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LEGAL NEWS EXPRESS

01 Notice of Shanghai Municipal People's Government on Printing and Distributing the Revised "Measures of Shanghai Municipality for the Administration of Residence Permit Points"

Recently, Shanghai Municipal People's Government issued a Notice on the Revised "Measures of Shanghai Municipality for the Administration of Residence Permit Points" , which takes effect on January 1, 2023 and remain valid until December 31, 2027. The main contents are as follows:

1.What is the Shanghai Residence Permit points system?

The point system of Shanghai Residence Permit is to set up a point index system to give points to holders of Shanghai Residence Permit who legally and steadily live and work in the city, and convert their personal circumstances and actual contributions into corresponding points. Those who reach the standard score of 120 can enjoy the corresponding treatment of public services.

2. What is the integral index system of Shanghai Residence Permit composed of?

The index system of Shanghai Residence Permit is composed of basic index, additional index, minus index and one vote rejection index.

3. What are the basic index in the integral index system of Shanghai Residence Permit?

Basic index include age, educational background, professional and technical titles and skill levels, years of working in the city and years of paying social insurance, etc

4. What are the additional index in the integral index system of Shanghai Residence Permit?

Additional index include entrepreneurial talents, innovative and entrepreneurial intermediary service talents, majors in urgent need, investment tax or drive local employment, pay social insurance base of employees, specific public service fields, key areas in outer suburbs, full-time graduates, commendation and awards, and people whose spouse is registered in the city.

5. How to add extra points to the index of "paying the base of social insurance premium for

employees" in the credits of "Shanghai Residence Permit"?

Payment base standard	The ratio of the payment base to the average salary of employed persons in urban units in the previous year	Integral value	Remarks
The base of social insurance premiums paid by the holder for 36 months in the last 4 years	$80\% \leq \text{The ratio} < 100\%$	25	If the holder has not paid the municipal employee social insurance premium, the employee social insurance payment base is not reasonably corresponding to the individual income tax payment base, or the employee social insurance payment unit is not consistent with the unit that signed the labor (employment) contract, it shall not be used as the credit basis of this item.
	$100\% \leq \text{The ratio} < 200\%$	50	
	$200\% \leq \text{The ratio} < 300\%$	100	
	The ratio = 300%	120	

6. What are the reduction index in the integral index system of Shanghai Residence Permit?

The reduction index include the provision of false materials, administrative detention records and general criminal records.

02 The Ministry of Finance and the Taxation State Administration Issued the Announcement on Clarifying VAT Exemption Policies for Small-scale Taxpayers

Recently, the Ministry of Finance and the Taxation State Administration announced VAT exemption policies for small-scale taxpayers as follows:

1. From January 1, 2023 to December 31,

2023, small-scale VAT taxpayers with monthly sales of less than 100,000 yuan (including the amount) shall be exempt from VAT.

2. From January 1, 2023 to December 31, 2023, if small-scale VAT taxpayers are subject to

the taxable sales income of 3% levy rate, VAT shall be levied at the reduced 1% levy rate; If the item of pre-payment of VAT with the pre-payment rate of 3% applies, the pre-payment of VAT shall be reduced at the pre-payment rate of 1%.

3. From January 1, 2023 to December 31, 2023, the Additional VAT Credit Policy shall be implemented in accordance with the following provisions:

(1) Allow taxpayers of producer services to deduct the tax payable by an additional 5% on the basis of the deductible input tax for the current period. Producer service taxpayers refer to taxpayers whose sales for the provision of postal services, telecommunication services, modern services and life services account for more than 50% of the total sales.

(2) Allow taxpayers of domestic service industries to deduct 10% more of the tax payable according to the deductible input tax of the current period. Domestic service taxpayers refer to taxpayers whose sales from the provision of life services account for more than 50% of the total sales.

(3) Other relevant matters to which the tax payer applies the additional deduction or reduction policy shall be carried out in accordance with other relevant provisions.

4. According to the provisions of this Announcement, the VAT that should be reduced and collected before the issue of this announcement may be offset or refunded against the tax payable by the taxpayer in the future tax period.

