



Passion - Professionalism - Collaboration

Dear Friends,

This is a monthly newsletter focusing on legal matters in China, and related issues that shape the general business environment for foreign companies operating in China. Should you have any comments or questions, please do not hesitate to contact Ms. Anna Lukina, BD & Marketing Director at alukina@a-zlf.com.cn visit the A&Z website.

Sincerely,
The Editors



Legal Updates

CAC Issues Provisions on Standard Contracts for Cross-border Transfers of Personal Information (Draft for Comment)

On June 30, the Cyberspace Administration of China ("CAC") released the Provisions on Standard Contracts for Cross-border Transfers of Personal Information (Draft for Comment) (the "Draft for Comment") for public comment until July 29, 2022.

According to the Draft for Comment, any personal information processors meeting all of the following circumstances may provide personal information abroad through conclusion of the standard contract: (1) not being an operator of critical information infrastructure; (2) having processed personal information of less than 1 million people; (3) having outbound transferred personal information of less than 100,000 people in total since January 1 of last year; and (4) having outbound transferred sensitive personal information of less than 10,000 people in total since January 1 of last year.

GAC Issues Announcement of Waiving Administrative Penalties on Voluntary Disclosure of Tax-related

A&Z Past Events

July 14, Shanghai

Invited by the Production and Logistics Section of IVD Research Institute, Mr. Andrew Zhang, Senior Partner and Head of the European-American and Overseas Investment Desks of A&Z Law Firm, gave a seminar on the theme of "Interpretation of AEO System and Analysis of Certification Practice". In the seminar, Mr. Zhang not only introduced the origin of AEO system and the benefits brought by AEO system to enterprises, but also gave a detailed

Violations (2022)

On July 1, the General Administration of Customs ("GAC") issued the Announcement of Waiving Administrative Penalties on Voluntary Disclosure of Tax-related Violations (the "Announcement"), to be effective from July 1, 2022 to December 31, 2023.

The Announcement specifies that under either of the following circumstances, importers and exporters, who make a voluntary disclosure of tax-related violations, shall be waived from administrative penalties: (1) make a voluntary disclosure of tax-related violations to the customs within six months from the date of the violations; or (2) make a voluntary disclosure of tax-related violations to the customs after six months, but within one year, from the date of the violations, provided that the evaded or underpaid amount of taxes accounts for less than 30% of the taxes payable, or the evaded or underpaid amount of taxes is less than 1 million yuan. The violations disclosed by importers and exporters voluntarily and punished by the customs with a warning or a fine of less than 1 million yuan shall not be included in the records of the credit status of enterprises recognized by the customs.

CAC Issues Measures for the Security Assessment of Outbound Data Transfers

On July 7, the Cyberspace Administration of China ("CAC") issued the Measures for the Security Assessment of Outbound Data Transfers (the "Measures"), which will come into effect from September 1, 2022.

The Measures specify the circumstances where application for security assessment is required, including outbound transfer of important data by a data processor, outbound transfer of personal information by a critical information infrastructure operator or a personal information processor, who has processed the personal information of more than 1,000,000 persons, outbound transfer of personal information by a personal information processor, who has made outbound transfers of the personal information of 100,000 persons cumulatively or the sensitive personal information of 10,000 persons cumulatively since 1 January of the last year. The Measures propose the basic requirements for security assessment of outbound data transfers. The Measures also require the data processor to conduct a self-assessment of the risks in the outbound data transfer before applying for the security assessment of an outbound data transfer and clarify key assessment items. The data processor is required to have the data security protection responsibilities and obligations clearly stipulated in the legal document executed with the overseas recipient. In case of any situation affecting the security of outbound data transfer within the validity period of the security assessment of outbound data transfers, a new application for assessment shall be made. In addition, the procedures

explanation on how to carry out AEO enterprise certification and related considerations in practice. Mr. Zhang also introduced to the audience the issue of customs credit recovery in the "Credit Management Measures for Customs Registered and Recorded Enterprises of the People's Republic of China" which has been implemented since November 1, 2021.

July 15, Shanghai

Invited by IVD Research Institute, Mr. Vincent Zhu, Executive Director and Senior Partner of A&Z Law firm, gave a seminar on the topic of "Update of Information Protection Related Legal Trends". In his speech, Mr. Zhu explained the latest regulations, such as the Provisions on Standard Contracts for Cross-border Transfers of Personal Information (Draft for Comment) and Security Assessment Measures for Outbound Data Transfers recently released. He also spoke about data grading and classification protection system, safety assessment of data cross-border provision, and the standard contracts for personal information cross-border.

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About A&Z Law Firm

for the security assessment and the supervisory system are specified.

SAMR Issues Announcement on Authorizing the Conducting of Anti-monopoly Review of Some Cases on Concentration of Undertakings on a Pilot Basis

On July 15, the State Administration for Market Regulation ("SAMR") has issued the Announcement on Authorizing the Conducting of Anti-monopoly Review of Some Cases on Concentration of Undertakings on a Pilot Basis (the "Announcement").

Under the Announcement, the SAMR authorizes market regulatory authorities of Beijing City, Shanghai City, Guangdong Province, Chongqing City, and Shaanxi Province to carry out anti-monopoly review of some cases, in which the simplified procedures for concentration of undertakings apply, on a pilot basis, from August 1, 2022. The Announcement clarifies that, during the pilot period, the SAMR authorizes the pilot provincial market regulators to conduct review of some simple cases, and it will accept the prior notifications of concentration of undertakings in a uniform manner, and make review decisions based on the review opinions of the pilot provincial market regulatory authorities. The pilot provincial market regulatory authorities shall, in accordance with the uniform rules of the SAMR for the concentration of undertakings, conduct review of materials and case-filing review, and complete the reviews within the specified time limit, and then submit the review reports and review proposals to the SAMR. After the SAMR makes the review decisions, the pilot provincial market regulatory authorities will deliver such decisions to the applicants. The pilot period will end on July 31, 2025.

