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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. The State Administration of Taxation issued the "**Announcement on the Final Settlement of the Comprehensive Individual Income Tax for Year 2023**" (**SAT [2024] No. 2**) subject to the provisions of the Individual Income Tax Law and its implementing Regulations, the Law on the Administration of Tax Collection and its Implementing Rules and so on. Hereunder are some provisions:

**(1) The main contents of the final settlement**

After the end of Year 2023, individual residents (hereinafter referred to as taxpayers) shall add up the four incomes—namely, wages and salaries, remuneration for labor services, remuneration for writing and royalties acquired from January 1 to December 31, 2023, minus 60,000 Yuan of expenses, special deductions, special additional deductions, other deductions determined and qualified charitable donations, and apply the individual income tax rate for comprehensive income, then minus the deduction by quick calculation to get the final tax payable, and thereafter, minus the tax prepaid for Year 2023 to arrive at the tax payable or refundable for final settlement with the tax authorities.

**(2) Final settlement is not required for:**

In one of the following circumstances, final settlement is not required for a taxpayer who has duly paid individual income tax in advance in 2023:

(a) Though supplementary tax payment is required in the final settlement, yet the comprehensive income does not exceed 120,000 Yuan for the whole year;

(b) The amount of supplementary payment is not greater than 400 Yuan;

(c) The amount of tax paid in advance equals the amount of tax payable in the final settlement;

(d) The requirements for tax refund are met but no application for tax refund is made.

**(3) Final settlement is required for:**

In one of the following circumstances, final settlement is required for a taxpayer:

(a) The amount of tax paid in advance is greater than the amount of tax payable in the final settlement and the application for tax refund is made;

(b) The comprehensive income acquired in 2023 is in excess of 120,000 Yuan and the amount of supplementary tax required for the final settlement is in excess of 400 Yuan.

Where a tax payer under-declares or fails to declare comprehensive income in 2023 due to any mistake in applicable income items or the failure of the withholding agent to fulfill his obligation, the taxpayer concerned shall duly handle the final settlement.

**(4) Time requirement:**

**The 2023 annual settlement shall be processed from March 1 to June 30, 2024. Taxpayers who have no domicile in China and will leave China before March 1 may have their annual settlement completed before departure.**

2. In order to support the offshore trade in the Pilot Free Trade Zone, the Ministry of Finance and the State Administration of Taxation issued the **Notice on the Preferential Stamp Duty Policy for Offshore Trade in China (Shanghai) Pilot Free Trade Zone and the New Port Area (CAISHUI[2024] No. 8)**, which provides:

(1) **Stamp duty is exempted for offshore resale contracts** entered into by enterprises registered in China (Shanghai) Pilot Free Trade Zone and the New Port Area.

The offshore resale as mentioned herein refers to the transaction in which a resident enterprise purchases goods from a non-resident enterprise and then resells the goods to another non-resident enterprise, and the goods have never actually entered or left the border customs of China.

(2) **This Notice shall take effect from 1 April 2024 until 31 March 2025.**

3. In order to implement the Overall Plan for Construction of Guangdong-Macao In-depth Cooperation Zone in Hengqin, **the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation issued the Notice on Goods Import and Export Tax Policy for Guangdong-Macao In-depth Cooperation Zone in Hengqin (CAIGUANSHUI [2024] No. 1)**, which includes the following:

A "line" shall be established between Hengqin and Macao Special Administrative Region (hereinafter referred to as Macao). Record management shall be exercised for goods entering and leaving through the "line" between the Cooperation Zone and Macao (except for goods merely making transit in the Cooperation Zone).

Goods entering the Cooperation Zone through the "line" (except those which are not exempted from duty or bond as stipulated by the national laws and administrative regulations) shall be handled as per the following provisions:

(1) **Import duties, import value-added tax and consumption tax are exempted** from machinery and equipment (excluding transportation equipment such as aircraft, automobiles, ships and yachts), molds and spare parts used for maintenance of the above commodities and capital construction materials (excluding interior decoration and decoration materials) **imported for self-use** by enterprises registered in the Cooperation Zone and with independent legal personality (hereinafter referred to as enterprises in the Cooperation Zone), administrative organs, institutions, statutory bodies in the Cooperation Zone as well as social organizations and private non-enterprise units registered in the Cooperation Zone, provided, however, the scope of machinery, equipment, molds and spare parts used in the maintenance of the above commodities imported duty-free by the "first-line" shall refer to Annex 1 attached to the Notice.

