

# BRIGHTURE NEWSLETTER [No. 263]

August 2021

New Tax Regulations P1

Brighture News P2-4

Brighture's answers to hot topics P5

About Us P6

## Tax regulations that you should pay attention to

1. In order to support the housing rental market, **the Ministry of Finance (MOF) and the State Administration of Taxation (SAT) issued the Announcement of the Ministry of Housing and Urban-Rural Development on Improving Tax Policies Related to Housing Rental (MOF SAT [2021] No. 24,)**, which stipulates that:

(1) **For the total rental income obtained by general VAT payer in the housing leasing enterprise from leasing the housing to individuals, it may elect to apply the simple tax method, that is, calculate and pay VAT at the reduced rate of 1.5% on the basis of 5% collecting rate,** or apply the general calculation method. Small-scale VAT payers in housing leasing enterprises who lease housing to individuals shall pay VAT at the reduced rate of 1.5% on the basis of 5% collecting rate.

(2) For enterprises, public institutions, social organizations and other organizations that **lease housing to individuals or specialized large-scale housing leasing enterprises, property tax shall be collected at a reduced rate of 4%.**

(3) The "housing leasing enterprises" mentioned herein refers to the enterprises engaged in housing leasing business that have reported to or filed with the housing and urban and rural construction department subject to relevant regulations. The criteria for specialized large-scale housing leasing enterprises mentioned herein are as follows: the enterprises hold or operate more than 1,000 units (rooms) of rental housing or have a floor area of more than 30,000 square meters in the cities where they reported to or filed with the housing and urban and rural construction department. The housing and urban and rural construction departments of the provinces, autonomous regions and municipalities directly under the Central Government, together with the financial and tax departments at the same level, may, in light of the development of the rental market, lower the criteria within a range of 50% for all or part of the cities in their respective regions.

(4) **This announcement will take effect on October 1, 2021.**

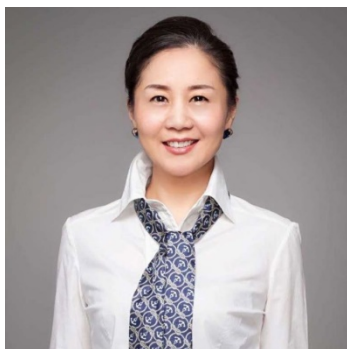
2. In order to promote the quality development of the steel industry, **the Ministry of Finance (MOF) and the State Administration of Taxation (SAT) issued the Announcement on The Cancellation of Export Tax Rebate of Steel Products (MOF SAT [2021] No. 25,)**, which stipulates:

**Effective August 1, 2021, the export tax rebates for 23 steel products in the list attached hereto shall be cancelled. The specific execution time shall be as per the date indicated on the export declaration form.**

3. To implement the policy of the CPC Central Committee on optimizing the family planning and promoting long-term balanced population growth, especially the three-child policy, **the Office of National Healthcare Security Administration (ONHSA) issued the Notice on Supporting Maternity Insurance and the Three-Child Policy [ONHSA (2021) No. 36]**, which stipulates:

**To ensure that the cost of a third child of the insured female workers is covered by maternity insurance,** and local medical insurance departments shall pay the maternity medical expenses and maternity allowances in full and in time in accordance with regulations. The maternity rights and interests of the insured shall be effectively protected. In addition, medical treatment for childbirth by urban and rural residents shall be ensured and their newborn babies are covered by insurance.

## Brighture Salon in Qingdao



**Susan Li**

**Deputy General  
Manager of Brighture**

Susan has lawyer's qualification in both China and Australia, and was the Legal Director for South-East Asian and Grant China Region of Kellogg, one of the Fortune 500, with decades of legal practices and experiences in business operation and administration.

The 7<sup>th</sup> Brighture Salon for 2021 was held through direct broadcast from 19:00 to 20:00 on July 30, 2021 under the theme of "Enterprise labor risk analysis and counter measures".

The lecture was presented in three stages, namely, "recruitment and probation stage, confirmed employment stage and stage of dissolution of employment", with the last one-- "stage of dissolution of employment"-- to be presented in the next Manager's Saloon.

### **1. Recruitment and probation stage:**

**(1) When recruiting laborers, the employer shall truthfully inform the laborers of their work contents, working conditions and locations, occupational hazards, safety situation, remuneration, and other information that the laborers require to know; on the other hand, the employer has the right to obtain the basic information of the laborer directly related to the employment contract, and the laborers should also make truthful statements.**

**(2) The employer should have detailed recruitment conditions that serve as the criteria for the comparison, assessment and evaluation of the performance of the employee in the probation period.**

**(3) Employers should enter into employment contracts with the laborers in time.** If an employer intends to execute a written labor contract which is refused by the laborer, the employer will not be able to have it executed. **If after the employer's written reminder the laborer still does not sign a written labor contract with the employer, it is suggested that the employer should terminate the labor relationship by a written notice so as to avoid troubles due to unclear rights and obligations of the parties and to maintain standardized and harmonious employment relationship.**

### **2. Confirmed employment stage**

**(1) An employer should pay social security premiums for the workers.** If it is agreed upon by both sides or unilaterally promised by a laborer that the employer needs not pay social insurance premium but in its stead pays "social security subsidy" directly to the employee in cash, such arrangement is in violation of the "Social Insurance Law" and therefore invalid. **If after some time the employee asks the employer to bear the loss for failing to pay insurance premium, the employer ought to compensate the loss suffered by the employee (in arrears), while the employee should return to the employer the "social security subsidy" which it has already received in full; If the laborer asks for the dissolution of labor relations and claims economic compensation on the grounds that the employer has not paid social insurance premiums according to law, the laborer should not be supported because of his own fault, and should the employer suffer loss as a result (such as overdue penalty), it can demand the laborer to pay compensation.**

As a professional service agency, Brighture provides esteemed clients with one-stop services in finance, taxation, law, auditing and business, address their questions, helps them prevent and control risks in an all-round way, and is a genuine partner of enterprises.

