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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 boost automobile consumption, the Ministry of Finance and the State Administration of Taxation issued the **"Announcement on Continuation of Value-Added Tax Policy on Used Car Transaction" (CAISHUI[2023] No. 63)**, which provides:

(1) **For a taxpayer selling used cars purchased by himself, value-added tax shall be levied at 0.5% based on the 3% rate by simple measures.**

(2) Used cars as mentioned herein refer to vehicles that are traded and have their ownership transferred in the period from the time of registration up to the date reaching the compulsory scrapping standards, provided that the specific scope shall be subject to the administrative measures for the transaction of used cars issued by the competent authorities of the State Council.

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

2. In order to guide small loan companies in their operation, the Ministry of Finance and the State Administration of Taxation issued the **"Announcement on Continuation of Preferential Tax Policies for Small Loan Companies" (CAISHUI[2023] No.54)**, which reads as follows:

(1) **Interest income from small loans to rural households acquired by small loan companies established with the approval of provincial financial supervision and administration departments shall be exempt from VAT.**

(2) **90% of the interest income from small loans to rural households acquired by small loan companies established with the approval of provincial financial supervision and administration departments shall be included in the total income when computing the taxable income.**

(3) The loan loss reserve (at 1% of the loan balance as of the end of the year) set aside by a small loan company established with the approval of provincial financial supervision and administration departments is allowed to be deducted before corporate income tax. The specific policy criteria shall be subject to "6. Announcement of the State Administration of Taxation of the Ministry of Finance on Relevant Policy of Pre-tax Deduction of the Loan Loss Reserve for Financial Enterprises" (MOF SAT [2019] No.86) in Annex 2 of the "Announcement of the State Administration of Taxation of the Ministry of Finance on Extending the Effectiveness of Preferential Tax Policies (MOF SAT [2021] No.6)".

This Announcement shall be in effect until December 31, 2027.

3. Subject to the provisions of the Corporate Income Tax Law of the People's Republic of China and the Regulations on Implementation of Corporate Income Tax Law of the People's Republic of China, the Ministry of Finance and the State Administration of Taxation issued the **"Announcement on Qualification of Pre-Tax Deduction of Welfare Donations of Public Bodies such as Red Cross Society of China from 2024 to 2026" (CAISHUI [2023] No.72)**. The qualified public bodies are listed as follows:

- A. Red Cross Society of China
- B. ACFTU(All China Federation of Labor Unions)
- C. China Soong Ching Ling Foundation
- D. China Foundation for International Exchange of Personnel

4. To support residential heating, the Ministry of Finance and the State Administration of Taxation issued the **"Announcement on Continuation of Tax Policies of Heating Enterprises" (CAISHUI [2023] No. 56)**, which provides as follows:

(1) **The heating fee income acquired by heating enterprises from individual residents (hereinafter referred to as residents) shall be exempt from value-added tax.**

The heating fee income acquired from the heating of residents includes the heating fee collected directly from residents by heating enterprises, the heating fee collected from residents through other units and the heating fee paid by units on behalf of residents.

The heating fee income exempt from value-added tax shall be accounted for separately. An enterprise producing heat products that supplies heat to residents through a heat product management enterprise shall calculate the VAT exemption based on the proportion of the heating fee income actually acquired from residents by the heat product management enterprise to the total heating fee income of such management enterprise.

(2) Heating enterprises that collect heating fees for residential heating shall be exempt from real estate tax and urban land use tax for the workshop and land used for residential heating; as for other buildings and land of such heating enterprises, real estate tax and urban land use tax shall be levied subject to regulations.

For heating enterprises dealing in other concurrent businesses, the exempted property tax and urban land use tax shall be calculated by different methods depending on whether the plant and land used for heating can be distinguished from the plant and land used for other business activities.

(3) The heating enterprises mentioned herein refer to thermal product production enterprises and thermal product management enterprises. Thermal products production enterprises include dedicated heating enterprises, combined heating enterprises and self-heating units.

(4) The "Three North" areas mentioned herein refer to Beijing Municipality, Tianjin Municipality, Hebei Province, Shanxi Province, Inner Mongolia Autonomous Region, Liaoning Province, Dalian City, Jilin Province, Heilongjiang Province, Shandong Province, Qingdao City, Henan Province, Shaanxi Province, Gansu Province, Qinghai Province, Ningxia Hui Autonomous Region and Xinjiang Uygur Autonomous Region.

(5) **This announcement is in effect until the end of the heating period in 2027. The heating period refers to the period from the beginning of heating service in the second half of the current year to the end of heating service in the first half of the following year.**





Case of Financial and Taxation Services

Background: A company in Singapore (hereinafter referred to as Company X) intends to have an exhibition in China in collaboration with its Chinese subsidiary, from which Company X will receive relevant income such as participation fee and sponsorship paid by other overseas companies,. Being the host of the intended exhibition, Company X came to Brighture for inquiries over the related taxes and duties, such as, if Company X needs provisional tax registration in China, if it needs to file tax returns in China for income derived from other overseas companies, what are the taxes that need to be declared and how to calculate the taxes.

Services provided: Upon understanding the demand, Brighture had an in-depth communication with the company management to fully grasp the company's business model, organizational structure, the estimated revenue of the exhibition, as well as the transaction patterns. Then, a tax advisory report was prepared based on the information available to address the questions of the client in a comprehensive and detailed manner

Friendly Reminder

A non-resident enterprise may have VAT, corporate income tax and other tax obligations if it sets up establishments in China and obtains relevant income, and shall be liable for the underpaid tax if it fails to declare and pay tax on time.

According to the Provisional Regulations of the People's Republic of China on Value-added Tax, units and individuals selling goods or providing processing, repair and replacement services, selling services, intangible assets, immovable property and imported goods within the territory of the People's Republic of China are VAT payers and shall pay VAT in accordance with these Regulations.

According to Article 1 of the Measures for Implementation of Pilot Value-added Tax Reform, units and individuals that provide services in the transportation industry, postal industry and some modern service industries (hereinafter referred to as taxable services) within the territory of the People's Republic of China are VAT payers.

“Provide taxable services within the territory of the People's Republic of China” contained herein means that the provider or recipient of taxable services is in China.

According to Article 3 of the Corporate Income Tax Law of the People's Republic of China, where a non-resident enterprise has set up establishment within the territory of China, it shall pay corporate income tax on the income derived from within the territory of China by such establishment set up by them, as well as the income that incurs outside the territory of China but has actual connection such establishment set up with by them.

Recent Events of Kreston

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

From December 3rd to December 7th, 2023 Global Conference of Kreston Global was held at the JW Marriott Marquis Hotel in Dubai, United Arab Emirates. Nearly 300 member representatives from member offices around the world attended the conference. Susan Li, Vice president of Kreston Brighture group China, and Sun Yushan, Manager of Customer Development Department, were invited to attend the meeting.





Ruby Ren
Customer Care Dept.
- 17 Years

Motto:

There are more solutions
than problems.



Alice Gan
Intermediate Accountant
English Speaking Dept.2
- 10 Years

Motto:

Work harder and be
luckier, happier and more
prosperous.



Jannie Yin
Intermediate Accountant
VIP Customer Dept.
- 7 Years

Motto:

Learning without thinking
is useless; while thinking
without learning, perilous.



Lisa Yang
Shanghai Dept.
- 3 Years

Motto:

Diligence is like
persistent water that
wears the stone.

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 13th 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.

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 13th largest accounting network in the world.