03The Taxation State Administration Issued the Announcement on Matters Related to the Collection and Administration of VAT Reduction and Exemption Policies for Small-scale VAT Taxpayers

Recently, the State Taxation Administration issued the Announcement on Matters Related to the Collection and Administration of VAT Reduction and Exemption Policies for Small-scale VAT Taxpayers, which takes effect from January 1, 2023. The main contents are as follows:

1.Small-scale VAT taxpayers (hereinafter referred to as small-scale taxpayers) shall be exempted from VAT if they have VAT taxable sales activities and the total monthly sales amount does not exceed 100,000 yuan (if a quarter is a tax period and the quarterly sales

amount does not exceed 300,000 yuan, the same below).

If small-scale taxpayers have VAT taxable sales activities and the total monthly sales amount exceeds 100,000 yuan, but the sales amount of real estate sales occurring in the current period is less than 100,000 yuan, the sales amount obtained from the sale of goods, labor services, services and intangible assets shall be exempt from VAT.

2. Small-scale taxpayers subject to the VAT differential tax policy shall determine whether they can enjoy the VAT exemption policy stipulated in Article 1 based on the sales amount after the differential tax.

3. Other individuals mentioned in Article 9 of the Rules for the Implementation of the Provisional Regulations of the People's Republic of China on VAT may equally share the rental income obtained from leasing real estate in the form of one-time rent collection during the corresponding lease period. If the monthly rental income after sharing does not exceed RMB 100,000 yuan, VAT shall be exempted.

4. For small-scale taxpayers whose monthly sales amount is less than 100,000 yuan, the tax exemption policy may be waived for part or all of the sales income and a special VAT invoice shall be issued. For small-scale taxpayers who apply the policy of imposing VAT on sales income with

3% levies reduced by 1% levies, the taxpayer may choose to waive the tax reduction for part or all of the sales income and issue a special VAT invoice.

5. Small-scale taxpayers who have obtained taxable sales income and whose tax obligation is incurred before December 31, 2022, have issued VAT invoices. In case of sales discount, suspension or return, or other circumstances requiring issuance of red-letter invoices, they shall issue red-letter invoices corresponding to the levy rate or tax exemption.

6. Small-scale taxpayers who pay tax with a fixed period may choose to pay tax with a period of one month or one quarter. Once chosen, it shall not be changed within one fiscal year.

7. Small-scale taxpayers who should pay VAT in advance according to the current regulations need not pay tax in advance for the current period if the monthly sales volume achieved in the place of advance payment does not exceed 100,000 yuan. If the monthly sales amount in the place of pre-payment exceeds 100,000 yuan, the 3% pre-payment rate of VAT shall be applied, and the 1% pre-payment rate of VAT shall be reduced.

8. When small-scale taxpayers sell immovable property, they shall determine whether or not to pay VAT in advance according to the tax period, Article 7 and other existing

policy provisions; Other individuals selling immovable property shall continue to be exempted from VAT in accordance with the current provisions.

04The Ministry of Finance and the State Taxation Administration Issued the Announcement on Extending the Preferential Policies of Individual Income Tax

In order to support the innovative development of Chinese enterprises and the opening up of the capital market, the Ministry of Finance and the Taxation State Administration recently announced the following preferential policies on individual income tax:

1.The preferential policy of separately calculating tax for equity incentive of listed companies shall continue to be implemented from January 1, 2023 to December 31, 2023.

That is to say, if an individual resident obtains stock options, stock appreciation rights, restricted stock, equity rewards and other equity incentives (hereinafter referred to as equity incentives) that meet the relevant conditions stipulated in Finance and Taxation [2005]35, Finance and taxation [2009]5, Finance and taxation [2015]116,Item (1) of Article 4 of Finance and taxation [2016]101, before December 31, 2023, it will not be incorporated into the comprehensive income of the current

year, and the full amount will be separately applied to the comprehensive income tax rate table to calculate and pay tax. The calculation formula is:

Tax payable = equity incentive income x applicable tax rate - quick calculation deduction number

If an individual resident obtains more than two equity incentives (including two) in a tax year, the tax shall be calculated according to the above rules in combination.

