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New Financial and Tax Policies

Service Cases

KRESTON News

Seniority as of Now

*BRIGHTURE, 20 Years in financial and tax services*

## **Mission Statement :**

*Add value to clients by professionalism, be a respected financial consultant*

## **Vision :**

*Be a leader in financial service sector and a century business*

## **Values :**

*Always focus on the clients and serve them with professionalism, integrity and efficiency*



*Shanghai*



*Qingdao*

1. In order to support the medical service institutions, the Ministry of Finance and the State Administration of Taxation issued the Announcement on Continuation of **the VAT Policies for Medical Services (CAISHUI [2023] No. 68)**, which provides:

(1) **A medical institution entrusted by other medical institutions to provide various services** listed on the National Medical Service Price Criteria at prices not higher than the guiding price of medical services formulated by the price authorities above prefecture (city) level together with the health authorities at the same level and other relevant departments (including government-guided prices and prices determined through negotiation between supply and demand parties etc.), is **eligible for the VAT exemption** policy contained in Article 1 (7) of the "Provisions of Transitional Policy for Pilot VAT Reform"(CAISHUI [2016] No. 36).

(2) Gratuitous lending between units within an enterprise group (including enterprise groups) shall be exempt from VAT.

(3) **This Announcement shall be in effect until December 31, 2027.**

2. In order to promote the construction of affordable housing, the Ministry of Finance, the State Administration of Taxation and the Ministry of Housing and Urban-Rural Development issued **the Announcement on Tax Policy for Affordable Housing (CAISHUIZHU[2023] No.70)**, which provides:

(1) **Land used for construction of affordable housing projects is exempt from urban land use tax. The stamp duty** related to the affordable housing management unit and the stamp duty related to the affordable housing buyer **shall be exempted**. Urban land use tax and stamp duty can be exempted for affordable housing in commodity housing and other development projects as per the proportion of the floor area of affordable housing to the total floor area based on the relevant documents issued by the government authorities.

(2) Enterprises, public institutions, social organizations and other entities transferring old houses to the pool of affordable housing shall be exempt from land value-added tax, provided that the value added **does not exceed 20% of the amount of the deducted items**.

(3) **The deed tax shall be exempted for the buyback of affordable housing by the operation and management units of affordable housing which is still used as affordable housing.**

(4) **Individuals who purchase affordable housing will be subject to deed tax at a reduced rate of 1%.**

(5) Affordable housing projects **are exempt** from all administrative fees and government managed funds, including air defense basement relocation fees, urban infrastructure fees, **education surcharges and local education surcharges.**

(6) Affordable housing projects eligible for preferential tax policies shall be determined by the urban people's government. The housing and urban and rural construction departments of the urban people's governments shall provide information on the affordable housing projects and the operating and management units of affordable housing in their respective regions to the financial and tax authorities of the same level in a timely manner.

3. In order to support the construction of a national comprehensive fire rescue team, **the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation issued the Notice on National Comprehensive Fire and Rescue Team Import Tax Policy (CAIGUANSUI [2023]No. 17)**, which provides:

(1) **Effective from January 1, 2023 to December 31, 2025, the fire and rescue equipment imported by national comprehensive fire and rescue team that cannot be domestically produced or the performance of the domestically-produced equipment of the same kind cannot meet the requirement is exempt from customs duties and import value-added tax and consumption tax.**

(2) The import duties and taxes that have been paid by national comprehensive fire and rescue team on imported equipment from January 1, 2023 to the issuance of this notice that **meets the conditions of this policy shall be refunded upon application.**

(3) The State Fire and Rescue Administration, in conjunction with relevant departments shall formulate the Measures for the Administration of Duty-free Import of Fire and Rescue Equipment to clarify the conditions of the importing units, as well as the requirements for registration, use and management of duty-free fire and rescue equipment after import.

#### **4. Hong Kong Special Administrative Region 2023 Policy Address - Tax-related Policy Initiatives (for Individuals)**

On 25 October 2023, the Chief Executive proposed in his 2023 Policy Address the following tax measures under salaries tax and personal assessment with effect from the year of assessment 2024/25, in order to encourage childbearing and create an conducive environment for child-rearing: **For taxpayers who live with their first child born on or after 25 October 2023, the maximum deduction for home loan interest or domestic rent will be increased from the current \$100,000 to \$120,000 until the child reaches the age of 18; to establish an annual deduction of up to \$100,000 for assisted childbearing services.** The proposals could only be implemented after the legislative process had been completed.





### Case of Financial and Taxation Services

**Background:** A Chinese technical service company X was jointly funded by mainland natural persons Mr. M and Ms. N. After a decade of development, it enjoys a high reputation in the industry and has established close relationship with a company Y in the UK, which intends to purchase company X so as to develop the Chinese market. Company Y wishes to consult in advance on tax matters, including the tax to be paid by the transferor in the process of equity transfer, and the tax liability of Company Y in China arising from the related-party transactions after the equity transfer is completed.

**Service provided:** After understanding the requirements, we first conducted an in-depth communication with the management of the company on the development strategy, business model and organizational structure of X and Y, and the financial statements of X company, as well as the subsequent transactions between them. Based on the background information, a tax advisory report was prepared to address the questions in a comprehensive and detailed manner.

### Friendly Reminder

In equity merger and acquisition, the transferor is required to pay stamp duty and individual income tax, while the transferee is required to pay stamp duty, and both parties have to pay taxes in a timely manner to avoid tax risks. In the transaction between non-resident enterprises and Chinese resident enterprises, VAT, withholding income tax and other taxes may be involved. Therefore, non-resident enterprises need to understand their tax obligations in detail to ensure tax compliance and reduce tax risks.



## *Recent Events of Kreston*

*In order to promote the communication and cooperation among Kreston members, Kreston recently held the following activities:*

Kreston Global has been doing business in the Middle East since the first member firm joined the network in Turkey in 1996. Since then, Kreston Global Middle East has been on a trajectory of expansion and innovation. Today, our network has over 800 expert staff stationed in 43 offices, across 12 countries.



This extensive reach in the Middle East makes Kreston Global positioned to offer a wealth of services tailored to the complex financial landscapes of the region. Our localised insights coupled with global best practices put Kreston Global in the top 10 largest accounting networks in the region.



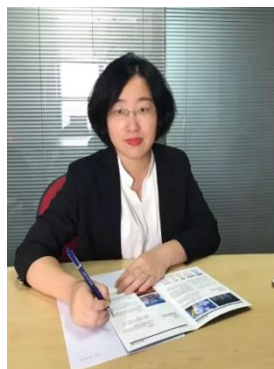
**Ada Song**  
VIP Customer Dept.  
-7 Years

Motto: Diligent thinking  
is rewarded



**Fiona Du**  
Customer Development  
Dept.  
-6 Years

Motto: No fear, no  
regret



**Elaine Wang**  
AI Dept.  
-6 Years

Motto: Sincerity smooth  
the way to success



**Aurna Dong**  
Tax Refund Dept.  
-2 Years

Motto: Sincerity smooth  
the way to success

*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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We provide domestic and foreign enterprises with financial, tax, legal, audit and business services leveraging our 20 year's experience. It is a prudent decision to cooperate with a time-honored consultant with international vision, local resources, one-stop solutions, a member of Kreston International which is the 13<sup>th</sup> largest accounting network in the world.