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A&Z Monthly Newsletter April 2021

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

Announcement of the State Administration of Taxation on issuing the "List of Matters of 'First Violation without Impunity' for Administrative Punishment in Taxation" Read More

On 31 March 2021, the State Administration of Taxation (SAT) issued an announcement on the "List of Matters of 'First Violation without Impunity' for Administrative Punishment in Taxation". The Announcement clarifies that no administrative penalty will be imposed on those matters listed in the List that occurred for the first time, only have minor harmful consequences, and are corrected on their own initiative before being discovered by the tax authorities or within the time limit ordered by the tax authorities. The List will come into effect on 1 April 2021.

The List includes "taxpayers failing to report all their bank account numbers to the tax authorities in accordance with the relevant provisions of the Law on the Administration of Tax Collection and its implementing regulations", "taxpayers failing to process tax declarations and submitting tax information in accordance with the deadlines stipulated in the Law on the Administration of Tax Collection and its implementing regulations", "taxpayers failing to submit the invoices in accordance with the Law on the Administration of Tax Collection and its implementing regulations, Administrative Measures on Invoices and other relevant regulations while not having any illegal income", and so on.

State Drug Administration and the National Standardization Administration Committee issued the "Opinions on Further Promoting the High-Quality Development of Medical Device Standardization" Read More

On March 26, 2021, the State Drug Administration and the National Standardization Administration Committee issued the "Opinions on Further Promoting the High-Quality Development of Medical Device Standardization".

A&Z Past Events

March 30, Shanghai

Our firm's Principal Partner, Ms. Sophie An, provided comments on the Decision on Further Promoting and Safeguarding the Reform of "System of Government Online-offline Shanghai" (Draft for Comments) issued by the Standing Committee of the Shanghai Municipal People's Congress. The comments mainly concern the standardisation of work processes, lead departments and the effective use of big data of such system.

April 7, Shanghai



Our firm organized its first general manager salon of the year 2021. Principal Partner Ms. Sophie An introduced the most burning issues related to the two sessions (National People's Congress and Chinese People's Political Consultative Conference) of 2021, and also analysed the laws and regulations related to the Civil Code in the light of the actual needs of Japanese enterprises.

April 24, Shanghai

Our Principal Partner, Ms. Sophie An, was invited to participate as a member of the Shanghai Municipal People's Political Consultative Conference in the "Citizen-Government Affairs - Direct Call to AM990" radio program.

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The "Opinions" require accelerating the research and standard development of common technologies in emerging areas of medical devices, such as medical robotics, artificial intelligence, active implants, medical software, 5G+ industrial internet and multi-technology integration. Explore the promotion of the development of standards for core components of medical devices.

The "Opinions" put forward that enterprises should be encouraged to develop products technical requirements that are higher than national standards and industry standards, support enterprises to target advanced benchmark enterprises to implement technological transformation, and actively guide enterprises to improve product quality. Explore the establishment of a self-disclosure and supervision system for product implementation standards and form a standard implementation supervision mechanism that parallels corporate commitments and social supervision.

Announcement of the State Drug Administration on the publication of the "Technical Guidelines for Safety Assessment of Cosmetics (2021 Edition)" Read More

On 8 April 2021, the State Drug Administration (SDA) issued the Technical Guidelines for Safety Assessment of Cosmetics (2021 Edition). The Technical Guidelines stipulate that from 1 January 2022, cosmetic registrants and filers must conduct cosmetic safety assessments and submit product safety assessment information in accordance with the requirements of the Technical Guidelines before applying for registration of special cosmetic products or filing of general cosmetic products. The Technical Guidelines will come into force on 1 May 2021. Cosmetics registrants and filers should carry out safety assessments on their own or entrust professional institutions to form safety assessment reports and be responsible for their authenticity and scientific validity. The Technical Guidelines also provide detailed requirements for cosmetic safety assessment personnel, procedures for risk assessment, toxicological studies, and safety assessment of raw materials.

