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1. Establishment of Seven New Free Trade Zones in China
2. The Amendment of Enterprise Income Tax Law
3. Security Program of Foods and Drugs in the “13th Five Year Plan”

1. Establishment of Seven New Free Trade Zone in China

On 31 March 2017, the State Council announced the establishment of seven new Free Trade Zones (FTZ) in Liaoning province, Zhejiang province, Henan province, Hubei province, Chongqing municipality, Sichuan province, and Shanxi province. In addition to the four FTZs previously established in Shanghai, Tianjin, Fujian and Guangzhou, there are 11 FTZs in total among China.

The State Council has released respective announcements for the newly established seven FTZ, and clarified their distinct orientations. For instance, the orientation for Liaoning FTZ is to advance the economic cooperation among the countries in North-East Asia, to build a modern logistic system and international maritime centre; the Zhejiang FTZ is oriented to build petrochemical base and develop the trade of staple trade in aerospace manufacture, aquatic product, etc.; the Henan FTZ is oriented to cultural industry and development; the Hubei FTZ is oriented to new technologies, emerging industry, and electronic information industry; the other three FTZ are oriented to high-end manufacturing, logistics, high technology, cloud data etc.

The successful trial regime in previous four FTZ will be copied in the new FTZs, including the Negative list for foreign investments.

2. The Amendment of Enterprise Income Tax Law

On 24 February 2017, The Decision of the Standing Committee of the National People's Congress on Amending the "Law of the People's Republic of China on Enterprise Income Tax" was adopted at the 26th Session of the Standing Committee of the 12th National People's Congress of the People's Republic of China and it became effective as of the date of promulgation. The purpose of the Amendment is to encourage the commonweal donation of the enterprises.

The old Enterprise Income Tax Law stipulated that an Enterprise may deduct from its taxable income its incurred expenditures for public welfare donations, provided that such amount deducted shall not exceed 12% of its annual total profit. The new Enterprises Income Tax law was amended to "The portion of charity donations made by an Enterprise below 12% of its annual total profit may be deducted from the taxable income; the portion in excess of 12% of the

Enterprise's annual total profit may be carried forward and deducted from taxable income during the following three years."

Before the above law came into effect, China has adopted the Charity Law on 16 March 2016. According to the Charity Law, Natural persons, legal persons and other organizations shall enjoy preferential taxation policies pursuant to the law if they donate assets for use in charitable activities. The portion of the charitable donations by an enterprise that exceeds the amount deductible as prescribed by law in the given year for the purpose of calculating the amount of incomes subject to enterprise income tax shall be allowed for deduction during the calculation of taxable income within three years after being carried forward. The new amendment enterprise income tax law not only support commonweal donation of corporates but also is in accordance with the related regulations of the Charity Law.

3. Security Program of Foods and Drugs in the "13th Five Year Plan"

The Security Program of Food and Drugs in the "13th Five Year Plan" are promulgated on 14 February 2017 ("Security Program"). The Security Program settled the targets and guides for the foods and drugs till the year 2020.

In respect of the safety of food, preventive measures are enacted regarding the production areas, production sites, transportation and exposition of food. According to the Security Program, no less than 300 national standards on food will be adjusted, and pesticides and veterinary drugs will be examined. Supervision of health care products and online food ordering will be regulated.

As for the safety of drugs, the supervision will be strengthened. There will be an annual examination among whole projects for the medical devices production enterprises in class three and sterile medical devices production enterprises in class two; and every two years an examination among whole projects for the rest medical devices production enterprises in class two as well as all medical devices production enterprises in class one. A new edition of the "P.R.C. pharmacopeia" is planned for 2020, with reference to the international advanced standards. Accordingly, 3050 national standards for drugs will be made to a stricter level.

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