

# China Legal Briefing\*280

8 June 2020



\* CHINA LEGAL BRIEFING is a regularly issued collection of Chinese law related news gathered from various media and news services, edited by WENFEI ATTORNEYS-AT-LAW LTD. distributed to its clients and CHINA LEGAL BRIEFING subscribers.

WENFEI ATTORNEYS-AT-LAW LTD. does not accept responsibility for the accuracy of quotes or truthfulness of its content. CHINA LEGAL BRIEFING is not intended to provide advice.

- 1. China Adjusted “Five One” Flight Policy To Contain the Covid-2019 – Punishment System For Airlines**
- 2. Small And Micro Enterprises Can Defer Payment Of 2020 Corporate Income Tax**
- 3. The Measures For Examination Of Network Came Into Effect From June 1, 2020**
- 4. China Scraped Investment Quota Limits For Foreign Institutional Investors**

## **1. China Adjusted “Five One” Flight Policy To Contain The COVID-19**

On June 4, 2020, the Civil Aviation Administration of China released the *Circular about Adjusting International Passenger Flights* (Circular). According to the Circular, China will continue to apply the so-called “Five Ones” flight regulation that was published on March 26, 2020.

According to this “Five Ones” flight regulation, one airline of one country may operate one scheduled passenger flight to one Chinese destination once a week. A Chinese airline on the other hand, may maintain one scheduled passenger flight to each specific country of destination with one scheduled flight per week.

On top of that, as of June 8, 2020, the Circular stipulates for a punishment regime directed at airlines that carry passengers who test positive for COVID-19. If an airline has carried up to five infected people to China, it is forced to suspend its flights for a week. If the number reaches up to ten infected passengers, the airline must suspend the flights for duration of four weeks.

Currently, China is generally banning most foreigners from entering its territory. Valid visas and residence permits were suspended. While most countries in Europe and other countries in the world are reopening their borders in June, the Chinese government has remained quiet on such plans up until the time this article was written. With respect to the PRC government’s clear announcements to have successfully beaten and to be in control of the virus, its hesitation to reopen the borders is nothing less than surprising. Considering the strict inbound flight control, the punishment systems for airlines and the still mandatory 14 days quarantine for all persons entering the country, it is not really clear why the fear of the virus is still so great.

## **2. Small And Micro Enterprises Can Defer Payment Of 2020 Enterprise Income Tax**

In order to counter bankruptcy and unemployment following the economic downturn associated with Covid-19, the State Taxation Administration publish *the Announcement on Postponing the Payment of Income Tax of Small and Micro Enterprises and Individual Business* on May 29, 2020.

According to the announcement, small and micro enterprises may postpone the payment of income tax for enterprises from May 1, 2020 to December 31, 2020. The corporate income tax for the said period will be due in the first declaration period of year 2021.

### **3. The Measures For Examination Of Network Came Into Effect From June 1, 2020**

The *Measures for the Examination of Network Security* (Measures), jointly released by the Cyberspace Administration of China, the National Development and Reform Commission and the Ministry of Industry and Information Technology on April 27, 2020, came into effect on June 1, 2020.

The Measures aim at enhancing the enforcement of national security interests. According to the Measures, a so-called cyber security examination will be enacted in order to assess possible national security risks inherent in the procurement of network products and services. The examination will be conducted by the Cybersecurity Office. Since, there is no specific rules and so-called national security interests are rather shady and often misused for political purposes. It remains to be seen what consequences such examinations will entail for foreign products and service providers.

### **4. China Scraped Investment Quota Limits For Foreign Institutional Investors**

The People's Bank of China and the State Administration of Foreign Exchange released the *Provisions about the Securities and Futures Investments in China by Foreign Institutional Investors* on May 7, 2020 (Provisions). The provisions that are said to attract foreign investment will become effective on June 6, 2020.

In terms of content, they provide for the abolition of equity investment quotas for qualified foreign institutional investors (QFIIs) and RMB qualified institutional investors (RQFIIs). The cross-border investment transfer made by qualified investors, however, will still be subject to registration. As a further improvement, qualified investors are said to be free to choose the currency of the funds remitted in the future.

\*\*\*\*\*

This document is for general information only and is not intended to provide legal advice.

© Wenfei Attorneys-at-Law Ltd, Zurich/Beijing, April 2020

Check the China Legal Briefing archives [here](#)  
Obtain your personal subscription from: [china@wenfei.com](mailto:china@wenfei.com)