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*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 implement the Opinions of The General Office of the State Council on Promoting the Personal Pension (GUOBANFA [2022] No.7), **the Ministry of Finance and the State Administration of Taxation issued the Announcement on Personal Income Tax Policy concerning Personal Pension (CAISHUI [2022] No.34)**, which provides as follows:

(1) **Effective from January 1, 2022, preferential tax deferment policies will be implemented for personal pensions. In the link of payment**, the individual's contribution to the personal pension fund account shall be deducted from the comprehensive income or operating income according to the **limit standard of 12,000 Yuan per year; In the investment link**, the investment income included in the personal pension fund account is **temporarily exempt from individual income tax; In the link of receiving**, the personal pension received by individuals is not incorporated into the comprehensive income, instead, **individual income tax shall be calculated and paid separately at the rate of 3%, and the tax paid by individuals is included in the item of "income from wages and salaries"**.

(2) When an individual is entitled to pre-tax deduction, the deduction voucher issued by the personal pension information management service platform shall be used as the tax deduction evidence.

(3) **The tax policy stipulated herein will be implemented in the pioneer cities of individual pension as of January 1, 2022. The list of pioneer cities will be released by the Ministry of Human Resources and Social Security, the Ministry of Finance and the State Administration of Taxation.** In Shanghai, Fujian Province, Suzhou Industrial Park and other areas that have already started piloting implementation of individual tax deferment commercial endowment insurance, the tax policies stipulated herein shall be implemented together as of January 1, 2022.

2. To encourage enterprises to increase investment in innovation and support the basic research, the Ministry of Finance and the State Administration of Taxation jointly issued the **Announcement on Preferential Tax Policies for Enterprises Investing in Basic Research (CAISHUI[2022]No. 32)**, which provides the following clarifying the tax policies:

(1) Expenditures made by enterprises for basic research by non-profit scientific and technological research and development institutions (hereinafter referred to as scientific research institutions), institutions of higher learning and governmental natural science funds **can be deducted as per the actual amount before tax when calculating the taxable income amount, and be deducted at the rate of 100% with mark-up before tax.**

(2) Incomes received by non-profit research institutions and institutions of higher learning from enterprises, individuals and other organizations for carrying out basic research **shall be exempt from enterprise income tax.**

3. In order to improve the consumption tax system, maintain the fairness and unity of the tax system, and let consumption tax guide healthy consumption, **the Ministry of Finance, General**

**Administration of Customs, and State Administration of Taxation issued the Announcement on Levying Consumption Tax on E-cigarettes (CAIHAISHUI [2022] No. 33)**, which provides:

(1) **E-cigarettes will be included in consumption tax, and a sub-item of E-cigarettes will be added under the tobacco tax.** E-cigarette refers to an electronic delivery system used to produce aerosols for human smoking, etc., including cartridges and cigarette utensil, as well as e-cigarette products sold in combination with cartridges and cigarette utensil.

(2) **Entities and individuals that produce (import) or wholesale E-cigarettes within the territory of the People's Republic of China shall be consumption tax payers.**

(3) E-cigarettes are taxed on an AD valorem basis, with the **production (import) link at 36% and the wholesale link at 11%.**

(4) Taxpayers producing or wholesaling E-cigarettes **shall be taxed on the basis of the sales volume.** Where a taxpayer in the production of E-cigarettes sells E-cigarettes on commission, the tax shall be calculated as per the sales of the distributor (agent) selling E-cigarettes to the wholesale enterprise. For taxpayers importing E-cigarettes, the tax shall be calculated on the basis of the component assessable price.

(5) **Export tax refund (exemption) policy shall apply to taxpayers who export electronic cigarettes.**

(6) This announcement shall take effect as of **November 1, 2022.**

4. In order to support and guide the healthy development of the individual economy, safeguard the legitimate rights and interests of individual businesses, and expand urban and rural employment, **The State Council issued the Regulations on Promoting the Development of Individual Businesses (National Decree No. 755) on October 25**, which announces:

(1) **Individual businesses may voluntarily change their business operators or transform themselves into enterprises.**

Where a business operator changes, it may apply to the market entity registration authority to make such change in registration. Where relevant administrative license is involved, the administrative license authorities shall simplify the procedures and provide due convenience for individual businesses.

