



A&Z LAW FIRM

A&Z Monthly Newsletter

October 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

- **Four Authorities Announce Tax Benefits to Overseas Investors Reinvesting Distributed Profits**

The Ministry of Finance, the State Administration of Taxation, the National Development and Reform Commission and the Ministry of Commerce recently issued the Circular about Expanding the Scope of Application on the Policy of Not Collecting Withholding Income Tax on Direct Investments with Distributed Profits by Overseas Investors.

The favorable tax policy will be expanded to all non-restricted foreign investment projects and sectors from encouraged foreign investment projects. Moreover, if overseas investors have not enjoyed any policy benefits, they can apply to receive tax benefits within three years and get tax breaks from tax payments they have already made.

- **SAT Issues Guideline on Source Tax Collection and Payment for Non-resident Enterprises**

The international tax department of the State Administration of Taxation recently released the Guideline on Source Tax Collection and Payment for Non-resident Enterprises.

The guideline has seven chapters and introduces tax policies, tax payable calculations and tax collection procedures on stock dividend, interest income, royalty fee, rent income and income gained from property transfer, and makes instructions on tax registration for external payments.

A&Z Upcoming events

15 November, Shanghai

Ms. Sophie An, Director and Principal Partner, will participate as a committee member in the inspection conducted by the Municipal CPPCC at the end of 2018. The inspection will focus on the developments of foreign investment in Shanghai. Ms. An will make few proposals to reflect foreign companies' view.

9 November, Shanghai

Director of the European-American Markets and Overseas Investment Projects, Ms. Mireia Paulo, will speak 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 will invite Ms. Mireia Paulo, Director of the European-American Markets and Overseas Investment Projects, to conduct a seminar on the ways to enter the Chinese Market. A&Z Law Firm and Moore Stephens will present to the Croatian business Delegation the seminar.

6 November, Anhui

As the representative, Ms.

- **Interim Measures for Hong Kong, Macao and Taiwan Residents to Join the Social Insurance Scheme in the Mainland Issued for Public Comment**

The Ministry of Human Resources and Social Security ("MOHRSS") has recently drawn up and issued the Interim Measures for Hong Kong, Macao and Taiwan Residents to Join the Social Insurance Scheme in the Mainland (Draft for Comment) (the "Draft for Comment") to seek public comments by November 25, 2018.

It provides the scope of individuals qualified to join the scheme, what types of social insurance they may take out and the corresponding benefits, procedures to take out the insurance, financial subsidies, double participation, and policy consistency, among other matters. Two groups of residents from Hong Kong, Macao and Taiwan are eligible to join the Mainland social insurance scheme.

- **State Council Calls for a Better Port Business Environment to Enhance Cross-border Trade Facilitation**

With the focus on "reducing documents, optimizing procedures, improving timeliness and lowering costs", the Plan outlines 20 measures. In terms of measures aimed at "reducing documents", it is declared the number of regulatory certificates that should be checked and verified during the importation or exportation process, which will be reduced from 86 to 48, from November 1 this year. Exception applies for the security or confidentiality consideration or other special circumstances. Applications for all regulatory certificates will be filed and processed online by the end of 2020.

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

- **State Council Decides to Promote the Reform in "Separating Business Licenses from Operating Permits" Nationwide**

The State Council has recently distributed the Circular on Launching the Nationwide Reform of "Separating Business Licenses from Operating Permits" (the "Circular").

The Circular states that from November 10, 2018, the reform in "separating business licenses from operating permits" will be implemented across the entire country through directly cancelling the examination and approval system, replacing the examination and approval system with the record-filing regime, operating the notification and commitment system, or optimizing access services, respectively for the first batch of 106 enterprise-related administrative approval items. Furthermore, it also requires that all regions and departments file the record for and make public their concrete measures by November 10, 2018.

- **Two Authorities Expedite the Evaluation, Examination and Approval of Foreign New Drugs Urgently Needed in Clinical Treatment**

The State Drug Administration ("SDA") and the National Health Commission ("NHC") have recently issued the Working Procedures for the Evaluation, Examination and Approval of Foreign New Drugs Urgently Needed in Clinical Treatment (the "Working Procedures").

The Working Procedures indicate drug varieties that may be evaluated and examined through the exclusive track cover new drugs that have been marketed in the United States, European Union or Japan in the past decade, but not yet been launched on the Chinese market. Such new drugs fall under any of three circumstances, including for "rare disease treatments", will be further screened out through several steps: preliminary sorting, expert argumentation, publication, and official release.

Sophie An, Director and Principal Partner, 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.

A&Z Past events

28-29 October, Istanbul Turkey

A&Z Law Firm, as CEE Attorneys' exclusive partner in China, participated in the annual meeting of this international legal network. The meeting was focused on promoting business cooperation opportunities between China, Central and Eastern Europe, Germany and India. A&Z's Overseas Investment Team's representatives exchanged views with their legal partners to facilitate doing business in both areas, in addition, to explore investment opportunities in Turkey.

27 October, Shanghai

A&Z's Annual Golf Tournament was held at Agile Binhai Golf Club. A&Z invited clients, partners and friends to participate in this event. The golf game not only provided A&Z partners the opportunity to celebrate an exciting day on the course, but also offered an environment for strengthening relationships and business cooperation.

18 October, Beijing

Mr. Andrew Zhang, Partner, was invited to participate in an international conference regarding Cross-Border Investment and M&A. Mr. Zhang presented potential risks when Chinese companies invest abroad in relation to the recent European General Data Protection Regulation (GDPR).

Industry News

[Pirelli CEO sees CIIE as "great opportunity" for world trade](#)

Xinhuanet, 1 November, 2018

About A&Z Law Firm

[China's New Love of Imports Leaves Long Road to Trade Balance](#)

Bloomberg, 1st November

[EU Expectations For The China International Import Expo \(CIIE\)](#)

EEAS, 1 November

[China advances to global top 50 in business climate: World Bank](#)

Xinhuanet, 31 October, 2018

[China lifts anti-dumping, countervailing measures on EU polysilicon](#)

Xinhuanet, 31 October, 2018

[Ford, Baidu to start self-driving road tests in China](#)

Sina English, 31 October, 2018

[China Strives to Crack Down on Malicious Hoarding of Trademarks](#)

China IP News, 24 October, 2018

[China and Iceland Signing MOU on IP Cooperation](#)

CNIPA, 26 October, 2018

[China, Japan sign currency swap deal](#)

Xinhua English, 26 October, 2018

[Chinese regulators step up crackdown on illegal forex trade](#)

Global Times, 25 October, 2018

[China issues cross-boarder trade plan](#)

Global Times, 22 October, 2018

[China publishes plan for Hainan free trade zone](#)

Xinhuanet, 16 October, 2018

[China Moves to Increase Domestic Paraxylene Production](#)

Japan Chemical Daily, 15th October

[China Launches Blockchain Pilot Zone](#)

Xinhua, 8 October

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.

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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