



## A&Z Monthly Newsletter

### August 2020

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](mailto:alukina@a-zlf.com.cn) visit the [A&Z website](#).

Sincerely,  
The Editors

### Legal Updates

#### [Key Enterprises at the Lingang New Area of the Shanghai Free Trade Zone to Enjoy Preferential Corporate Income Tax Rate of 15% Read More](#)

The Shanghai Municipal Finance Bureau released on July 31, 2020 the 'Circular about Corporate Income Tax Policies for Key Industries at Lingang New Area of China (Shanghai) Pilot Free Trade Zone', to be implemented from January 1, 2020.

According to the circular, eligible companies that produce or develop integrated circuits, artificial intelligence, biomedical drugs and civil aviation components and carry out substantive production or R&D activities, can enjoy a lower corporate income tax rate of 15% in the five years since the date of establishment. In order to be eligible to enjoy the preferential tax policies, companies should be registered at the Lingang New Area and manufacture key products, and be either investors, developers or producers.

#### [NMPA Says Drug Testing Institutions Must Not Engage in Drug Production or Operations Read More](#)

The National Medical Products Administration (NMPA) recently released the 'Qualification Conditions for Drug Testing Institutions and the Code of Conduct for Drug Testing', as well as another five draft documents to gather public opinions until August 31, 2020.

According to the code of conduct for drug testing, drug testing institutions must not engage in drug production or operations, and must not recommend drugs or oversee drug production. Staff at drug testing institutions also must not participate in drug production or operations, and must not practice at two or more drug testing institutions at the same time.

#### [Six Authorities to Optimize Business Establishment Services Read More](#)

Six authorities including the State Administration for Market Regulation released on August 7, 2020 the 'Circular about Further Optimizing Business Establishment

### A&Z Upcoming Events

#### 8th September, Beijing

Anna Lukina, BD and Marketing Director, European-American Desk at A&Z, will participate in a panel discussion at the 'International Seminar on Digital Trade & Innovation Resources'. It will be held by the Beijing Municipal Bureau of Economy and Information Technology.

#### 15th September, Riga

Anna Lukina, BD and Marketing Director, European-American Desk at A&Z, will speak about 'Ways of Entering the Chinese Market' for EU companies in a webinar that will be held and organized by LIAA, the Investment and Development Agency of Latvia.

#### 28th September, Shanghai

Sophie An, Principal Partner at A&Z, at the invitation of a major Japanese company, will give a lecture on law regarding hazardous chemical transportation and storage management.

### A&Z Past Events

#### 30th July, Shanghai



On July 30, members of the Standing Committee of the Shanghai Municipal

Services', in a continuing effort to shorten the time, procedures and cost needed for establishing a new company.

According to the circular, before the end of 2020, the time required for new business establishment must be capped at four workdays, and well-equipped regions are encouraged to further reduce the time limit. When an enterprise applies online to receive an official seal, it will no longer be required to provide a copy of its business license or identity documents of its legal representative. Local tax bureaus are encouraged to offer free Ukey devices to newly-established companies.

#### [Law on Deed Tax and Law on Urban Construction and Maintenance Tax Are Passed](#) [Read More](#)

President Xi Jinping signed two decrees on August 11, 2020 to make public the 'Law on Deed Tax of the People's Republic of China', and the Law on Urban Construction and Maintenance Tax of the People's Republic of China'. The two laws will become effective from September 1, 2021.

According to the revised law on deed tax, in addition to detailed regulations on the deed tax reduction and exemption, it stipulates that deed tax shall also be levied on the transfer of the title to the land or building in question by way of conversion into investment, debt repayment, allocation, reward, etc. The law on urban construction and maintenance tax has revoked expressions about business tax, and stated that the urban construction and maintenance tax should be collected on the basis of the taxable revenue minus refunded value-added tax.

#### [State Council Urges Further Efforts to Stabilize Foreign Trade and Investment](#) [Read More](#)

The State Council released on August 12, 2020 the 'Opinions about Further Stabilizing Foreign Trade and Foreign Investment', which proposes 15 policy measures on stabilizing foreign trade and investment.

In addition to greater fiscal, tax and financial support, the circular required a more important role for export credit insurance. Eligible regions should copy and expand the financing model featuring "credit plus guarantee insurance", and multiple methods should be adopted to help enterprises engaged in foreign trade enhance credit levels and support them with easier financing. The document also stressed support for new business forms of trade, calling on efforts to increase pilot projects in market procurement and trading in eligible places nationwide.

#### [GAC Expands Pilot Regulation on B2B Export of Cross-border E-commerce Enterprises](#) [Read More](#)

The General Administration of Customs released on August 14, 2020 the 'Announcement about Expanding the Pilot Regulation on B2B Export of Cross-border E-commerce Enterprises'. According to the announcement, from September 1, 2020, customs administrations in 12 cities including Shanghai, Qingdao, Wuhan, Changsha, Chongqing and Xi'an will introduce pilot regulation on B2B export of cross-border e-commerce enterprises.

## Industry News

[China's gaming industry continues explosive growth](#)  
China Daily, July 31

[China promotes grid price parity for renewable energy](#)  
China Daily, August 6

[Robotics to play bigger role in healthcare](#)  
China Daily, August 7

[China's NEV sales see notable growth in July](#)  
Xinhua Net, August 11

[Electronic information sector sees solid momentum](#)  
China Daily, August 15

[Chinese airlines off to quicker recovery than peers](#)

Committee of the Chinese People's Political Consultative Conference (CPPCC) and the Director of the Social and Legal Affairs Committee accompanied members of the CPPCC on a visit to A&Z Law Firm. CPPCC members together with Principal Partner at A&Z Sophie An, Director and Senior Partner Vincent Zhu, and Director of Public Relations George Hong, conducted discussions and opinion exchanges. At the meeting, Ms. An and the other participants discussed ways of continuing to contribute to the practice of law, Shanghai's economic and social development, as well as the 14th Five-Year Plan. [Read More](#)

#### 12th August, Shanghai



Eric Zhang, Senior Partner at A&Z, was invited to participate in a webinar for a major Japanese company, on the subject of corporate compliance practices. Twenty-six trainees from the company's twelve subsidiary companies participated in the webinar. The lecture was very well received by the audience.

#### 20th August, Shanghai



Andrew Zhang, Senior Partner at A&Z, was invited to participate in a Shanghai-Taipei video seminar, for the second session of the 2020 "Taiwan Youth Legal Talent Practice Base" in Jing'an District. Mr. Zhang shared his views regarding cross-strait legal systems related to the protection of personal information. The meeting was successfully held and further contributed to the promotion of cross-strait legal exchanges.

#### 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 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

China Daily, August 20

China's food industry stable in H1  
Xinhua Net, August 22

China will release funds to local governments more quickly to boost economy  
Reuters, August 26

Economic Watch: China's industrial profits rebound as economy firms up  
Xinhua Net, August 27

Central bank test of digital currency set to expand  
China Daily, August 27

China's factory activity likely grew at a slightly faster pace in August  
Reuters, August 28

China's light industry recovers  
Xinhua Net, August 29

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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