



A&Z LAW FIRM

A&Z Monthly Newsletter

November 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@azlf.com.cn, or visit [A&Z website](#).

Sincerely,

The Editors

Legal Updates

- [SAT Improves Tax and Business Environment to Aid the Better Development of Private Enterprises](#)

The State Administration of Taxation ("SAT") has recently issued the Circular on Implementing Several Measures to Further Support and Serve the Development of the Private Sector (the "Circular").

The Circular outlines 26 concrete measures in five respects, including "earnestly carrying out and improving policies to promote lower tax burden on private businesses." The Circular calls for efforts to carry out preferential tax policies without reservation, and requires tax authorities to firmly follow the principle of arranging for taxation according to law, resolutely prevent excessive taxation, and unwaveringly implement policies on tax reliefs. Private enterprises that meet conditions for the entitlement to preferential tax policies, and other taxpayers, will be treated equally. In addition, the Circular clearly states that, methods to make social insurance contributions shall be stabilized.

- [State Council Calls for a Better Port Business Environment to Enhance Cross-border Trade Facilitation](#)

The State Council has recently issued the Work Plan for Optimizing Port Business Environment to Enhance Cross-border Trade Facilitation (the "Plan").

With the focus on "reducing documents, optimizing procedures, improving timeliness and lowering costs," the Plan outlines 20 measures. The number of regulatory certificates that should be verified during import/export process will be reduced from 86 to 48, from November 1 this year.

With respect to measures intended for "optimizing procedures", the Plan calls for deepening the nationwide customs clearance integration reform to promote the one-time collaborative inspections

A&Z Upcoming events

[20 December Shanghai](#)

Mr. Peter Zeng, Senior Partner, will give a lecture focus on "2018 review of China's labor laws and policies and case analysis" at A&Z Law Firm.

[19 December Shanghai](#)

Ms. Sophie An, Director and Principal Partner, will participate as a committee member in the seminar of Jing 'An regional liaison meeting focus on "The latest trends that Japanese enterprises should pay attention to under the new stage of Japan and China." She will also discuss the regulatory requirements with the attendants.

[14 December, Shanghai](#)

Ms. Sophie An, Director and Principal Partner, will give a legal lecture entitled "Explanation of compliance cases of Japanese enterprises & summary of environmental protection situation," at A&Z law firm. Attendees will be mainly enterprises which are members under the drug ministry of Jing 'An district. The lecture would interpret the common compliance risks of foreign enterprises by showing case studies. Ms. An would put forward legal suggestions on how to meet the requirements of environmental protection in China.

A&Z Past events

[15 November, Shanghai](#)

Ms. Sophie An, Director and Principal Partner, participated

by the customs office. In addition, actions will be taken to push ahead the reform in the guaranty insurance for customs tariffs.

- [State Council Releases the Amended Regulations on Patent Agency](#)

Premier Li Keqiang has recently signed an Order of the State Council to release the amended Regulations on Patent Agency (the "Regulations") which will take effect from March 1, 2019.

Improvements are made from the perspective of the entry threshold for patent agency practices, the code of conduct, the supervision of services, etc., to relevant systems in the Regulations. There will be an optimization of the practicing entry system for patent attorneys, stating that a Chinese national may sit for the national patent attorney qualification examination if s/he holds a junior college degree or above for a major in science or engineering that is awarded by an institution of higher learning. If approval of the exam, a Patent Attorney Qualification Certificate will be issued by the administrative department of patents of the State Council.

- [SAT Clarifies Matters Concerning the Wider Application of the Policy of Temporarily Not Levying Withholding Tax for Relevant Overseas Investors](#)

The State Administration of Taxation ("SAT") has recently issued the Announcement on Matters Concerning Expanding the Applicable Scope of the Policy of Temporarily Not Levying Withholding Tax on Distributed Profits Used by Overseas Investors for Direct Investments (the "Announcement") which comes into force retrospectively from January 1, 2018.

The Announcement provides answers to some questions, including but not limited to "whether the preferential policy of temporarily not levying withholding tax applies when an overseas investor uses profits it receives to make a supplementary payment for the portion of registered capital it has subscribed."

