

## China Insight – Chinese Tax Regulation Update



Circular Number	Issuance Date	Effective Date	Topic	What is new?
Cai Guan Shui [2025] No. 1 issued jointly by the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation ("SAT")	2025-01-24	2025-02-01	Amendment to the "zero-tariff" policy on raw and auxiliary materials in the Hainan Free Trade Port ("HFTP")	<p>The circular expands the list of eligible raw and auxiliary materials eligible for the "zero-tariff" policy by adding 297 new items, including unroasted coffee, ethylene, machine parts, etc.</p> <p>Additionally, the parts imported for repair purposes that are eligible for import tax exemption treatment under the circular Cai Guan Shui [2020] No. 42 can be used for repair of yachts and self-use production equipment (including the relevant parts) imported under the relevant "zero-tariff" policies.</p> <p>The circular further allows continuance of the import tax exemption treatment in the case of transfer of the relevant raw and auxiliary materials due to bankruptcy of the company, as long as the transferee of the materials is still an entity eligible for the "zero-tariff" policy.</p>
SAT Announcement [2025] No. 4	2025-01-26	2025-04-01	Updates on the matters regarding the issuance of the PRC tax resident certificates ("TRCs")	<p>The Announcement has optimized the situations and the channels for issuance of the TRCs. According to the Announcement, enterprises and individuals can apply for TRCs for any calendar year during which they qualify as PRC tax residents. In addition, although domestic and foreign branches of Chinese enterprises, sole proprietorships, partnerships and individual businesses cannot apply for TRCs independently, they can still ask their head offices or the PRC tax resident owners / investors / partners to apply for the TRCs.</p> <p>When the TRCs are applied for, the applicant shall submit the standard application form and supporting documents such as the contracts / resolutions /</p>

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SAT Announcement [2025] No. 3	2025-01-27	2025-01-27	Policies of "VAT refund upon exit" applicable to exports to overseas warehouses under the cross-border e-commerce ("CBEC") model	<p>In order to support the growth of CBEC and overseas warehouse operations, the Announcement allows export VAT refund when the goods are declared for export to the overseas warehouses under the CBEC model under the customs supervision code "9810", even if the sales of goods are not realized yet. In case the sales are not realized yet upon export, preliminary tax refund is allowed and the tax reconciliation will be needed according to the actual sales situation in the future.</p> <p>Taxpayers must submit customs declaration forms and relevant supporting documents when applying for the preliminary refund, with specific filing requirements for manufacturing enterprises and trading enterprises respectively. They are also required to differentiate between the sold and the unsold goods at the time of declaration. Otherwise the exported goods will be treated as unsold and subject to preliminary tax refund first.</p> <p>The tax reconciliation period runs from the first day of the month following the preliminary tax refund until 30 April of the following year. During this period, the taxpayer shall finalize the tax reconciliation and settlement based on the actual sales records. If the goods remain unsold by the end of the reconciliation period, the previously refunded tax shall be repaid and the tax refund can be reapplied for once the sales are realized.</p> <p>The Announcement also strengthens document retention requirements, particularly for companies that cannot provide standard export contracts. Under such circumstances, the taxpayer may use alternative documents, such as overseas warehouse leasing orders / agreements or ownership certificates, as substitutes of the export contracts. Besides, taxpayers shall keep sales supporting documents, such as sales vouchers, detailed sales accounts and other materials which can prove that the goods have been sold, as part of the export refund documentation, which shall be prepared for</p>

				potential inspections from tax authorities within 15 days after the goods are sold (for preliminary tax refund cases) or the export tax refund is declared.
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