as frequently as the subscription/redemption frequency; for closed-end funds, at least once per quarter. 	the CSRC.
Private Equity Funds (including Venture Capital Funds)	<ul style="list-style-type: none"> Semi-annual report (within 2 months after the end of the semi-annual period) Annual report (within 6 months after the end of the year) 	<ul style="list-style-type: none"> Where the fund has a relatively large management scale and a high number of individual investors, the annual financial report must be audited by an accounting firm registered with the CSRC.

3. Obligation for Interim Reporting of Major Events

- For events that may have a significant impact on the rights and interests of investors, such as changes to the fund manager, custodian, portfolio manager, investment structure, major related-party transactions, disclosure must be made within 5 working days from the date the event occurs.

4. Establishment of an Information Disclosure Management System

- Private fund managers and custodians are required to establish an information disclosure management system and designate specific departments and senior management personnel to be responsible for information disclosure affairs.
- Private fund managers, custodians, sales agencies, and other service providers shall properly maintain documents and materials related to the information disclosure of the private investment fund. The retention period shall be no less than 20 years from the date of completion of the fund liquidation.

5. Transitional Arrangements

- For funds newly submitted for filing after September 1, 2026: Documents such as the fund contract shall comply with the relevant provisions of the Measures.
- For existing funds that were filed before September 1, 2026: If the fund contract is amended, the amended matters shall comply with the provisions of the Measures; if the fund contract is not amended, there is no immediate requirement to revise the fund contract.

Notice on Further Improving the Convenience of Notarization for Hong Kong Investors

Issued by: Ministry of Justice, State Administration for Market Regulation (SAMR)
Issue No.: Sifatong [2026] No.5
Release Date: February 12, 2026
Effective Date: February 1, 2026
Links: <https://www.samr.gov.cn/zw/zfxxgk/fdzdgknr/djzcj/art/2026.html>

To further facilitate investments by Hong Kong investors in the mainland, this Notice expands the scope of the electronic circulation of simplified notarial documents for Hong Kong investors, building on previous pilot programs. The main contents are as follows:

- Effective from February 2026, the electronic circulation of simplified notarial documents certifying the legal status of Hong Kong investors will be implemented in 14 provinces (municipalities), including Beijing, Tianjin, Hebei, Shanghai, Jiangsu, Zhejiang, Anhui, Fujian, Shandong, Hubei, Guangdong, Chongqing, Sichuan, and Hainan.
- Through the real-time interface between the business systems of SAMR and the informatization platform for China-appointed Notaries (Hong Kong), when processing the incorporation or modification registration of Hong Kong-invested enterprises, SAMR in the pilot areas can directly access and retrieve the electronic notarial documents online based on the document code submitted by the applicant. These documents can be downloaded and saved as electronic files. In principle, paper versions will no longer be required.
- Efforts will continue to optimize the online registration functions for Hong Kong-invested enterprises, accelerating the realization of full-process electronic registration for such enterprises.

Tax

Announcement on Policies Concerning VAT and Consumption Tax on Export Business

Issued by: Ministry of Finance (MOF), State Taxation Administration (STA)
Issue No.: Announcement No. 11 [2026] of MOF and STA
Release Date: January 30, 2026
Effective Date: January 1, 2026
Links: <https://fgk.chinatax.gov.cn/zcfgk/c102416/c5247437/content.html>

To further clarify and integrate VAT and consumption tax policies for export business, the Ministry of Finance and the State Taxation Administration jointly issued this Announcement. The main contents and revisions are summarized below:

1. "Export goods" and "cross-border sales of services and intangible assets" are merged into "Export Business", subject to unified VAT and consumption tax export refund policies.

2. The Announcement clearly delineates three categories of VAT treatment of Export Business: VAT refund (exemption), VAT exemption, and VAT taxation, defining the applicable scope and specific tax treatment rules for each category.

2.1 VAT Refund (Exemption) Policy

- Applicable Export Business include:
 - 1) Exported goods: Must simultaneously satisfy four conditions: “sold to overseas entities, declared to customs and actually departed from the territory, recognized as sales in accounting, and foreign exchange collected in accordance with regulations”;
 - 2) Deemed Exported Goods (9 categories in total).
 - 3) Cross-border Sales of Services and Intangible Assets: Include services and intangible assets (10 categories in total) sold to overseas entities for consumption entirely outside the territory, international transportation services, air transportation services, and overseas repair and replacement services.
- VAT Refund (Exemption) Methods

Method	Tax Treatment	Applicable Entities and Scenarios
Exemption, Credit and Refund	<p>"Exemption": Exemption from VAT on the export stage;</p> <p>"Credit": Corresponding input VAT is credited against VAT payable;</p> <p>"Refund": Any uncredited amount is refunded.</p>	<ol style="list-style-type: none"> 1) Manufacturing Enterprises: Self-produced goods, deemed self-produced goods, cross-border sales of services and intangible assets, as well as non-self-produced goods exported by designated manufacturing enterprises; 2) Trading Enterprises: Direct export of services or self-developed intangible assets shall be treated as manufacturing enterprises and subject to the unified "exemption, credit, and refund" method together with their exported goods (newly added).
Exemption and Refund	<p>"Exemption": Exemption from VAT on the export stage;</p> <p>"Refund": Corresponding input VAT is refunded.</p>	Trading Enterprises or Other Entities: Export of goods, and cross-border sales of purchased services or intangible assets.

