



Contents

New Financial and Tax Policies

Service Cases

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. In order to support the micro, small and medium-sized enterprises in the manufacturing industry, the **State Administration of Taxation and the Ministry of Finance issued the "Announcement on Matters Related to the Continued Deferment of Taxes and Fees by Micro, Small and Medium-sized Enterprises in Manufacturing Industry"(CAISHUI [2022] No. 17), which provides:**

(1) **Effective September 1, 2022, Medium-sized manufacturing enterprises that have 50% tax deferment and small and micro manufacturing enterprises that have 100% tax deferment subject to the Announcement on Continuation of Postponement of Certain Taxes and Fees by Small, Micro and Medium-sized Enterprises in Manufacturing industry (CAISHUI [2022] No. 2), shall, upon the expiration of the terms set out therein, continue to enjoy such policy for another four months.**

(2) **The deferments include the corporate income tax, individual income tax, domestic value-added tax, domestic consumption tax and, attached thereto, the urban maintenance and construction tax, education surcharge and local education surcharge that have been deferred in the periods of November and December 2021, and February, March, April, May and June 2022 (paid monthly), or the fourth quarter of 2021, and the first quarter and second quarter of 2022 (paid quarterly), excluding withholding taxes and taxes and fees paid when applying to tax authorities for issuing invoices on behalf of them.**

(3) **If the taxes and fees that should have been deferred by the above enterprises in November 2021 and February 2022 have actually been paid after September 1, 2022 to the issuance of this announcement, they can elect to apply for refund and continue to enjoy the deferment policy.**

2. In order to support the innovation in high-tech enterprises and help them step up equipment renewal and technology upgrading, the Ministry of Finance, the State Administration of Taxation and the Ministry of Science and Technology issued the **Announcement on Supporting Pre-tax Deductions for Science and Technology Innovation Expenses(CAISHUIKE [2022]No.28), which provides:**

(1) **The equipment and appliances newly purchased by high-tech enterprises between October 1, 2022 and December 31, 2022 are allowed to be deducted in full lump sum in the calculation of taxable income in the same year with 100% mark-up deduction before tax. The policy applies to enterprises that have qualified as high-tech enterprises in the fourth quarter of 2022. If an enterprise chooses to apply this policy and the deduction is insufficient in the current year, it may carry it forward to the following year(s) to be deducted according to the current regulations.**

(2) **Enterprises that are currently subject to 75% of pre-tax mark-up deduction of R&D expenses will have their pre-tax mark-up deduction increased to 100% between October 1, 2022 and December 31, 2022.**

3. In order to support residents to improve their housing conditions, the Ministry of Finance and the State Administration of Taxation issued the **Announcement on Individual Income Tax Policies Supporting Residents to Purchase Houses"(CAISHUI [2022] No. 30), which provides:**

(1) **From October 1, 2022 to December 31, 2023, taxpayers who sell their own homes and re-purchase new homes in the market within one year after the sale will be given a rebate on individual income tax they have already paid upon the sale. Where the amount of the newly purchased housing is greater than or equal to the transfer amount of the sold one, the individual income tax already paid shall be fully refunded; where the amount of the newly purchased housing is less than the transfer amount of the sold one, the refund will be based on the proportion of the newly purchased housing amount in the transfer amount of the old one.**

(2) **The housing transfer amount stated herein is the market transaction price. Where the newly purchased house is a new house, the purchase amount shall be the transaction price indicated in the purchase contract signed by the taxpayer on the website of the housing and urban-rural construction authorities for record; where the newly purchased house is a second-hand house, the purchase amount shall be the transaction price.**

(3) **Taxpayers who enjoy the preferential policies set out herein shall meet all the following conditions:**

- 1) **Homes sold and repurchased by taxpayers should be within the boundary of the same city, which refers to the whole administrative area under the jurisdiction of the same municipality directly under the Central Government, city of sub-provincial or prefecture (region, prefecture, league) level.**
- 2) **The taxpayer selling his own house must be directly related to the purchased house, and should be the owner or one of the owners of the purchased house.**





Case of Financial and Taxation Services

Background: A trading company set up by a German company in Qingdao has been engaged in product sales. After years of development, overseas German companies have been expanding their business and operating more and more companies. The German headquarters decided to conduct a systematic review of the equity structure, and being a subsidiary company, the shareholders of Qingdao Company should be reshuffled accordingly.

Services provided: Brighture had been providing fiscal and tax outsourcing services to the Qingdao company. Immediately after the decision was made, the German head office contacted Brighture to find out the compliance requirements and tax implications of the proposed reshuffle. Based on the client's situation, Brighture developed a detailed equity change service plan, outlining the process and the information required for the client to cooperate with each process. Meanwhile, Brighture analyzed the Qingdao company's financial statements, provided advice on setting the equity transfer price, and calculated the amount of withholding income tax and stamp duty payable by the German company.

The client was very satisfied with the service plan, and commissioned Brighture to implement the plan. The compliance processing of equity structure adjustment in China has been successfully completed.

Friendly Reminder

The adjustment of the equity structure of foreign companies is a comprehensive, complex and professional task which is closely monitored by the tax authorities. The equity transfer price of affiliated companies should be fair and reasonable, otherwise there is a risk of tax adjustment by tax authorities for affiliated transactions. In addition, withholding income tax, stamp duty and other taxes in connection with foreign companies need to be calculated accurately and declared timely.

As a one-stop service provider, Brighture can provide consulting suggestions and service solutions based on the specific situation of the clients, and implement the solutions to realize closed-loop service to make customers feel at ease.

Recent Events of Kreston

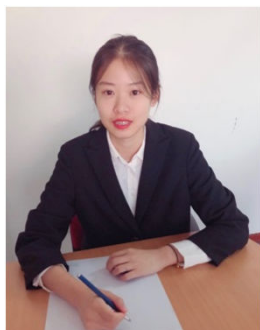
In order to promote the communication and cooperation among Kreston members, Kreston recently held the following activities:

1. Kreston Global announces its new Global Transfer Pricing Group on September 15, led by US-based David Whitmer. The group, which will form part of the Global Tax Group, will act as a steering group for Kreston Global's transfer pricing services, ensuring market-leading expertise across the network and creating a network-wide focus for this critical international client service.



2. Kreston Global Life Sciences experts published in Pf Magazine. They reflected on the Pharma funding climate in the global Pharma and Biotech industry, given the post-pandemic continued interest in Biotech.

Having seen a slight dip in funding and activity at the end of 2021 / start of 2022, many new funds have been instituted—Kreston firms have been involved in creating some of these—and they are optimistic about this outlook.



Lareina Chen
Chinese Dept. 1
- 5 Years

Motto:
The highest qualification is
based on the most rigorous
training.

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

Contact Us

Shanghai Office, China

Room 1612, Tomson Financial Tower, 710 Dongfang Road,
Pudong New District

Tel: +86-21 6876 9886

E-mail: cpash@brighture.com



Qingdao Office, China

Room 602, Building A, Fulin Building, No.87, Fuzhou South
Road, Shinan District

Tel: +86-532 8597 9808

E-mail: cpaqd@brighture.com



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

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.