(2) These regulations shall come into force as of November 1, 2022, thereupon The Regulations on Individual Businesses shall be abrogated.





## Case of Financial and Taxation Services

**Background:** A foreign-funded enterprise needed to commence liquidation due to difficulties in operation caused by force majeure. Since the company involved immovable property and intangible assets, the liquidation involved a lot of tax matters. Therefore, it wanted to ask a professional financial team for guidance and assistance in the liquidation. Considering that Brighture had provided financial consulting for the day-to-day financial operation of the company, it came to Brighture for help.

**Service provided:** Brighture have been providing financial and tax consulting services for the enterprise, and have a good understanding of their specific operation and financial situation. Therefore, based on the customer's situation, a detailed liquidation service plan was drawn up, which elaborated the tax-related matters in the liquidation of assets and liabilities. We calculated the tax amount, illustrated the process of deregistration and listed the information to be provided by the enterprise in each stage of the liquidation to help them understand the important matters that require attention. At the same time, Brighture applied relevant tax policies based on the actual situation of the enterprise, saving hundreds of thousands of Yuan in tax for the enterprise.

## Friendly Reminder

The COVID-19 pandemic not only threatened our lives, but also greatly reduced the purchase orders of the vulnerable small, medium and micro enterprises, breaking their capital chains and putting them into liquidation.

When an enterprise is being liquidated, it needs to conduct a comprehensive liquidation of assets, liabilities, personnel and businesses, and value-added tax, land value-added tax, corporate income tax and individual income tax may be involved. Therefore, enterprises need to calculate the taxes involved in the liquidation in advance, and apply favorable tax preferential policies to reduce tax burdens in a reasonable and legal style.

As a professional service organization, Brighture provides enterprises with one-stop services such as tax planning, land value-added tax settlement and company deregistration.

## *Recent Events of Kreston*

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

1. Kreston Global recently announced that it has elected a new board director, Sudhir Kumar. Sudhir will represent the Middle East region and work closely with Chief Executive Liza Robbins as well as the 10 existing board members.

Sudhir is the Advisory Partner and Head of Corporate Communications for Kreston Menon, based in the United Arab Emirates.

Kreston Menon joined Kreston Global in 2018, and during Sudhir's time working with the Kreston Global central office, he has helped grow Kreston Global's Middle East presence through the recruitment of two new member firms. He will represent members at board meetings and focus groups, helping to implement the rules, policies and values of the network.



2. Kreston Global has welcomed new member firm Kreston GSIA Thailand to the Kreston network.

Kreston GSIA Thailand focuses on providing audit and assurance services to international clients, including multi-national clients in the manufacturing, trading, health care, services and property sectors. Kreston GSIA Thailand also offers accounting services and tax advisory. The firm has rebranded itself, as Kreston Global, to take advantage of the extensive global reach of the Kreston network.

3. List of recent events of Kreston:

The Kreston Global Indirect Taxes Conference was held in Madrid, Spain, from October 18 to 19, 2022.

Kreston EMEA&World Conference was held in Madrid, Spain, from October 19 to 22, 2022.



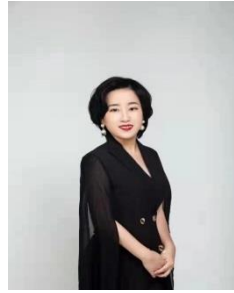
**Ada Song**  
Intermediate Accountant  
VIP Customer Dept.  
- 6 Years

Motto: Diligent thinking is rewarded.



**Fiona Du**  
VIP Customer Dept.  
- 5 Years

Motto: No fear, no repent.



**Elaine Wang**  
AI Dept.  
- 5 Years

Motto: Sincerity smooth the way to success.



**Aurna Dong**  
Tax Rebate Dept.  
- 1 Year

Motto: Where there is a faith, there is a way. Learnedness and experiences pave 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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**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 13<sup>th</sup> largest accounting network in the world.