GAC Issues Circular on Adding Facilitation Measures for Advanced AEO Enterprises to Promote the Stabilization and Upgrading of Foreign Trade

July 15, the General Administration of Customs ("GAC") has released the Circular on Adding Facilitation Measures for Advanced AEO Enterprises to Promote the Stabilization and Upgrading of Foreign Trade (the "Circular").

The Circular decides to adopt the following measures: (1) Giving priority in laboratory tests. Where the samples of imported and exported goods of advanced AEO enterprises need to undergo laboratory tests and the "expedited" option on the testing application interface of the laboratory management system is checked, a test report will be issued as soon as the test is completed. (2) Optimizing risk management measures. The risk management measures for the medium-risk and low-risk matters of the advanced AEO enterprises will be further optimized. (3) Optimizing the regulation of processing trade. For advanced AEO enterprises that are eligible for processing trade account book management, the customs may decide whether to

A&Z is a leading Chinese law firm, which employs over 50 experts composed of a team of professionals comprising attorneys, legal assistants, Japanese translators, client managers, and business specialists across 5 offices in 11 legal practices. Having been active in Shanghai since 2004, A&Z's presence was expanded through the establishment of offices in Beijing, Dalian, Wuhan, and Tokyo. A&Z focuses on advising multi-national groups, major corporations, banks, and SMEs on various legal issues relevant to their business endeavors.

A&Z's practices include Foreign Investment, Overseas Investment, Competition and Antitrust, Intellectual Property, M&A and Corporate Restructuring, Labour and Social Security, Dispute Resolution, Compliance and CSR, Finance and Capital Markets, Customs Logistics and Maritime Commerce, and Environment, Health and Safety (EHS).

carry out inventory verification and determine the proportion of the commodity value selected by the customs during the verification based on the actual conditions. (4) Optimizing the verification operation. For the same advanced AEO enterprise, multiple management-based verification operations will be carried out in one time. (5) Giving priority in port inspection. Priority will be given to the imported and exported goods of advanced AEO enterprises in port inspection operation. 6. Giving priority in territorial inspection. Priority will be given to the imported and exported goods of advanced AEO enterprises in territorial inspections.

Beijing AMR releases the Guidelines on the Implementation of the Notification-Commitment System for Registration of Market Entities

On July 19, the Beijing Municipal Administration for Market Regulation released the Guidelines on the Implementation of the Notification-Commitment System for Registration of Market Entities in Beijing (the "Guidelines") on its official website, which has come into effect from June 8, 2022.

It is stated that market entities include companies, unincorporated business entities, sole proprietorships, partnerships, farmers' specialized cooperatives (associations), branches of enterprises of all types, individual businesses, branches of foreign companies, and other market entities under the laws and administrative regulations. Representative offices of foreign enterprises shall be registered with reference to the Guidelines. It is also specified that the notification-commitment system should apply to market entities in terms of the registration of their establishment, changes, cancellation and equity pledges, filings and additions, deletions and renewal of certificates and licenses.

Yangtze River Delta's Human Resources and Social Security Departments Issued Guidelines for Compliance of Labor Dispatch in the Yangtze River Delta

On July 26, Shanghai City, Jiangsu Province, Zhejiang Province and Anhui Province's Human Resources and Social Security Departments have jointly issued the Guidelines for Compliance of Labor Dispatch in the Yangtze River Delta (the "Guidelines").

The guidelines specify that the employer shall regulate the use of dispatched workers in accordance with the law in terms of the scope of use of the dispatched positions, the ratio of dispatched workers, outsourcing of labor services, selection of the dispatching unit, signing of the labor dispatching agreement, obligations to be fulfilled to the dispatched workers, circumstances in which the dispatched workers can be returned and circumstances in which they cannot be returned. The labor dispatching company shall

regulate the application for administrative license to operate labor dispatching business, the change and renewal of the labor dispatching business license, the annual report on labor dispatching business, the conclusion of labor contract, the necessary provisions of the labor contract, the obligations to be fulfilled to the dispatched workers, the dissolution and termination of the labor contract, and the economic compensation, and carry out labor dispatching business activities in accordance with the law. For the handling of labor disputes, the Guidelines provide key tips on arbitration procedures for labor dispute cases and labor security supervision procedures.

Industry News

Fashion group Shandong Ruyi's creditors take full control of Lycra

Reuters, June 29

Marine paint swells on surge of ship orders

China Daily, July 7

Economic Watch: Foreign companies eye opportunities in western China's green industries

Xinhua, July 11

Swatch Group upbeat as China comes out of lockdown

Reuters, July 14

Int'l auto expo opens in northeast China

Xinhua, July 15

China greenlights four sci-tech innovation IPOs

Xinhua, July 16

Porsche expects higher returns, China recovery in 2022

Reuters, July 19

Luxury shoemaker Manolo Blahnik wins 22-year trademark battle in China

Reuters, July 20

Digital China Summit powers down in Fuzhou

China Daily, July 25

Country to further tap into offshore wind resources

China Daily, July 28

The information contained in this Newsletter is for reference on matters of interest only, and is not intended to be comprehensive. Although we try to ensure accuracy, please note that the application and impact of laws can vary based on contextual and circumstantial variables.

Before taking any action, please ensure that you obtain professional advice specific to your circumstances.

There are numerous ways for you to keep up-to-date with legal updates, A&Z's practice, and valuable events.

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