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1. Notice on Matters Relating to Bad Credit Repair

The State Taxation Administration recently issued the *Announcement on Matters Related to Tax Credit Repair* (Announcement). According to the Announcement, eligible corporate taxpayers may apply for credit repair by making credit commitments and correcting untrustworthiness after January 1, 2020, if they satisfy one of the following three conditions:

- (1) The taxpayer has now completed all tax declarations, tax payments and data filing, after previously failing to do so, within the statutory time limit;
- (2) The taxpayer that previously failed to pay or pay in full the taxes owed, late fees and fines and was categorized as a class-D credit taxpayer (except crime), has now paid or made up the payment within 60 days upon the statutory payment deadline; or
- (3) The taxpayer has fulfilled all corresponding legal obligations and thereby the tax authority has lifted its 'abnormal' status.

The term „*trustworthiness*“ indicates, that this Announcement has to be put in the context of the new Corporate Social Credit System (C-SCS), which said to increase trust by introducing a panoptical market. It will be introduced in 2020. Repairing a tax credit (or any other) rating will be even more significant in the future. This is because government bodies may apply so-called “*joint-sanctions*” under the new regime of the C-SCS. Hence, a bad tax rating will not only lead to tax-specific sanctions, but may also affect other areas such as license approvals, land use rights, travel options of legal representatives and so on.

2. State Administration Of Foreign Exchange (SAFE) Announces 12 Measures To Facilitate Cross-border Trade and Investment

On October 23, 2019, the SAFE released the *Notice on Further Promoting Cross-border Trade and Investment Facilitation* (Notice). The Notice puts forward 12 measures to optimize foreign exchange management and to create a more favorable framework for market players who are operating a foreign exchange business.

According to the Notice, the following restrictions on the number of allowed foreign exchange accounts under one capital account have been abolished: "no more than three special accounts can be opened for a foreign debt", "every entity can open only one special account to accept foreign remittance of security deposits" and "every equity seller can open only one domestic cash account". The market players may now open multiple foreign exchange accounts according to their actual business needs.

3. New Rules Regarding Entitlement To Treaty Benefits For Non-Resident Taxpayers In China

On October 14, 2019, the State Taxation Administration (STA) released the *Announcement on Issuing the Administrative Measures for Non-resident Taxpayers' Entitlement to Treaty Benefits* (Announcement). The Announcement will become effective on January 1, 2020.

According to the Announcement, non-resident taxpayers who are facing a tax payment obligation in China but claim to enjoy tax treaty benefits granted under the tax treaty between their home country and China, can now enjoy such benefits, without submitting supporting documents to the tax authority in China.

Instead, a new system consisting of "self-assessment, declaration and claiming, and retention of relevant documents for future inspection" is adopted. In this new system, the tax bureau will not require the physical submission of relevant documents to prove the tax benefit.

4. China Published Cryptography Law

On October 26, 2019, *Cryptography Law* was published and will come into effect on January 1, 2020.

The Cryptography Law distinguishes between core, common and commercial cryptography. Core and common cryptography are used to protect the country's confidential information. Such cryptographic codes are considered state secrets. Commercial cryptography serves the protection of private information and can be used by citizens, legal persons and organizations in accordance with law to ensure the security of cyberspace and information.

The Cryptography Law stipulates that respective authorities have to treat foreign-invested and domestic enterprises and other agencies engaging in scientific research, production, sales, services, import and export of commercial cryptography equally and must encourage commercial cryptography technology cooperation based on the principle of voluntariness and business rules in the course of foreign investment.

Such equal treatment is in line with the new Foreign Investment Law (FIL) that will become effective on January 1, 2020.

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