(2) **Except in the case of paragraph 1 above, goods imported by the entities in the Cooperation Zone shall be bonded.**

(3) The importer may, out of its own free will, apply to Gongbei Customs for payment of import duties, value-added tax and consumption tax for goods in paragraph 1 of this Article that are imported duty-free. **Those who voluntarily give up their tax exemption status shall not apply for tax exemption within 36 months.**

(4) The duty-free import entities shall be determined by the Executive Committee of the Cooperation Zone in conjunction with Gongbei Customs and other departments, dynamically adjusted, and reported to the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation





## Case of Financial and Taxation Services

**Background:** Mr. L runs a trading company. In 2023, the company had a sales revenue of 5 million Yuan and a profit of 3.2 million Yuan after deducting costs. Mr. L learned from TV recently that the government had issued a lot of inclusive preferential tax policies, and he would like to know how his company could enjoy the policies to the maximum. He later learnt that his friend Mr. Z engaged Brighture for financial and tax services, and that Brighture would put forward rationalization proposals based on the situation of the clients' company, which were reliable and workable. Mr. Z encouraged Mr. L to get in touch with Brighture for help, and further recommended Brighture for its time-honored consulting services. Mr. L got in touch with Brighture for help right away.

**Service provided:** Upon request, Brighture had an in-depth discussion over the situation concerning business model and financial operation, and, taking into account the tax relief policies introduced by the state, drew up a tax planning report, which helped the client to save 640,000 Yuan in corporate income tax alone.

## Friendly Reminder

Tax is an important expenditure for an enterprise. Lawful and reasonable tax planning can reduce tax burden for enterprises, help improve business management and accounting management, and provide greater financial support for survival and development. Lack of tax knowledge may give rise to certain tax risks and business risks. Therefore, the participation of professional third parties can help enterprises control risks and reduce tax costs reasonably and lawfully.

## Recent Events of Kreston

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

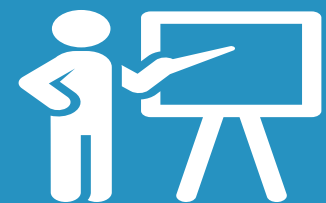
1. In a recent article in the International Tax Review, Martin Bonner, transfer pricing expert at Area Bollenberger and member of the Kreston Global network, sheds light on the significance of the ICAP's role in transfer pricing.

ICAP's role in tax compliance

ICAP represents a voluntary, multilateral framework designed to enhance early engagement, transparency, and mutual understanding between multinational enterprises (MNEs) and tax authorities, particularly regarding transfer pricing.

Understanding ICAP's impact on transfer pricing

The programme's value, highlighted by Martin Bonner and other experts, lies in its capacity to encourage proactive dialogue between businesses and tax administrations. It enables a coordinated assessment of tax risks, allowing companies to confidently demonstrate their compliance with tax regulations. This proactive engagement aims to preemptively resolve potential disputes, enabling MNEs to present well-substantiated transactions and foster a mutual understanding of transfer pricing methodologies.



2. The recently published Kreston UK Academies Benchmark Report 2024 reveals critical insights into the financial health of the academy sector. This comprehensive study shows a significant shift towards financial instability, with a marked increase in academies resorting to their reserves amid rising costs.



**Sweety Sun**  
Customer Development Dept.  
Intermediate Accountant  
- 16 Years  
Motto:  
Strong will and joyful spirit



**Cindy Yuan**  
Personnel & Legal Dept.  
- 13 Years  
Motto:  
No work is trivial. Details come from heart and results in success or failure.



**Candy Yu**  
VIP Customer Dept.  
Intermediate Accountant  
- 10 Years  
Motto:  
Achievement is founded on diligence and wasted upon recklessness.



**Sunnuy Liu**  
AI Dept.  
-1 Year  
Motto:  
Read yourself, surpass yourself, and please yourself

*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 Global, 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 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 Global which is the 13<sup>th</sup> largest accounting network in the world.