



Dear Sir or Madam,

Please find enclosed our update on the latest developments on Chinese Tax Law.

Kind regards,
CMS, China

Circular Number	Issuance Date	Effective Date	Topic	What is new?
SAT Announcement [2021] No. 24	2021-07-26	2021-09-01	Simplified procedures of unilateral Advance Pricing Arrangements	<p>The Announcement has clarified the key points for application for the simplified procedures for unilateral advanced pricing arrangements (“APAs”) and the relevant documents that should be submitted for the application. The key points that are worth attention of this Announcement mainly include the following:</p> <ul style="list-style-type: none">• The simplified procedures include three stages: application for evaluation, negotiation and signing, and monitoring of enforcement.• During the past three years before the tax year in which an enterprise receives the tax notice issued by the competent tax authority for accepting the application, if the annual related party transaction amount exceeds RMB 40 million and the enterprise satisfies any of the following three criteria, the enterprise may apply for the simplified procedures:<ol style="list-style-type: none">(1) The enterprise has provided the tax authorities with the contemporaneous documentation as prescribed in SAT Announcement [2016] No. 42 for the three tax years prior to the year when the application is submitted;(2) The enterprise has executed an APA for the past ten years before the tax year in which it files the application, and the execution outcome met the APA requirements; or(3) The enterprise has been subject to special

				<p>tax adjustment made by the tax authorities during the past ten years before the tax year in which it files the application and the case has been closed.</p> <ul style="list-style-type: none"> The enterprise leaning towards the application shall submit to the competent tax authority the application package including an application form and an application report that addresses the basic information of the enterprise and the related party transactions that will be subject to the APA, the financial status of the enterprise, description of the functions and risks involved in the unilateral APA, the pricing methodology adopted by the unilateral APA as well as the function and risk analysis, benchmark analysis and the assumptions of the analysis, the value chain or supply chain analysis, description of the market conditions, the business scale during the applicable periods of the unilateral APA and the relevant laws and regulations that have impact on the unilateral APA, etc. Unilateral APAs shall apply to related party transactions that occur during the three to five years from the tax year in which the competent tax authorities issue the tax notice for accepting the application.
<p>Cai Guan Shui [2021] No. 34 jointly released by the Ministry of Finance, the General Administration of Customs, the State Administration of Taxation and the Civil Aviation Administration of China</p>	2021-07-02	2021-07-02	<p>Policy for fuelling the flights entering and exiting from the Hainan Free Trade Port with bonded aviation oil</p>	<p>The Circular has clarified the policy for fuelling the flights which enter and exit from the Hainan Free Trade Port with bonded aviation oil.</p> <p>Before the whole island of Hainan is subject to independent customs operation, the domestic route flights and those international route flights operated by domestic airline companies are allowed to be fuelled with bonded aviation oil at the international aviation ports in the island. For such bonded aviation oil, import duty, import VAT and Consumption Tax are exempted. Voluntary payment of import VAT is allowed when the customs declaration is made.</p>

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About CMS, China

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Our team of legal experts are from China, Germany and the UK, and have an in - depth knowledge and understanding in many industrial sectors such as automotive, manufacturing, machinery and equipment, life sciences and healthcare, energy, banking & finance and TMC. We focus on serving the needs of our clients and on providing them with solution driven and business-oriented advice.

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