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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*

In order to support the enterprises and help them get out of difficulties, many targeted preferential tax policies have been introduced by the government, and some of them will expire on December 31, 2022. We kindly remind the qualified enterprises to seize the benefits of the expiring tax incentives in time.

1. Notice on Exempting VAT from Small-Scale VAT Payers (CAISHUI [2022] No. 15): Effective from April 1, 2022 to December 31, 2022, **VAT shall be exempted from the small-scale taxpayers for the taxable sales that is subjected to 3% VAT rate**; in addition the advance VAT payment for items that are subject to 3% advance payment rate **will be suspended**.

2. Public Circular on the Preferential Income Tax Policies for Small and Micro Enterprises and Individual Household Businesses (CAISHUI [2021] No. 12):

(1) **For the annual taxable income of a small & low-profit enterprise that does not exceed RMB 1 million**, the corporate income tax shall be further halved (i.e., **the income tax burden is reduced to 2.5%**) on the basis of the preferential policies set out in Article 2 of the Circular of the State Administration of Taxation of the Ministry of Finance on Preferential Tax Relief Policy for Small and Micro Enterprises (CAISHUI [2019] No. 13);

(2) For the annual taxable income of an individual household business that **does not exceed RMB 1 million, the individual income tax will be halved** on the basis of the current preferential policies;

3. Notice on Value-Added Tax Policy on Supporting Difficult Sectors in Service Industry (CAISHUI [2022] No. 11): From January 1, 2022 to December 31, 2022, **taxpayers' income from providing public transport services** (passenger ferry, bus, subway, urban light rail, taxi, inter-city passenger transport and shuttle bus) **will be exempt from value-added tax**

4. Notice on Value-Added Tax Policy on Supporting Difficult Sectors in Service Industry (CAISHUI [2022] No. 11): The validity of the VAT mark-up deduction policy for production and domestic services has been extended to December 31, 2022.

(1) From April 1, 2019 to December 31, 2022, **taxpayers of production and domestic service sectors will be allowed to deduct the input tax deductible with 10% mark-up for the current period to offset the tax payable**.

(2) From October 1, 2019 to December 31, 2022, **taxpayers of domestic service sectors will be allowed to deduct the input tax deductible with 15% mark-up for the current period to offset the tax payable**.

5. Announcement on Supporting Pre-tax Deductions for Science and Technology Innovation Expenses (CAISHUIKE [2022]No.28): **The equipment and appliances newly purchased by high-tech enterprises between October 11, 2022 and December 31, 2022** are allowed to be deducted in full lump sums 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.

6. Announcement of Policies on Pre-tax Deduction of Equipment and Appliances Costs of Micro, Small and Medium-sized Enterprises (CAISHUI [2022]No. 12): **For equipment and appliances newly purchased at a unit value of more than 5 million Yuan by micro, small and medium-sized enterprises** between January 1, 2022 and December 31, 2022, the enterprise will voluntarily elect to deduct a certain proportion of the unit value before the corporate income tax. Among them, **the equipment and appliances with a minimum depreciation life of 3 years as set out in the Implementation Regulations of the Corporate Income Tax Law can have 100% of the unit value deducted in a lump sum before tax in the same year; where the minimum depreciation life is 4, 5 or 10 years, 50% of the unit value can be deducted before tax in a lump sum in the current year**, and the remaining 50% can be deducted as per the depreciation ratio before tax in the remaining years.

7. Notice on Adjusting the Policy of Employment Security Funds for the Disabled (MOF [2019] No. 98):

(1) **Employment security fund for the disabled shall be exempted** from January 1, 2020 to December 31, 2022 for **an enterprise with a total employee of 30 (inclusive)**.

8. Notice of the General Office of the All-China Federation of Trade Unions on Continuation of the Policy of Refunding Trade-Unions Dues for Small and Micro Enterprises (TING [2021] No.38): **The policy of total refunding of trade-union dues for small and micro enterprises is extended** up to December 31, 2022.





### Case of Financial and Taxation Services

**Background:** A senile founding shareholder of a mechanical equipment company with millions of Yuan of undistributed profits wishes to transfer his shares to his children and key executives, and to calculate the taxes involved in the process of equity transfer in advance. He therefore came to Brighture for help.

**Service provided:** Upon the request of the company, we first had an in-depth communication with the founding shareholders to fully understand the shareholders' plans for the proportion of equity transfer and the disposal of undistributed profits. We then worked out a plan based on the situation of the company in combination with the regulations and preferential policies of the tax authorities on equity transfer pricing and the tax deferred policy of individual income tax in connection with equity incentive of non-listed companies, calculated the taxes making full use of the available preferential policies, and successfully executed the equity transfer.

### Friendly Reminder

Equity transfer is not uncommon in enterprise development, which may be due to the retirement of the founding shareholders or the entry of new investors, or the financing arrangements and equity incentive arrangements made by the enterprise based on the capital strategy.

Equity transfer requires comprehensive, professional and complex approaches, which may involve such taxes as individual income tax, stamp tax and corporate income tax, as well as preferential tax policies for equity transfer in some specific situations.

Based on the situation of companies and available tax policies, we can provide enterprises with one-stop services such as policy consultation, program planning, drafting of legal documents and handling of operation procedures, so as to help enterprises prevent and control risks, make full use of preferential policies and reduce tax burdens in a reasonable and legal style.

## *Recent Events of Kreston*

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

1. Kreston Global members reunited for first time in three years.

The conference, which has been virtual in recent years because of the global pandemic, welcomed delegates from 65 different countries. 130 of the delegates were attending for the first time, reflecting the growth in Kreston membership over the last three years.

The main focus of the conference was “Kreston Futures”, looking at the attraction, retention, and development of talent within the industry. There were also keynote sessions relating to sustainability, showcasing case studies from across the network, as well as sessions on the challenges and opportunities associated with building an employer brand and many breakout sessions for our specialist global service lines.



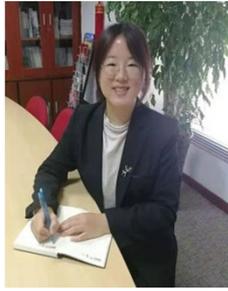
2. The newly formed Life Sciences and Healthcare sector team of Kreston Global held their first online event for Kreston firms interested in the Life Sciences sector online on December 1. The team have developed a workshop looking at how to build your own Life Sciences practice.

## Seniority as of Now



**Ruby Ren**  
Customer Care Dept.  
-16 Years

**Motto:**  
There are more solutions  
than problems.



**Yuhou Zhang**  
Intermediate Accountant  
Japanese Speaking Dept.  
-11 Years

**Motto:**  
Remain true to your  
original aspiration.



**Alice Gan**  
Intermediate Accountant  
English Speaking Dept.2  
-9 Years

**Motto:**  
Work harder and be luckier,  
happier and more  
prosperous.



**Jannie Yin**  
VIP Customer Dept.  
-6 Years

**Motto:**  
Learning without thinking is  
useless; while thinking  
without learning, perilous.



**Lisa Yang**  
Shanghai Dept.  
-2 Years

**Motto:**  
Diligence is like persistent  
water that wears the stone.

*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.