<u>Ministry of Emergency Management publishes "Opinions on Strengthening Law Enforcement in Work Safety Read More</u>

On 15 April 2021, the Ministry of Emergency Management released the "Opinions on Strengthening Law Enforcement in Work Safety". The "Opinions" stipulate that the joint disciplinary system for untrustworthy conduct in work safety should be strictly implemented, and untrustworthy subjects with serious violations should be included in the list of punishments for untrustworthy conduct in work safety in a timely manner, so as to increase the seriousness and deterrence of law enforcement. For enterprises and personnel included in the serious disciplinary list, relevant information will be pushed to the national credit information sharing platform, in accordance with the requirements of the "Memorandum of Cooperation on Joint Discipline against Defaulting Production and Operation Units and Their Related Personnel in the Field of Work Safety", to implement joint disciplinary action.

The executive meeting of the State Council passed the "Regulations on the Registration and Management of Market Entities (Draft)" Read More

The executive meeting of State Council held on April 14 passed the "Regulations on the Registration and Administration of Market Entities of the People's Republic of China (Draft)", which provides unified regulations for the registration and management of various enterprises engaged in business activities in China.

The Regulations clarify that electronic and on paper business licences have the same legal effect. Application materials are simplified, and registration links are streamlined, and applicants are not required to repeat information that can be obtained by the registration authority through the shared platform. A Suspension of business system has been set up, whereby market players may decide to suspend their business and file with the registration authority if they have difficulties in operating due to natural disasters and so on. The maximum duration of Suspension may not exceed three years. Strengthen the real name registration, if a market entity carried out the submission of false documents or other fraudulent activities, its registration as a market entity shall be revoked, and the directly responsible person shall not apply for registration again within 3 years.

7 departments including the Ministry of Public Security issued the "Measures for the Administration of Live Webcast Marketing (Trial Implementation)" Read More

Questions concerning inheritance, traffic safety, community activities, retirement life of the elderly and other social issues of concern to the public were answered and discussed.

About A&Z Law Firm

A&Z is a leading Chinese law firm, over 50 experts which employs 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, corporations, banks, and SMEs 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).

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.

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On 23 April 2021, seven departments including the Ministry of Public Security released the "Measures for the Administration of Live Webcast Marketing (Trial Implementation)". The Measures clearly stipulate that live webcast marketing platforms should establish and improve mechanisms and measures for account and live marketing function's registration and cancellation, information security management, marketing behaviour regulation, protection of minors, consumer rights and interests, personal information protection and network and data security management, among others.

If a live webcast marketer or live studio operator is a natural person, he or she should be at least 16 years old; if a minor over 16 years old applies to become a live webcast marketer or live studio operator, he or she should have the consent of his or her guardian. If the live webcast content published by a live studio operator or live webcast marketer constitutes commercial advertisement, they shall fulfil the responsibilities and obligations of an advertisement publisher, advertisement operator or advertisement spokesperson.

If a live studio operator or live webcast marketer uses the likeness of another person as a virtual image to engage in live webcast marketing activities, he or she shall obtain the consent of the owner of the likeness and shall not infringe on the likeness right of others by means of information technology forgery. For the protection of the voice of natural persons, refer to applicable aforementioned provisions.

Industry News

Nestle to further invest 35 mln USD in pet food in China

Xinhua Net, March 31

H&M confirms commitment to China after backlash

Reuters, March 31

Tsingshan to build \$1.6 bln lithium battery plant in southern China

Reuters, April 1

E-healthcare services to play bigger role in economy

China Daily, April 6

Smart home appliances going to head of class

China Daily, April 7

China continues to attract foreign investors with soaring Q1 FDI

Xinhua Net, April 15

China's industrial output up 24.5 pct in Q1

Xinhua Net, April 16

China's Xi ready to step up climate change cooperation with France, Germany

Reuters, April 16

Nissan to focus on fuel-sipping technology and electrification in China

Reuters, April 18

China looks to recreate ancient Silk Road with network of African ports

SCMP, April 18

China to cut coal use share below 56% in 2021

Reuters, April 22

TikTok owner ByteDance takes on Alibaba, Pinduoduo in big e-commerce push

SCMP, April 25

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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