- Tax Refund Rate: Consistent with the applicable tax rate by default, unless a special rate applies. Lower rate applies if business with different rates are not accounted separately.

- Input VAT for exemption-credit-refund and VAT instant refund/return/refund shall be accounted separately and allocated by sales ratio if unidentifiable.

2.2 VAT Exemption Policy

- Applicable scope:
 - 1) Export Goods Eligible for VAT Exemption Policy: Include goods exported by small-scale taxpayers, software products exported through online transmission, and 16 other categories (19 items in total);
 - 2) Cross-border Sales of Services and Intangible Assets Eligible for VAT Exemption Policy: Include construction services for projects located overseas, overseas warehousing services, and 16 other categories (18 items in total);
 - 3) Others: Include export business for which the taxpayer has waived tax refund (exemption) in favor of tax exemption; and export business for which tax refund (exemption) has been filed but supporting documents were not completed within the prescribed deadline. Tax treatment: Export VAT exempt; input VAT non-deductible and non-refundable, transferred to cost.
- Tax Treatment: Exemption from VAT on the export stage, however, the relevant input VAT shall neither be deductible nor refundable, and shall be transferred to cost.

2.3 VAT Taxation Policy

- Applicable Scope: Includes 11 categories of circumstances, such as goods for which export tax refund (exemption) has been canceled, fraudulent transactions or submission of fraudulent documents, "false self-operation, actual agency" transactions, direct export of purchased goods without obtaining valid and legal purchase vouchers, etc.
- Tax Treatment: The export stage shall be treated as domestic sales for VAT filing purposes, and input VAT may be deducted if eligible conditions are met.

3. Consumption Tax Policies for Export Business

- Tax Refund (Exemption): For export of consumer goods subject to consumption tax that are eligible for VAT refund (exemption) policy, consumption tax shall be exempted, and consumption tax paid in previous stages shall be refunded;
- Tax Exemption: For export of consumer goods subject to consumption tax that are eligible for VAT exemption policy, consumption tax shall be exempted, but consumption tax paid in previous stages shall not be refunded, nor shall it be allowed to offset against consumption tax payable on domestic sales;
- Taxation: For export of consumer goods subject to consumption tax that are subject to VAT taxable levy policy, consumption tax shall be paid, consumption tax paid in previous stages shall not be refunded, nor shall it be allowed to offset against consumption tax payable on domestic sales.

4. Significant Adjustments to Declaration Deadlines

- Establishment of tiered declaration deadlines (taking goods declared for export and applying for VAT Refund (Exemption) as an example):
 - 1) Taxpayers shall apply for VAT Refund (Exemption) between the month following the date of customs declaration and April 30 of the following year, and receive foreign exchange as required; if foreign exchange is not received within this period, any refund (exemption) received must be repaid;
 - 2) If a taxpayer fails to file for tax refund (exemption) within the aforementioned deadline, a supplementary filing may be made between April 30 of the following year and the 36-month period from the date of customs declaration for export, provided that foreign exchange collection documentation is submitted and all other supporting documents are completed.
- 36-Month Declaration Deadline Limitation: Except for specific circumstances, if a taxpayer fails to apply for tax refund (exemption) or tax exemption within 36 months (calculated by calendar days), the transaction will be treated as domestic sales. This policy changes the current provision that imposes no time limit on export refund declarations.
- Transitional Policy: Export transactions occurring on or before December 31, 2025, are not subject to the 36-month declaration deadline limitation.

