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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. The Stamp Tax Law of the People's Republic of China came into effect on July 1, 2022. **The State Administration of Taxation (SAT) has issued a Notice on the Enforcement of the Stamp Tax Law of the People's Republic of China and other relevant matters (SAT [2022] No.14), which provides:**

(1) Where the **amount is not specified** in the taxable contract or the document of transfer of property rights and is determined in subsequent actual settlement, the taxpayer shall **declare the status of the conclusion of such taxable contract or the document of transfer of property rights in the first tax return period of the said taxable contract or the document of transfer of property rights, and declare and pay stamp tax on the basis of the actual settlement amount in the next tax return period after the actual settlement.**

(2) **Stamp duties shall be levied quarterly, annually or per time.** The stamp duty on taxable contracts and documents for transfer of property rights can be paid quarterly or per time, and the stamp duty on taxable business books can be paid annually or per time. The specific period of tax payment shall be determined by the tax authorities of provinces, autonomous regions, municipalities directly under the Central Government and cities separately listed in the state plan.

(3) **Where a taxpayer is an overseas entity or individual and has an agent in China, the agent in China shall be the withholding agent.** The domestic agent of an overseas entity or individual shall, subject to relevant provisions, withhold and pay the stamp tax to the competent tax authorities in the place where the domestic agent is located (the place of residence).

(4) After the enactment of the Stamp Law, the preferential policy for stamp tax payers shall continually be handled by the taxpayers **based on their own identification, provided that they have to apply to competent tax authority for the preferential treatment beforehand and retain the relevant information for future reference.**

2. To further implement the VAT Credit Rebate Policy and ensure market entities and employment, the Ministry of Finance and the State Administration of Taxation issued the Notice on Expanding the Scope of Industries under the VAT Credit Rebate Policy [CAISHUI (2022) No. 21], which provides:

To expand the scope of industries under the VAT credit rebate policy, **expand the policy of fully reimbursing the increment retained VAT credit on monthly basis and reimburse in lump sum the aggregate VAT credit for advanced manufacturing industry {Clause 2 of the Circular on Intensification of the Policy of Retained VAT Credit Rebate [CAISHUI (2022) No. 14]} to cover such industries and sectors as the "Wholesale and Retail", "Agriculture, Forestry, Animal Husbandry and Fisheries", "Accommodation and Catering", "Residential Services, Repairs and Other Services", "Education", "Health and Social Work" and "Culture, Sports and Recreation"**

(1) **Effective from July 2022 tax return period,** eligible enterprises in industries such as wholesale and retail may apply to the competent tax authorities **for the reimbursement of increment retained VAT credit.**

(2) **Effective from July 2022 tax return period,** eligible enterprises in industries such as wholesale and retail **can apply to the competent tax authorities for the lump sum reimbursement of aggregate VAT credit.**

3. In order to ensure the stability and quality of foreign trade and improve China's opening-up, the **State Administration of Taxation issued the Notice on Staged Shortening of Processing Period of Export Tax Rebate[SZHLH(2022) No. 83], which provides:**

Effective from June 20, 2022 to June 30, 2023, the average period for the tax authorities to process normal export tax refund (exemption) **for category 1 and category 2 export enterprises shall be reduced to three working days.** Thereafter, the time limit may be adjusted depending on the actual situation of foreign trade.





Case of Financial and Taxation Services

Background: A senior manager of a company applied for resignation due to his personal reasons. In order to better evaluate his performance during his tenure, the company intended to engage a third party for outgoing audit. Upon knowing that Brighture could provide one-stop service for financial and tax consultation and audit, the company came to us for help.

Services rendered: After understanding the company's needs, we immediately had in-depth communication with the person in charge. After fully understanding the personnel composition, working process, business process and relevant information, Brighture quickly established a team to audit the compliance and economic performance of the manager during his tenure.

Friendly Reminder

Outgoing audit is a kind of special audit, which mainly applies to senior executives or staff working in the company's departments involving funds, such as the chairman or general manager and other senior managers, whereby review and objective evaluation shall be conducted on the performance of economic responsibilities of personnel who no longer hold their posts due to expiration of tenure, retirement, transfer, removal, resignation and other reasons. Because of the high level of authority and high capital expenditure involved in these positions, outgoing audits are necessary.

There are basically two purposes for leaving the audit: First: to avoid risks of the enterprise, review whether some things done by the personnel being audited during their tenure conform to the company's rules and regulations, whether they have flouted laws and whether there are related risks, so as to timely remind and correct some potential problems to avoid large economic losses to the company.

Second: to examine whether during the period of incumbency, the personnel being audited had misused office, had corruption or infringement of the interests of the company; whether they have performed the duty of fidelity to the company, whether they have seriously performed their job responsibilities, whether the work objectives have been achieved, whether they have played a positive role in the company's development and performance.

Regular audit is a kind of check-and-supervision to relevant power holders, and can prevent and deter illegal acts.

The Brighture 6th Salon for 2022 was held through Live Broadcast from 19:30 to 20:30 on June 29, 2022. Sweety Sun, lecturer of Brighture, and Mr. Luo, General Manager of OTAFUKU Food (Qingdao) Co.,Ltd , were the resource persons for this event.

