



A&Z LAW FIRM

A&Z Monthly Newsletter

August 2018

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. Mireia Paulo at mpaulo@a-zlf.com.cn, or visit [A&Z website](#).

Sincerely,

The Editors

Legal Updates

- [GAC to Grant Zero-tariff Treatment to 97% of Taxable Imports from Burkina Faso](#)

The General Administration of Customs ("GAC") has recently issued the Announcement on Granting Zero-tariff Treatment to 97% of Taxable Products Originating from Burkina Faso (the "Announcement"). It expressly states that, upon approval of the State Council, China will offer the special preferential tariff (i.e. zero-tariff) treatment for the least developed countries, to imported goods originating from Burkina Faso. Further, the Announcement states that, beginning from September 1, 2018, the zero-tariff policy will apply to 97% of taxable imports originating from Burkina Faso.

- [SAT Provides Clarity on Tax Policies for Venture Capital Enterprises and Individual Angel Investors](#)

The State Administration of Taxation ("SAT") has recently issued the Announcement on Matters Concerning Tax Policies for Venture Capital Enterprises and Individual Angel Investors (the "Announcement"), stating that provisions in respect of income tax for individual angel investors take effect from July 1, 2018 and other provisions regarding income tax become effective from January 1, 2018.

The Announcement mainly provides for the implementation criteria, procedures and materials to handle relevant tax affairs, other management requirements, transitional clauses, etc. In particular, the Announcement sets forth provisions with respect to the

A&Z Upcoming events

18 September 2018, Shanghai

Ms. Sophie An, Director and Principal Partner at A&Z Law Firm, will give a lecture regarding legal risks in IPOs of pharmaceutical enterprises in JinShan District. Practical legal suggestions for pharmaceutical enterprises will be provided, especially in the areas of environment and intellectual property.

A&Z Past events

27 August – 1 September 2018, Beijing

Ms. Sophie An, Director and Principal Partner at A&Z Law Firm, attended the 10th National Congress of Returned Overseas Chinese and Relatives. The Congress reviewed and summarized the work of the Federation of Returned Overseas Chinese since the 9th Congress, researched and deployed its tasks for the next five years, amended the regulations of the Federation, and elected a new team of committee members and leading bodies.

25 August 2018, Shanghai

Ms. Sophie An, Director and Principal Partner at A&Z Law Firm, was invited to attend the Sino-Japanese Economic Cooperation Mechanism Forum, against the backdrop of current Sino-US trade

implementation criteria in the following five aspects. First, the criteria of the two-year period and the criteria of calculating the investment duration are provided. Second, the proportion of total research and development expenses against costs and expenses refers to the percentage of total research and development expenses invested in the tax year when the enterprise receives the investment and in the next tax year against the total costs and expenses incurred in the same period. Third, the criteria of calculating the contributions made by a partner of the venture capital partnership is made clear. Fourth, the methods on how to calculate the number of practitioners and the total assets are provided. Fifth, it is made clear that a legal-person partner is eligible for the aggregate calculation and deduction. To be specific, a legal-person investing in multiple venture capital partnerships is allowed to consolidate the deductible investment amounts and all income it receives.

- [State Council Approves Proposed Cross-border E-commerce Comprehensive Pilot Zones in 22 Cities Including Beijing](#)

The State Council has recently issued the Official Reply on Approving the Proposed Cross-border E-commerce Comprehensive Pilot Zones in 22 Cities Including Beijing (the "Reply").

The Reply clearly states that the comprehensive pilot zones will be built in 22 cities, including Beijing Municipality, Hohhot City and Shenyang City. Further, the Reply underscores the need to reproduce and promote the mature experience and practices of the former two batches of comprehensive pilot zones, focus on exploring and piloting experimental measures in terms of technical standards, business procedures, supervisory modes and information construction for Business-to-Business (B2B) cross-border e-commerce, and form new experiences and practices for the development of cross-border e-commerce. In addition, the Reply calls for efforts in providing comprehensive pilot zones with strong support for making bold trials and pursuing innovative development, with breakthroughs first in the cross-border e-commerce field, warehousing and customs clearance, improving supporting policies regarding the integrated customs clearance and information sharing, and promoting international trade liberalization and facilitation and innovation in business forms.

- [GAC Issues the Administrative Provisions for the Customs Statistical Work](#)

The General Administration of Customs ("GAC") has recently issued the Administrative Provisions of the Customs of the People's Republic of China for Statistical Work (the "Provisions"), with effect from October 1, 2018.