Announcement on Issuing the Administrative Measures for VAT and Consumption Tax Refund (Exemption) on Export Business

Issued by: State Taxation Administration (STA)
Issue No.: Announcement No. 5 [2026] of STA
Release Date: January 30, 2026
Effective Date: January 1, 2026
Links: <https://fgk.chinatax.gov.cn/zcfgk/c100012/c5247423/content.html>

This Announcement (the "Announcement No. 5") further elaborates on the *Announcement on Policies Concerning Value-Added Tax and Consumption Tax on Export Business* (the "Announcement No. 11"). By consolidating management documents issued at different times, it systematically standardizes policies for VAT and consumption tax refunds (exemptions) for export business. This adjustment aims to simplify procedures, reduce institutional costs, and strengthen compliance management requirements. The main changes are as follows:

- **Optimization of the Mechanism for Modifying the Refund (Exemption) Filing**

Under the previous rules, taxpayers were required to settle all taxes due before applying to change their refund (exemption) method, and after the change, they were no longer permitted to apply for refunds (exemptions) on transactions conducted prior to the modification. While retaining the above principles, Announcement No. 5 introduces exceptional circumstances. For situations where taxpayers are unable to settle taxes immediately due to objective factors, or where they have inadvertently selected the incorrect refund (exemption) method due to unfamiliarity with the policies, they may, after reporting the

situation as required, change the filing without first settling the taxes. The relevant refund (exemption) applications can then be processed subsequently.

- **Clarification of Declaration Requirements under the New Policies of Announcement No. 11**

In response to the new policies stipulated in Announcement No. 11, which apply the "exemption, credit, and refund" method to specific export business—including space transportation services, as well as cases where foreign trade enterprises directly export services or self-developed intangible assets—the specific declaration requirements have been refined.

- **Strengthened Administration of Foreign Exchange Receipts**

It is clearly stipulated that the receipt of foreign exchange for exported goods and repair services shall be completed by April 30 of the year following the customs declaration date. If the contract stipulates a receipt date later than April 30 of the following year, the foreign exchange shall be received within the contractual period, but no later than 36 months from the date of customs declaration.

For export tax refund (exemption) declarations submitted before April 30 of the following year, except for specific circumstances, there is no need to submit foreign exchange receipt materials; supporting documents should be retained for future inspection. For supplementary declarations submitted after April 30 of the following year, foreign exchange receipt documents must be submitted.

- **Strengthened Coordinated Administration of VAT and Consumption Tax Refund (Exemption)**

It is clearly stipulated that when taxpayers file a consumption tax refund (exemption) declaration, it shall be submitted together with the corresponding VAT refund (exemption) declaration.

- **Standardized Management of Documentation Filing**

It is clarified that taxpayers shall, within 15 days after declaring a tax refund (exemption), retain the required filing documents, such as purchase and sales contracts and transportation documents, in accordance with regulations. The retention period for these filing documents has been extended from the original 5-year requirement to 10 years.

- **Full Digitization of Export Tax Refund (Exemption) Certificates**

Full digitization has been achieved for the issuance of nine categories of export refund (exemption) certificates. Taxpayers may issue electronic certificates through online channels such as the Electronic Tax Bureau and the International Trade Single Window.

Announcement on Issuing the Administrative Measures for Prepayment of VAT

Issued by: Ministry of Finance (MOF), State Taxation Administration (STA)

Issue No.: Announcement No. 14 [2026] of MOF and STA

Release Date: January 30, 2026

Effective Date: January 1, 2026

Links: <https://fgk.chinatax.gov.cn/zcfgk/c102416/c5247497/content.html>

According to Article 45 of the *Implementation Regulations of the Value-Added Tax Law of the People's Republic of China*, five categories of circumstances—including providing construction services across prefecture-level administrative regions and selling real estate projects through advance payment methods—require prepayment of VAT as prescribed. This Announcement provides further provisions on this basis, essentially continuing the existing institutional framework and operational practices. The main contents are as follows:

1. Consolidation of Provisions Concerning the Prepayment Base, Prepayment Rate, and Place of Tax Payment for Five Types of Circumstances Subject to VAT Prepayment.

Tax Payable in Advance = Prepayment Base ÷ (1 + Applicable Tax Rate or Levy Rate) × Prepayment Rate

Prepayment Scenario	Prepayment Base	Prepayment Rate	Place of Prepayment
Providing construction services across prefecture-level administrative regions	<ul style="list-style-type: none">Net amount between revenue (including tax) and the subcontracted payments	<ul style="list-style-type: none">General method: 2%Simplified method: 3%	Location where the construction service is provided
Providing construction services with advance receipts	<ul style="list-style-type: none">Net amount between current advance receipts and subcontracted payments	<ul style="list-style-type: none">General method: 2%Simplified method: 3%	<ul style="list-style-type: none">Not-cross-regional: Place of business registrationCross-regional: Location where the service is provided
Selling real estate projects with advance sales	Total amount of current advance receipts	3%	Place of business registration

上海市浦东新区海阳西路 512 号前滩东方广场一期 11 楼 03-04 单元

Room 1103-1104, New Bund Oriental Plaza I, No.512 West Haiyang Road, Pudong, Shanghai

