



Guoshuifa No.55(2010): Notice on thoroughly applying Administrative Measures for the Formulation of Tax Regulatory Documents

Extraction contents

I. To upraise our understanding level of the measures and put its enforcement on major agenda

In light of Outlines on Comprehensively Promoting Administration by Law, issuing and enforcing of the Measures is with significant influences. All local bureaus should focus on the enforcement of the Measures and enhance their work on system construction. And as enforcement of the Measures is an overall task requiring full responsibility of all departments and offices, the tax bureaus should take effective measures to provide facilities for the Policy and Law Departments to carry out their work, especially personnel support.

II. To learn thoroughly the legislative intention and contents of the Measures

SAT is currently drafting Explanations of Administrative Measures for the Formulation of Tax Regulatory Documents and will distribute it around May 20. All local Bureaus shall initiate training programs accordingly. All departments should do their jobs respectively to contribute to the training, and publicize provisions of the measures broadly so as to enable taxpayers to know about our tax policy. Hence taxpayers can perform their democracy rights and supervising rights, on purpose of protecting their own interests.

(continued)

III. To prepare fundamental tasks for enforcing the Measures

Comparing to Guoshuifa No.201 (2007) and other current documents, the Measures have been greatly adjusted and amended in various ways. To ensure successful bridging and transition of old & new laws, the authorities should do well preparations by 1) drawing detailed guides to increase its feasibility; 2) launching investigation and research to know about the circumstances and bring up solutions. Policy and Laws Department should lead the way and coordinate with other departments such as the Office and the electronic tax center, to guarantee positive development of all programs.

IV. to strictly implement rules of the Measures

The Measures establish an institution system of “limited power, effective rules, restrained procedure, regulated management and strong supervision”, by which all local bureaus should:

Further Information

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Hwuason Alerts

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1. Use Notice forms when issuing tax regulatory documents;
2. Examine the documents' legitimacy by policy and laws department;
3. Accord with enforcing provisions of the Measures;
4. Organize and clean the documents;
5. Strengthen recordation review;
6. Probe new institution of managing tax regulatory documents;
7. Strengthen examination of implementing the Measures.

Superior tax organs should supervise and examine implementing work of their subordinate ones, for ill-implementing.

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Enterprise Income Tax Withholding on Interest Income of Overseas Bank Branches Derived from Within Borders

Branches of foreign financial institutions listed in tax treaties, if share the same legal identity with the head office, can enjoy the same preferences unless there are opposite indications in the treaties. In the process, *notice of SAT on distributing administrative measures of tax treaty preferences for non-residents, guoshuifa No.124 (2009)* should be strictly followed.

Non-corporate branch offices established overseas by domestic banks are also residents. Interests derived from China, no matter paid by permanent organs of Chinese or foreign residents, do not apply the tax treaty. That is, accord with the notice of SAT on intensifying the withholding of enterprise income tax on non-resident enterprises' interest income sourcing from China, *guoshuihan No.955 (2008)*.

Enterprise Income Tax Deduction for Special

SAT stated that, according to *Caishui No.170(2008)*, input VAT of fixed assets is available of deduction since 1/1/2009, hence from then on, for deduction of special equipments (Environmental Protection, Energy & Water preservation and Labor Protection equipments) in accordance with *Caishui No.48(2008)*, if input VAT is available for deduction, investment amount of special equipments should be without the input VAT; if input VAT is not available for deduction, investment amount should be price-and-tax sum on special VAT invoices (or common invoices if it's only what the enterprises can get).