

# Contents

New Financial and Tax Policies

Service Cases

Brighture Salon

KRESTON News

Seniority as of Now

*BRIGHTURE, 20 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. To release the dividend of the large-scale VAT rebate policy, **the Ministry of Finance and the State Administration of Taxation issued the Public Circular on Accelerating the Implementation of VAT Credit Rebate Policy (CAISHUI [2022] No. 17)**, which stipulates:

(1) To accelerate the implementation of the VAT credit rebate policy and quicken up tax rebate process for small and micro businesses in accordance with regulations, upon voluntary application by taxpayers, reimbursement should be effected promptly. In addition, **the aggregate VAT credit shall be reimbursed in lump sums before April 30 to micro businesses and June 30, 2022 to small businesses, respectively.**

(2) **To advance the reimbursement of the aggregate VAT credit to the medium-sized enterprises.** The provision “Effective from July (2022) tax return period, eligible medium-sized businesses in manufacture and other industries may apply to the competent tax authorities for lump-sum reimbursement of aggregate VAT credit” in the Public Circular on Intensification of the Implementation of VAT Credit Rebate Policy (CAISHUI [2022] No. 14) issued by the Ministry of Finance and the State Administration of Taxation shall be adjusted to read “Effective from May (2022) tax return period, eligible medium-sized businesses in manufacture and other industries may apply to the competent tax authorities for lump-sum reimbursement of aggregate VAT credit”. In addition, **the aggregate VAT credit shall be reimbursed in lump sums before June 30, 2022 to medium-sized businesses upon voluntary application by taxpayers.**

2. In order to help overcome difficulties for foreign trade enterprises and promote import and export, **ten departments including the State Administration of Taxation issued the Notice on Further Strengthening the Support of Export Tax Rebates and Promotion of Foreign Trade (SAT et al [2022] No.36)**, which provides:

(1) To perfect the export tax rebate policy for processing trade. In order to support the processing trade enterprises and further reduce their burden, **enterprises are allowed to deduct the input VAT over-transferred due to inconsistency of the tax collection rate and rebate rate or other reasons after the two rates of export products become consistent.**

(2) To strengthen the linkage between export credit insurance and export tax rebate policies. **Where an enterprise declares for tax refund but fails to collect foreign exchange for its export business and in its stead obtains compensation from export credit insurance, such compensation shall be regarded as foreign exchange received and export tax refund shall be processed thereupon.**

(3) To improve the quality and efficiency of export tax refund process. **The processing time for normal export tax refund will be further reduced to 6 working days in 2022 from the average 7 working days in 2021. Paperless return shall be fully implemented and efficiency of tax refund be further improved.**

3. In order to help enterprises overcome difficulties, the Ministry of Finance and the State Administration of Taxation issued the Public Circular on Exemption of Value-Added Tax from Receiving and Dispatching Services for Express Delivery (CAISHUI [2022] No. 18), which stipulates:

**Effective from May 1, 2022 to December 31, 2022, VAT shall be exempted from the income earned by taxpayers in providing receiving and dispatching services for express delivery of essential daily necessities for residents.**

Receiving and dispatching services refer to business activities (receiving, sorting and dispatching of letters and parcels) entrusted by senders within the promised time limit.







### Case of Financial and Taxation Services

**Background:** An import and export enterprise has been expanding its scale with the growth of the business. Even though the state has introduced subsidies and preferential fiscal and tax policies to encourage mass entrepreneurship, the owner of the said company found that he could not avail himself with the financial subsidies and tax breaks he was entitled. At the same time, he realized that although full-time accountants were employed for his company, their professional skills were poor, their grasp of policies was not timely and comprehensive, and they were changed frequently. Since finance management is a crucial part of enterprise operation, the owner hoped to seek assistance from professional team for accounting operation and get solutions to daily financial problems. Under the recommendation of a friend, the owner came to Brighture for consultation and sought assistance in account-reviewing.

**Service provided:** Upon the request of the business owner, we visited the enterprise, met and talked with the owner, fully understood the history of the enterprise and the changes of the finance and tax team, reviewed the previous accounts and worked out a set of financial and tax review and consulting services suitable for the enterprise. At the same time, we communicated with the accountants and trained them in a systematic manner. Under our assistance, the finance and tax problems are solved and a solid foundation has been laid for future development.

### Friendly Reminder

Private enterprises tend to concentrate on product development, marketing and profit improvement, and may neglect both ends of financial management:

- 1、Details of fiscal and tax management;
- 2、Financial planning;

This will hinder the development of enterprises when such major events as "tax inspection", "financing, merger and acquisition" and "public listing" are encountered.

Finance and tax review and consultation is a highly comprehensive and professional service. Our team of professional consultants and accountants visits the clients on monthly basis to find out the financial and tax problems and review their accounting treatments. In addition, we provide consulting services through telephone, email and other channels for accounting treatment and tax problems in the day-to-day operation, and avail them with the information and interpretation in connection with relevant government regulations and preferential tax policies to which they are entitled. Through fiscal and tax review and consulting services, problems can be discovered and solutions provided in a timely manner so as to ensure the safe and healthy finance operation.

The Brighture 4<sup>th</sup> Salon for 2022 was held from 19:30 to 20:30 on April 29, 2022 under the theme of "corporate governance and articles of association".

The lecturer for this event was Susan, Juris Doctor, who has lawyer's qualification in China and Australia and worked as legal practitioner in both countries for years. She was the Legal Director for South-East Asian and Grant China Region of Kellogg, one of the Fortune 500, Director of a lawyer's office, Risk Control Director of a state-owned asset management company, with rich practical experience in enterprise management and internal risk prevention and control.