The Provisions state that, the customs shall carry out statistical surveys for import and export trade, targeting goods entering or leaving the territory of China and increasing or decreasing the stock of domestic materials; specialized statistical surveys may be carried out for other goods under the customs supervision, depending on administrative needs; and statistical surveys for customs business will also be performed among customs' supervisory and administrative activities for inward and outward goods and its internal management affairs. In addition, the Provisions stipulate that customs officers shall not falsify customs statistical materials or fabricate false data in person, or participate in such falsification or fabrication, or incite another party to do so.

- [Three Departments Support the Creation of Distinctive Platforms to Spur SMEs' Upgraded Innovation and Entrepreneurship](#)

Three departments, including the Ministry of Finance ("MOF"), have jointly issued the Implementing Plan for Supporting the Creation of Distinctive Platforms to Promote the Upgraded Innovation and Entrepreneurship of Small and Medium-sized Enterprises (the "Plan").

The Plan states that support will be given to a group of development zones intended for the real economy to instruct them to create diversified characteristic platforms for innovation and entrepreneurship, such as the platform featuring the aggregation of professional capital and the platform characterized by the integration of large enterprises and small and medium-sized enterprises, and guide these platforms toward market-oriented development; also, the Internet Plus mode integrating big data and others will be fully

frictions, that was held in Shanghai. The forum mainly focused on the impact of Sino-US trade friction on Sino-Japanese relations, issues regarding global changes, Sino-US trade and the Belt and Road Initiative. The forum further discussed the relationships among the affected industries, trading and involved countries under the circumstances of Sino-US trade friction. The challenges and strategic thinking that the enterprises have to cope with were further discussed.

19 August 2018, Shanghai

Ms. Sophie An, Director and Principal Partner at A&Z Law Firm, and Mr. Andrew Zhang, Partner at A&Z Law Firm, were invited to participate in the celebration of the Night of Philippine Culture and Friendship organized by the Philippines Consulate General in Shanghai. Ms. An did not only take part in the Sino-Philippines exchange salon, but also participated in the Philippines ballet performance. Under the theme of "good-neighborliness, comprehensive cooperation" between China and the Philippines, both countries are not just restricted to economic and trade cooperation; cooperation and exchanges in other fields will be launched in the near future.

1 August 2018, Shanghai

Ms. Sophie An, Director and Principal Partner at A&Z Law Firm, was invited to give a lecture entitled "Policy Trends and New Opportunities for the Integration of the Yangtze River Delta" for the members of Japan Chamber of Commerce in Changning Province. Ms. An made a thorough and precise analysis of the opportunities and challenges that enterprises might face under the promotion of "simplifying the process of handling affairs" and "eliminating regional barriers", and further described the new prospects for the development of enterprises.

About A&Z Law Firm

A&Z is a leading Chinese law firm, which employs over 50 experts composed of a team of professionals comprising attorneys, legal assistants,

utilized to boost quality and efficiency to integrate services and resources for innovation and entrepreneurship. According to the Plan, after the end of the two-year implementing period, a final assessment will be organized to look at the performance of each development zone in achieving objectives and accomplishing tasks.

Industry News

'Economic Watch: China increasingly attractive to investors as business environment improves'

Xinhuanet, 2 August, 2018

'Google is welcome back in China as long as it complies with the law, state media says'

CNBC, 7 August, 2018

'Chinese firms remain optimistic about U.S. trade'

Marketplace, 22 August, 2018

'Italy's new government says it'll fight immigration by helping China invest in Africa'

Quartz, 22 August, 2018

'More Chinese companies moving to Africa'

NewVision, 23 August, 2018

'Australia bans China Huawei's 5G rollout over security fears'

Financial Times, 23 August, 2018

'China revises regulations on foreign investment in banking sector'

Xinhuanet, 23 August, 2018

'Italy hoping for Chinese investment in Alitalia'

AsiaTimes, 24 August, 2018

'Alibaba eyeing US\$5 billion e-commerce investment in India'

AsiaTimes, 24 August, 2018

'China's overseas takeovers in 2017 may be larger than thought, and they're set to grow'

CNBC, 29 July, 2018

Japanese translators, client managers, and business specialists across 5 offices in 11 jurisdictions. 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).

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.

A&Z welcomes any and all questions pursuant hereto. For this reason, we recommend that you directly contact one of our attorneys in assisting you to address your needs.

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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Scan the QR Code to subscribe to A&Z's Labour and Compliance Department WeChat account: **laodonghegui**



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