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Brighture Salon

KRESTON News

Seniority as of Now

BRIGHTURE, 19 Years in financial and tax services

Mission Statement :

Add value to clients by professionalism, be a respected financial consultant

Vision :

Be a leader in financial service sector and a century business

Values :

Always focus on the clients and serve them with professionalism, integrity and efficiency



Shanghai



Qingdao

1. In order to support the small and micro enterprises, **the Ministry of Finance and the State Administration of Taxation issued the Notice on Exempting VAT from Small-Scale VAT Payers (CAISHUI [2022] No. 15)**, which stipulates:

Effective from April 1, 2022 to December 31, 2022, VAT shall be exempted from the small-scale taxpayers for the taxable sales income that is subjected to 3% VAT rate, and the advance VAT payment for items that are subject to 3% advance payment rate will be suspended.

2. To support the small and micro businesses, manufacturing and other industries, and boost the confidence and vitality of market players, **the Ministry of Finance and the State Administration of Taxation issued the Public Circular on Intensification of the Policy of Retained VAT Credit Rebate (CAISHUI [2022] No. 14)**, which stipulates:

A. To intensify the policy of retained VAT credit rebate, **expand the policy of reimbursing the increment retained VAT credit on monthly basis for advanced manufacturing industry to cover eligible small and micro businesses (including individual businesses, the same below), and reimburse in lump sum the aggregate VAT credit to the small and micro businesses.**

a. Effective from April (2022) tax return period, eligible small and micro businesses may apply to the competent tax authorities for the reimbursement of increment VAT credit.

b. Effective from the April (2022) tax return period, eligible micro businesses may apply to the competent tax authorities for lump-sum reimbursement of aggregate VAT credit; effective from May (2022) tax return period, eligible small businesses may apply to the competent tax authorities for lump-sum reimbursement of aggregate VAT credit.

B. To intensify the policy of retained VAT credit rebate in such industries as manufacturing, scientific research and

technology services, electricity, heat, gas and water production and supply, software and information technology services, ecological protection and environmental management, and transport, storage and postal services. **To expand the policy of reimbursing the increment retained VAT credit on monthly basis for advanced manufacturing industry to cover eligible businesses in manufacturing and other industries (including individual businesses) and reimburse in lump sum the aggregate VAT credit to the businesses in manufacturing and other industries.**

3. In order to implement the Decision of the CPC Central Committee and The State Council on Optimizing Childbearing Policy and Promoting Long-Term Balanced Population Development, **The State Council issued the Notice on the Establishment of Special Additional Deduction of Individual Income Tax for Tending Infants under 3 Years of Age (GUOFA [2022] No. 8)**, with the following provisions:

(1) The expense incurred by a taxpayer **for tending infants under 3 years of age can be deducted pre-tax as per 1000 Yuan per child per month.**

(2) The deduction may be made on either of the parents at 100%, or both of them at 50% each, at the discretion of the parents. However, once decided, the mode of deduction may not be changed in a fiscal year.

(3) **This policy shall take effect from January 1, 2022.**





Case of Financial and Taxation Services

Background: The owner of a company has been engaged in wholesale and retail of mechanical equipment. In order to expand business, he set up a dozen of companies across the country, all of which are directly held by the owner himself. Due to the shortage of capital flow, the company often needs to borrow money from the owner himself for company operation. However, with ever-stricter national tax environment and bank transaction supervision environment, the owner realized the importance of tax compliance and capital transaction compliance, and hoped to isolate his personal risks by adjusting the equity structure of the company and create a tax plan. Since such adjustment is a high professional work, the owner elected to seek professional assistance. Through the introduction of a friend, he came to Brighture for help.

Service provided: After learning about the situation of the enterprise, we visited the enterprise promptly and had a thorough understanding of the situation concerning operation, employees, financing requirements, future development strategies and plans of a dozen of companies. Our lawyers, accountants and business consultants analyzed equity structure design schemes from the perspectives of business management, law, finance and taxation, and compared the influence of different schemes on business operation, tax cost and owner's risk. At the same time, provision was made based on our foresight for further adjustments for subsequent equity incentive and equity financing. After many rounds of discussion, we selected the equity structure most suitable to the enterprise and took charge of the implementation of the equity structure adjustment plan. In addition, one-stop services were provided covering equity structure consulting, design, implementation up to continuous supervision, so as to help improve business compliance, reduce risks and tax costs.

Friendly Reminder

The design of equity structure is comprehensive, complex and professional, requiring analysis and planning from multiple dimensions such as enterprise operation management, law, finance and taxation, involving prevention of legal risks and tax-related risks, reduction of tax costs, as well as utilization of preferential policies, and giving due consideration to the present situation and future strategy and development. Our lawyers, accountants and business consultants have vast experience in the design and planning of equity structure, and will help enterprises work out a set of most suitable and comprehensive solutions based on the specific situation of enterprises, thus enable them to advance to a new stage of development.

The Brighture 3rd Salon for 2022 was held from 19:30 to 20:30 on March 31, 2022 under the theme of “essential financial and tax questions for management”.

The lecturer for this event was Ms. Sweetie Sun, Senior Finance and Taxation Consultant and Intermediate Accountant, who has served Brighture for 13 years and has profound experiences in finance and taxation training, export duty rebate, business start-up planning, acquisition and merger, liquidation and deregistration.

The lecture covers three aspects, namely “tax-related decisions for start-ups, tax compliance issues easily ignored in business operation, and preferential tax policies in 2022”

(1) Tax-related decisions for start-ups

In the early stage of the establishment of a business, the **type of business, registered capital, tax type** are important issues that the business owner needs to consider.