☎ +8621 6160 1999

☎ +8621 6160 1966

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Prepayment Scenario	Prepayment Base	Prepayment Rate	Place of Prepayment
Transferring real estate located in a different region	<ul style="list-style-type: none"> Non-self-built: Net amount between revenue (including tax) and original purchase price Self-built: Total revenue (including tax) 	<ul style="list-style-type: none"> General taxpayers: 2% Small-scale taxpayers: 3% 	Location of the real estate
Leasing real estate located in a different region	<ul style="list-style-type: none"> Total revenue (including tax) 	<ul style="list-style-type: none"> General taxpayer (General method): 5% General taxpayer (Simplified method): 3% Small-scale taxpayer: 3% (individual business at levy rate) 	Location of the real estate
Oil and gas field enterprises providing services across provinces	<ul style="list-style-type: none"> Total revenue (including tax) 	<ul style="list-style-type: none"> Xinjiang region: 5% Other regions: 3% 	Location where the service is provided

2. Unified and Standardized Administration of Tax Collection

- 1) Small-scale Taxpayer Threshold Exemption: If the total revenue and advance receipts (excluding VAT) realized at the prepayment location does not reach the threshold, no prepayment is required.
- 2) Tax Credit Rules: Prepaid taxes may be credited against the tax payable for the current period, and any amount not fully credited may be carried forward to subsequent periods.
- 3) Ledger management obligation: Enterprises providing construction services across regions or with advance receipts must establish a prepayment tax ledger, registering information such as taxable prices, advance receipts, subcontracting payments, and prepaid taxes on a project-by-project basis, and retain contracts, invoices, and other supporting documents.
- 4) Liability for overdue payment : If prepayment is not made within six months of the due date, the tax authority at the place of business registration shall, based on the specific circumstances, impose late payment fees and fines in accordance with the *Law on the Administration of Tax Collection*.

Announcement on Clarifying the Calculation Basis of Sales Amount of VAT Taxable Transactions

Issued by: Ministry of Finance (MOF), State Taxation Administration (STA)
Issue No.: Announcement No. 12 [2026] of MOF and STA
Release Date: January 30, 2026
Effective Date: January 1, 2026
Links: <https://fgk.chinatax.gov.cn/zcfgk/c102416/c5247440/content.html>

As a supporting document to the *Value-Added Tax Law of the People's Republic of China* and its implementation regulations, this Announcement (the “Announcement No. 12”) continues the existing provisions on the net basis method of VAT calculation. It is noteworthy that the 10 categories of transactions subject to the net basis method covered by the *Announcement on Transitional Issues Concerning VAT Preferential Policies Following the Implementation of the VAT Law* (the “Announcement No. 10”) have a policy validity period expiring on December 31, 2027, whereas the 8 categories of taxable transactions covered by this Announcement are not subject to any validity period. The main contents of the Announcement are as follows:

- It clarifies eight categories of taxable transactions for which the sales amount may be determined as the balance after deducting the relevant costs: these include the transfer of financial commodities, passenger station services, air transportation services, domestic air ticket agency services, international air ticket agency services, examination services provided by overseas entities within China, visa agency services, and the agency importation of goods exempt from VAT.
- If the deducted amounts are supported by VAT deduction vouchers, the corresponding input VAT shall not be deductible from the output VAT.

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- With the introduction of the compulsory deregistration system and its detailed implementing rules, what are the differences in the deregistration process for companies under special circumstances (i.e., those whose business licenses have been revoked, have been ordered to close, or have been dissolved), and has the process become more convenient?
- For landscaping (such as shrubs and lawns) purchased on environmental protection grounds, should it be recognized as "fixed assets" for accounting and tax purposes? If it does not meet the capitalization criteria for fixed assets, should it be recognized as "long-term prepaid expenses" and amortized over a period? What are the key criteria for making this determination?

If you are interested in the above topics, please feel free to contact us:

Jane Fan

Head of Legal Service Dept.

☎ 135-0177-7091

✉ fanrong@seahonor.com

Lucy Huang

Head of Accounting & Tax Service Dept.

☎ 137-6193-2188

✉ huangqi@seahonor.com

Nikko Chen

Head of Japan Desk

☎ 186-2191-6721

✉ chenhong@seahonor.com

Cynthia Su

Tax Service Contact

☎ 138-1853-0811

✉ suxiaofang@seahonor.com

Minnie Gu

HR Service Contact

☎ 139-1713-2663

✉ gumin@seahonor.com

Tiffany Tian

Accounting Service Contact

☎ 138-1609-0515

✉ tianfang@seahonor.com

上海市浦东新区海阳西路 512 号前滩东方广场一期 11 楼 03-04 单元

Room 1103-1104, New Bund Oriental Plaza I, No.512 West Haiyang Road, Pudong, Shanghai

☎ +8621 6160 1999

☎ +8621 6160 1966

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