*The lecture covers three aspects: "the construction of corporate governance structure, the corporate control factors, design of articles of association"*

## 1. The construction of corporate governance structure

During the development of the company, multiple shareholders may join the company for various reasons, and with more and more decision makers, there may be serious internal friction due to unfit organization structure, which may undermine the decision-making and operation at a certain stage. Therefore, the construction of corporate governance structure is particularly important.

### (1) Corporate governance structure

① **The board of shareholders is the authority of the company** and decides the major issues;

② **The board of Directors is the decision-making body over the company's operation and management.** It has the right to decide the company's operation plan and investment plan, formulate budget and final account, and decide the company's internal management structure, management personnel and basic system.

③ **The management is the executive agency of the company** duly appointed by and answerable to the Board of Directors and subject to the supervision of the Board of Supervisors;

④ **The board of Supervisors is the supervision body of the company** which supervises and inspects the operation and business activities of the company.

### (2) Shareholder control of the company

In the process of corporate governance, decisions are made by the Board of Directors and executed by the managers. The shareholders of the company cannot make decisions in lieu of the Board of Directors and the managers. However, shareholders can "indirectly intervene" through resolutions of the shareholders' meeting.

## 2. The corporate control factors

With the development of modern technology, capital is no longer the only constraint to the development of a company. Companies need capital, knowledge and technology as well as human resources from the very beginning. Therefore, capital is no longer the only consideration when it comes to the control of the company, instead, multiple factors should be considered.

### (1) Factors affecting corporate control

① **Capital** (most companies);

② **Knowledge and technology** (e.g., for internet and high-tech companies);

③ **Human resources** (e.g., for sales and management personnel).

## 3. Design of articles of association

The articles of association are the "constitution" of the company, the fundamental document for the establishment, operation and management of the company, and the highest internal autonomy standard. Through personalized design of the articles of association, the corporate control body can exclude or limit the application of laws and formulate "laws" suitable for its own corporate control. At the same time, shareholders' rights can be expanded, limited, exchanged, or entrusted, so as to achieve a specific purpose of shareholders.

### (1) Problems in the design of articles of association

① **Formulating the articles of association simply based on the Company Law;**

② Provisions of the articles of association lack of operability;

③ No personalized provisions in the articles of association, and the empowerment provisions on the articles of association under the Company Law are basically neglected;

④ Personalized design of articles of association is limited by the company registration authority;

⑤ **The articles of association lags behind the times,** stereotyped provisions hinder company development.

### (2) How to design the articles of association

When designing the articles of association, attention should be paid to such aspects as the shareholders' right to know, the control of the voting right, the shareholders' right to dividend, the transfer of equity, the inheritance of shareholders' qualification and so on. In terms of the shareholder's right to know, the scope and prerequisite of the exercise of such right can be limited based on the identity of the shareholder and whether the purpose of exercising the right is justified. Through the design of voting right, the control of the founding shareholders can be strengthened. The shareholders' right to dividend distribution can be different for different kinds of shareholders. Distribution of dividends needs substantive elements (distributable profits) and procedural elements (valid resolution - company's profit distribution plan formulated by the board of directors and endorsement by the shareholders' meeting).

**As a professional service agent, we can help enterprises design articles of association and governance structure based on the analysis from various perspectives such as finance, taxation, law and management, safeguard shareholders' rights, help enterprises achieve long-term and stable development, and be the growth partner and intimate tax manager of enterprises.**

## The Preview of next Salon

The Brighture 5<sup>th</sup> Salon for 2022

Theme: Typical business model of tax planning

Time: May 27, 2022, 19:30-20:30

## Kreston 近期活动

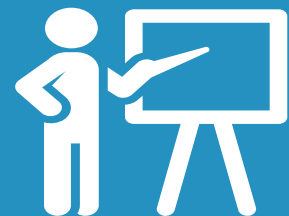
*In order to promote the communication and cooperation among Kreston members, Kreston recently held the following activities:*

1. Kreston Global welcomes Nicoletta Iodice as the new events manager to the team. She will help Kreston Global with their event strategy and to enhance event programme.

"I am Italian, but I have been living in London since 2014 delivering worldwide events for membership organisations - from exclusive dinners to conferences, summits, and award ceremonies.

With its global scope, diverse membership and focus on positive impact, Kreston seems like the perfect organisation for me and I am very excited to be part of this Global network."

2. CHIEF EXECUTIVE QUARTERLY UPDATE. This quarter, Liza covers some interesting developments at Kreston Global HQ, including a new staff member, the member survey results and the development of Kreston Futures, a new initiative for people at the start of their career to shape the future of recruitment on a global scale.



3. Andrew Collier, Director of Quality and Professional Standards of Kreston Global comments in Compliance Week magazine about whether audit firms should be prevented from cross-selling consultancy services to audit clients.



**Sherry**  
Customer  
Development  
Dept.  
- 12 Years

Mottos: Self-improvement and social commitment.



**Cherries**  
Chinese No.1 Dept.  
Intermediate  
Accountant  
- 11 Years

Mottos: A simple road leads to enlightenment.



**Rita**  
Customer  
Development Dept.  
- 9 Years

Mottos: To err is human, to forgive, Devine.



**Eva**  
AI Dept.  
- 2 Years

Mottos: Sincerity smooth the way to success.

*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 13<sup>th</sup> 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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We provide domestic and foreign enterprises with financial, tax, legal, audit and business services leveraging our 19 year's experience. It is a prudent decision to cooperate with a time-honored consultant with international vision, local resources, one-stop solutions, a member of Kreston International which is the 13<sup>th</sup> largest accounting network in the world.