① **Different types of market players involve different kinds of taxes.** For example: limited liability companies and companies limited by shares involve corporate income tax and individual income tax, while partnership enterprises, sole proprietorship enterprises, individuals and natural persons involve individual income tax instead of corporate income tax. Therefore, **it is necessary to select the right type of market player based on business operation.**

② When deciding the tax identity, that is, a general taxpayer or a small-scale taxpayer, **the size of the business, the type of customers, the type of cost invoice received, and the type of industry the business belongs to should be taken into consideration.** Where the above factors are **uncertain, it is suggested to start as a small-scale taxpayer,** which can be subsequently changed to a general taxpayer according to business requirements.

(2) Tax compliance issues easily ignored in business operation

Some enterprises may have non-compliance behaviors such as false invoicing and unclear financial boundary between the company and individuals. Therefore, enterprises need to be fully aware of the corresponding tax risks.

① The State Administration of Taxation may arrange investigations in some industries (such as real estate, import and export industries) every year, or targeting

some important items. Some cases of investigation may be initiated by authorities of lower level and reported to higher authorities for handling, or be assigned by higher authorities to authorities of lower level for handling under the supervision of the former, or reported to authorities by whistle-blowers. **It is suggested that when the company receives a phone call from authorities for tax investigation, it should make clear the source of the case so as to properly respond to the tax inquiry.**

② **There must be a clear financial boundary between the company and individuals.** Using personal account for company purchases or payment of salaries or using company account for personal consumption must be avoided.

(3) Preferential tax policies in 2022

① **Effective from January 1, 2022 to December 31, 2024, the part of the annual taxable income (not more than 1 million Yuan) of a small and low profit enterprise shall be reduced to 12.5% and counted as taxable income, which is subjected to a corporate income tax rate of 20%, or at an actual tax rate of 2.5%; while the part of the annual taxable income (more than 1 million Yuan but not more than 3 million Yuan) shall be reduced to 25% and counted as taxable income, which is subjected to a corporate income tax rate of 20%, or at an actual tax rate of 5%**

② **Effective from April 1, 2022 to December 31, 2024, VAT can be exempted from small-scale taxpayers subject to 3% tax rate of taxable sales income, and ordinary invoices can be issued accordingly, marking "tax exemption" in the tax rate column; where a VAT invoice is issued, tax shall be levied at the rate of 3%.**

As a professional service provider, we help customers plan before the establishment of the enterprise, and carry out consulting planning and risk prevention and control in the operation based on the actual business. Let's be a partner and intimate finance and tax steward of the enterprise.

The Preview of next Salon

The Brighture 4th Salon for 2022

Theme: Design of Company Governance Structure and Articles of Association

Time: April 29, 2022, 19:30-20:30

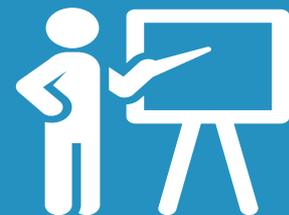
Recent Events of Kreston

In order to promote the communication and cooperation among Kreston members, Kreston recently held the following activities:

1. Since the establishment of Kreston Global Tax Group, the first Tax SIG Asia Pacific Regional Meeting was successfully held in March. The meeting was divided into two sessions. The first session of Kreston Asia Pacific Tax Conference (in English) was held on March 1, 2022, and the second session of Kreston Asia Pacific Tax Conference (in Chinese) was held on March 11, 2022, which was hosted by Brighture and chaired by Susan Li, General Manager of International Business Department of Brighture.

2. Kreston Global welcomes Alfaro y Asociados, based in Honduras, to its global network.

Alfaro y Asociados is one of the leading accountancy firms in Honduras. It specialises in providing audit and accountancy, corporate finance and tax services to domestic and international businesses in the country. Founded in 1995 by current managing partner Juan Angel Alfaro, it consists of three partners in total and 20 other fee-earners.



3. Kreston Global's Network ranking has just been published by the International Accounting Bulletin, and remains at 13th in the World, thanks to worldwide revenues of \$2.6bn, an 8% increase on last year's figures of \$2.4bn.



Carina Cheng
Operation Support
Dept.
Intermediate
Accountant
-9 Years

Motto: Luck belongs to every hard worker.



Lisa Zhang
Customer
Development Dept.
- 4 Years

Motto: Where there is a will, there is a way.



Celia Shao
Tax rebate Dept.
- 3 Years

Motto: One builds his own road and creates his own opportunity.



Elsie Li
VIP Dept.
- 3 Years

Motto: There is no wasted effort and accidental success.



Phoebe Sun
Operation Support
Dept .
- 3 Years

Motto: Everything has a beginning, but very few may achieve highly.

Brighture was incorporated at the beginning of 2003 and has been committed to provide domestic and foreign enterprises with financial outsourcing, legal, audit and business services. Our mission is to provide clients with high quality tax services and tailored solutions to meet their different needs, while building trust and long-term partnership with them.

In 2015, Brighture became a member of Kreston International, the 13th largest accounting network in the world. We not only provide services for domestic clients, but also provide resource docking and service assistance for other clients from all over the world based on our international vision and local resources.

Scope of services

Financial and taxation services: Perennial fiscal and tax consultation, fiscal and tax outsourcing, tax planning, export duty rebate, merger and reorganization, transfer pricing, tax training

Legal services: Daily legal consultation, legal due diligence, contract review, compliance review, intellectual property protection, labor relations

Audit services: internal control audit, financial statement audit, fiscal and tax due diligence, asset evaluation, capital verification

Business services: registration of domestic and foreign-funded enterprises, change of registration items, enterprise liquidation and cancellation, personnel outsourcing

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