There were three parts in the lecture: finance and taxation, business experience, and Q&A.

First of all, Sweety Sun explained "VAT tax planning and Risk prevention and control under the Fourth Phase of Golden Tax". Sweety Sun is a semi-senior accountant who has served Brighture for 15 years. Her lecture covered the following four aspects:

(1) Tax planning should follow the basic principles of legality, rationality, integrity and forwardness, taking into account different taxpayer identities and making full use of preferential tax policies. (2) Based on the different proportion of the input tax in different industries in tax-inclusive sales, the lower tax cost can be determined by calculation through a specific formula which can help a business to elect to adopt the identity of a general taxpayer or a small taxpayer. (3) When a business adopts different promotional methods (such as sales discount, trade-in, sales rebate, free gift, etc.), it may subject to different VAT calculation methods, and the way of invoicing also affects the amount of tax. Therefore, **when selecting promotion methods, we estimation and calculation are needed according to the specific situation, so as to select the most suitable scheme for enterprises.** (4) In order to support the development of small and micro enterprises and software technology and other industries, the state has introduced a lot of preferential policies. Businesses should make full use of the preferential policies through planning to reduce the tax burden in a reasonable and legal manner.

Mr. Luo, the General Manager of OTAFUKU Food (Qingdao) Co.,Ltd, and an old client of Brighture, was invited for the "Business experience" discussion. He explained "How can traditional manufacturing industry realize leapfrog growth through e-commerce".

OTAFUKU Food (Qingdao) Co.,Ltd was incorporated in 2012 by OTAFUKU Food Co., Ltd of Japan which was established in 1922. It mainly provides liquid, solid and semi-solid flavoring products such as condiment sauce and flavoring vinegar to enterprises and end markets. It is now one of the largest sauce manufacturers in Japan and continues to grow in North America.

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Since its establishment, OTAFUKU Food (Qingdao) Co.,Ltd has been promoting Japanese kitchen culture, producing high quality seasoning products loved by consumers.

In the early stage of the company, OTAFUKU mainly conducted marketing by attending exhibitions and visiting customers offline. **Later, young consumers tend to shop on the Internet, and their consumption habits have undergone fundamental changes.** OTAFUKU launched the e-commerce development plan at an opportune time. At present, it has opened stores on Tmall, JD.com, Pinduoduo, Douyin and other platforms to expand sales channels.

In the process of e-commerce sales, OTAFUKU also encountered problems such as high promotion cost and serious damage of product packaging. However, Mr. Luo and the team took active solutions. By good quality and after-sales services, they increased the rate of re-purchase. Besides, they do packaging by themselves, changed logistics companies and took other strategic methods, and finally they solved all the problems, improved customer satisfaction and sales, enhanced the brand image, and achieved leapfrog development.

His experience served as an example for friends who intend to carry out marketing transformation, helped to avoid detours and achieve steady development on e-commerce.

In the Q & A stage, our clients aired out their doubts about marketing transformation, finance and tax issues. Mr. Luo and Sweety Sun patiently answered their questions and gave advice to them. Everyone believed that they had a deeper understanding of e-commerce, finance and taxation, and hoped to try the knowledge in their work.

The monthly Brighture Manager Salon is an interactive platform to share fiscal and tax knowledge and exchange experience. We hope that friends can benefit from our sharing, and we look forward to more friends joining this platform, so that we can advance hand in hand.

The Preview of next Salon

The Brighture 7th Salon for 2022

Theme: Key points in implementing the Stamp Tax Law

Time: July 27, 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. Kreston Mid-Year Report of 2022 was held online via Zoom, Wednesday 22 June, 15:00-17:00 UK time. This vital webinar provided the latest update on Kreston's initiatives and developments and featured progress reports from Rich Howard (Kreston Chair), Liza Robbins (Chief Executive), Andrew Collier (Director of Quality and Professional Standards) and Virginia Cook (Marketing Director) which provided an update on the Network's significant achievements and a preview on the key next steps.



2. Kreston Global has today announced Doron Rozenblum as Chair of its Global Internal Audit Group and Vineet Rathi as Technical Director.

Doron is the Managing Partner of Kreston-Ezra Yehuda-Rozenblum, based in Israel, where he leads their Risk Advisory Services practice. He has over 25 years of experience in risk management, internal auditing, and control design and assessment, and specializes in helping organizations understand and assess risks within their operations, assessing the design of processes and controls, and providing tailored solutions to enhance internal audit effectiveness and value. In addition, he is the Vice President of The Institute of Internal Auditors in Israel.



Julinka Jiang
English Speaking 2 Dept.
Intermediate Accountant
- 1 Year

Motto: Let nature take its course while we are exerting our efforts.



Cherry Xu
Chinese Speaking Dept.
- 1 Year

Motto: You can reach anywhere if you aim straight ahead.

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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We provide domestic and foreign enterprises with financial, tax, legal, audit and business services leveraging our 20 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 13th largest accounting network in the world.

Disclaimer: The information contained herein is for reference only, please refer to the relevant laws, bylaws and judgment made by local administrative authorities.