- [Five Departments Motivate Relevant Institutions to Engage in Market-oriented Debt-for-Equity Swaps](#)

Recently, five departments, including the General Office of the National Development and Reform Commission ("NDRC"), have jointly distributed the Circular on Encouraging Relevant Institutions to Participate in Market-oriented Debt-for-Equity Swaps (the "Circular").

The Circular proposes that a qualified insurance group (holding) company, an insurance company or insurance asset management institution shall be allowed to set up an implementing agency to be exclusively in charge of carrying out debt-for-equity swaps in a market-oriented way, and an implementing agency in the insurance sector shall be allowed to set up the private equity investment fund to conduct the market-oriented debt-for-equity swaps. Private equity investment funds will be encouraged to conduct the business of swapping debts for equities. Circular states that support will be given to foreign investors to establish private equity investment funds in pursuit of market-oriented debt-for-equity swaps.

- [Measures rolled out for further reform, innovation in pilot FTZs](#)

The Chinese government has rolled out a series of measures to support pilot free trade zones and deepen reform and innovation, according to a circular released November 23. The 53 measures improving the investment environment, trade facilitation, financial innovation and the HR sector should improve the quality of pilot FTZs. Land use for pilot FTZs in some provinces and municipalities should be given priority in the overall layout. The authority to approve Sino-foreign joint ventures and wholly foreign-owned agencies with talent intermediary service in pilot FTZs will be delegated to local authorities in the zones.

Industry News

[Full text of Xi's signed article on Spanish newspaper](#)

Ren Ming Net, 28 November 2018

as a committee member in the inspection conducted by the Municipal CPPCC at the end of 2018. The inspection was focused on the developments of foreign investment in Shanghai. Ms. An made few proposals to reflect foreign companies' view.

9 November, Shanghai

Director of the European-American Markets and Overseas Investment Projects, Ms. Mireia Paulo, gave keynote speech at the "China & Latin America Seminar: Business, Culture & Opportunities" organized by Invest Shanghai, Minghang government, Mexican and Brazilian Chamber of Commerce.

8 November, Shanghai

Within the framework of the China International Import Expo (CIIE), the EU SME Centre invited Ms. Paulo to conduct a seminar on the ways to enter the Chinese Market. A&Z Law Firm and Moore Stephens hold a seminar to the Croatian business Delegation.

6 November, Anhui

As a representative, Ms. Sophie An participated in a study activity about the rule of law held by the General Office of Federation of Returned Overseas Chinese. The activity focused on strengthening the concept of rule of law within the overseas Chinese and aimed to strengthen the concept respecting the Constitution and laws.

[China improves supervision of systemically important financial institutions](#)

Xinhuanet, 27 November 2018

[Xi's visit to bring opportunities for cooperation: Spanish Senate President](#)

Ren Ming Net, 27 November 2018

[China to unveil transitional policy for cross-border e-commerce](#)

Globaltimes, 26 November 2018

[China-Argentina to further push ahead interconnectivity](#)

Ren Ming Net, 26 November 2018

[China's central bank skips open market operations for 22 days](#)

China Daily, 26 November 2018

[Chart of the Day: Growth in Offshore Holdings of Chinese Bonds](#)

[Dips to 20-Month Low](#)

CaiXin Net, 23 November 2018

[China, Britain should spearhead Asia-Europe cooperation: ambassador](#)

Ren Ming Net, 23 November 2018

[In Depth: Chinese Investors May Finally Taste Forbidden Fruit](#)

CaiXin Net, 23 November 2018

[Speech Delivered by President Mats Harborn at the Dialogue with French Enterprises in China](#)

European Chamber Net, 22 November 2018

[China crackdown on overseas personal shoppers boosts ecommerce](#)

Financial Times, 20 November 2018

[China will only become more and more open: Xi](#)

China Government Net, 12 November 2018

[CIIE another step in open trade between China and Africa](#)

Ren Ming Net, 10 November 2018

[Shanghai deepens co-op with global IP organization](#)

China Shanghai FTZ Net, 9 November 2018

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, 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.

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