## Mid Year Summary Meeting

On the early morning of Saturday, July 24, 2021, all members of Brighture from Shanghai and Qingdao gathered in the office of South Fuzhou Road, Qingdao to jointly hold the summary meeting for the first half of 2021.

In the first half of the year, all the colleagues of Brighture worked diligently in their respective posts, and provided real-time and prompt financial and tax services to esteemed customers. Our robust work approach has been highly spoken of by customers and our own professionalism has been promoted.

Carina, Manager of Operation Support Department, Susan, Deputy General Manager, Sweety and Sherry, Manager of Customer Development Department, Ruby, Manager of Customer Care Department, Vincent, Account Reviewer, and Jade, Deputy General Manager, reviewed the operations in the first half year, analyzed achievements and shortcomings, and specified the improvement plan for the second half year.



After that, the teams and individual colleagues who have performed well in the first half of the year and the managers who shed lights on the new policies were highly commend by the management for their profound understanding and fulfillment of the corporate culture of **"professionalism, integrity and efficiency"** and their exemplary roles for the staff.

In addition, the managers of each section in the Finance and Taxation Department reviewed the work in the first half of the year, analyzed the achievements and existing problems, and made clear the plan for improvement in the second half of the year.





## *Mid Year Summary Meeting*

This year marks the sixth year that Brighture has joined Kreston, the 13<sup>th</sup> largest accounting network in the world, and the 50<sup>th</sup> anniversary of Kreston's establishment. We took this opportunity to celebrate the 50<sup>th</sup> anniversary of Kreston in our office in Qingdao, a beautiful coastal city, and wish Kreston a happy birthday and lasting prosperity.



At noon, we gathered at Haidilao Seafood Restaurant for a feast.

Corporate culture is the DNA of enterprise development, which affects the strategic layout of the enterprise. In order to deepen the understanding of the corporate culture and enhance the solidarity of the team, we held interesting "corporate culture competition" and "listening to the music" games which pushed the spirit and atmosphere to the climax.

The challenges and achievements of the first half year have already gone, and the purpose of our review is to chart a better way out. We will keep moving forward, make continuous progress and realize our social value.

**Great works are performed not by strength, but by patience. We should rely on the good platform to cultivate ourselves, explore the true meaning of reflection, become more competent professionals, and strive to cooperate with the people around more pleasantly. Leaving everything else to the time, all we need is just working hard, in the belief that “one cannot reap where he has not sown”.**

**Brighture's semi-annual meeting in 2021 has been successfully concluded. In the second half of the year, our staff will continue to make progress and improvement, and continue to walk hand in hand with our esteemed clients to meet challenges together!**



## *Brighture's answers to hot topics*

**Q: Do allowances and subsidies given to employees in the name of meal allowance belong to wages and salaries?**

**A: The allowances and subsidies given to employees in the name of meal allowance belong to wages and salaries. The "Notice of the State Administration of Taxation of the Ministry of Finance on Determining the Scope of Meal Allowances" (CAISHUI [1995] No. 82) provided:**

"The meal allowance which is exempted from tax by 'SAT Document [1994] No. 89' referred to the meal allowance received by individuals who work in urban area or suburb, are unable to return to have meals in working unit and really need to have meals outside, provided that such allowance is subject to a mandatory criteria and paid based on the actual number of meals taken outside the working unit. **The allowances and subsidies given to employees in the name of meal allowance should be included in the monthly wages and salaries and subjected to individual income tax.**"

**Reminder: The allowances and subsidies given to employees by an enterprise in the name of meal allowance should be included in the monthly wages and salaries and subjected to individual income tax.**

## *Work Anniversary at Brighture in this month:*



**Nancy.zhao**

**Japance Dept.**

**Intermediate Accountant**

**10 Years**

**Motto: Day by day, do not fear thousands of miles; often do, do not fear thousands of things.**

Brighture was incorporated at the beginning of 2003 and has been committed to provide domestic and foreign enterprises with financial outsourcing, legal, audit and business services. Our mission is to provide clients with high quality tax services and tailored solutions to meet their different needs, while building trust and long-term partnership with them. In 2015, Brighture became a member of Kreston International, the 13<sup>th</sup> largest accounting network in the world. We not only provide services for domestic clients, but also provide resource docking and service assistance for other clients from all over the world based on our international vision and local resources.

### Scope of services

**Financial and taxation services:** Perennial fiscal and tax consultation, fiscal and tax outsourcing, tax planning, export duty rebate, merger and reorganization, transfer pricing, tax training

**Legal services:** Daily legal consultation, legal due diligence, contract review, compliance review, intellectual property protection, labor relations

**Audit services:** internal control audit, financial statement audit, fiscal and tax due diligence, asset evaluation, capital verification

**Business services:** registration of domestic and foreign-funded enterprises, change of registration items, enterprise liquidation and cancellation, personnel outsourcing

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**Disclaimer:** The information contained herein is for reference only, please refer to the relevant laws, bylaws and judgment made by local administrative authorities.

\*With experiences in financial and tax services for over 19 Years, BRIGHTURE is committed in providing one-stop solutions in finance, taxation, law, auditing and business. Besides, BRIGHTURE is a member of Kreston, the 13th accounting network in the world, and a time-honored brand with international vision and local resources.