2. The policy of exempting individual income tax from transfer spread income obtained by mainland individual investors from investing in stocks listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and from transfer spread income obtained from mutual fund recognition trading of Hong Kong fund shares shall continue from January 1, 2023 to December 31, 2023.

05 Shanghai Municipal People's Government Issued the Notice on Printing and Distributing the Action Plan of Shanghai Municipality to Boost Confidence, Expand Demand, Stabilize Growth and Promote Development

Recently, Shanghai Municipal People's Government issued the Notice on Printing and Distributing the Action Plan of Shanghai Municipality to Boost Confidence, Expand Demand, Stabilize Growth and Promote Development. This action plan comes into force on February 1, 2023 and will be valid until December 31, 2023. The main contents are as follows:

1. Help the rescue of enterprises

(1) Comprehensively implementing preferential policies on taxes and fees.

For example, from January 1, 2023 to December 31, 2023, VAT reduction and other policies for small-scale taxpayers will be fully implemented. Eligible enterprises in manufacturing, wholesale and retail industries will continue to receive full monthly rebates for incremental VAT credits. From January 1, 2023 to December 31, 2024, the "Six Taxes and Two Charges" of VAT for small-scale taxpayers, small and low-profit enterprises and individual industrial and commercial households will continue to be reduced by 50%. For non-resident users who exceed the water quota in 2023, they will be charged half of the water fee with

progressive markup.

(2) Extending services for principal and interest payments and renewing loans.

For maturing loans to small and micro enterprises (including commercial loans of individual industrial and small and micro business owners) that are temporarily stranded due to the impact of the epidemic, banking financial institutions in Shanghai are encouraged to negotiate with borrowers on the extension of the principal and interest payment in accordance with market-oriented principles, the extension loan with normally interest, and the penalty interest exempted, the maximum date of the repayment of the principal and interest can be extended to June 30, 2023.

(3) Implementing interest and fee discounts on loans to micro, small and medium-sized enterprises.

In 2023, the municipal policy financing guarantee fund for micro, small and medium-sized enterprises will continue to charge a premium of 0.5%, and district-level government-managed financing guarantee institutions will be encouraged to continue to charge a premium of 50%.

2. Help stabilize and expand the number of posts

(1) Reduce the labor costs of enterprises. The employer may pay the delayed social insurance premium in installments or monthly before December 31, 2023, during which the late fee will be exempted.

(2) Supporting enterprises in the industry in maintaining stable employment and expanding employment. The employers who enroll registered unemployed persons for more than three months or 2023 college graduates in our city, sign labor contracts for more than one year and pay social insurance premiums in accordance with the provisions, will be given a one-time employment subsidy of 2000 yuan per person.

(3) Supporting and standardizing the development of new forms of employment. We will continue to carry out trials to ensure occupational injury protection in new forms of employment, and encourage workers to actively participate in mutual assistance protection programs for trade unions.

3. Actions to restore and boost consumption

(1) Promoting expansion and upgrading of consumption. We will host the fourth "May 5 Shopping Festival", expand the influence of events such as the global new product launch season and Shanghai Fashion Week, and create a

continuous consumption hotspot in international cities. To support the innovative development of the consumer market, appropriate support will be given to market-leading innovative business forms, models and creative activities as well as enterprises with outstanding contributions to the growth of the consumer market. The annual reward limit will be RMB 1 million yuan/retail enterprises and RMB 500,000 yuan/catering enterprises.

(2) Promoting bulk consumption of automobiles and household appliances.

(3) Fully activating the cultural travel market. For qualified travel agencies, they will continue to withdraw the tourism service quality deposit at 100% proportion before March 31, 2023.

(4) Supporting the recovery and revitalization of the exhibition industry. For the foreign economic and technological exhibition held in Shanghai in 2023, subsidies shall be given according to the actual rental expenses incurred by the organizing units. To support the upgrading of the exhibition industry, subsidize the introduction of exhibition projects certified by authoritative organizations with global influence.

In addition, the plan also puts forward specific plans for expanding effective investment, maintaining stability and improving the quality

of foreign trade, stabilizing stock and increasing foreign investment and improving the quality of foreign investment, promoting industrial

innovation and upgrading, creating a world-class business environment, strengthening factor service guarantee, and leading key regions.

(THE END)



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