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New Financial and Tax Policies

Service Cases

Brighture Salon

Brighture 2021 Spring Outing

KRESTON News

Seniority as of now

*BRIGHTURE, 19 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

1. In order to support the reorganization of enterprises and institutions and optimize the market environment, **the State Administration of Taxation of the Ministry of Finance issued the Circular on Continuation of Deed Tax Policy in Respect of Enterprise and Institution Reorganization (SAT [2021] No. 17), which reads:**

① **In the merger of two or more companies into one under the law or the contract with the continuous existence of the original investment entity, deed taxes shall be exempted from the merged company that takes up the land and housing ownership of the original parties.**

② **In the spin-off of one company into two or more under the law or the contract with the same original investment entity, deed taxes shall be exempted from the spun-off companies that take up the land and housing ownership of the original company.**

③ **In the transfer of land and housing ownership between the enterprises of the same investment entity, including the transfer of land and housing ownership between the parent company and its wholly-owned subsidiary, between the wholly-owned subsidiaries of the same company, between the same natural person and its sole proprietorship enterprise or one-person limited company, deed tax shall be exempted. Where the parent company increases its capital to its wholly-owned subsidiary in the form of land or housing ownership, it shall be regarded as transfer and deed tax shall be exempted.**

**This Circular shall take effect from January 1, 2021 up to December 31, 2023.**

2. In order to implement the employment priority policy set out in the Government Work Report of 2021 and continue to strengthen efforts and increase efficiency, the Ministry of Human Resources and Social Security, National Development and Reform Commission, Ministry of Education, Ministry of Finance, and the Central Military Commission Defense Mobilization Department jointly issued the **Notice on Continuation of Policies on Employment Stabilization and Job Creation (MHR & SS [2021] No. 29)**, which provides:

① **The policy of refunding universal unemployment insurance benefits will remain effective.** The insured enterprises that did not lay off employees in the previous year or whose rate of layoff is no higher than the national surveyed urban unemployment rate, and those with fewer than 30 employees whose rate of

layoff is no higher than 20% of the total number of insured employees, may apply for unemployment insurance refund. **Large enterprises will be reimbursed no more than 30 percent of the unemployment insurance premiums actually paid by them and their employees in the previous year, while small, medium and micro enterprises will be reimbursed no more than 60 percent.**

② **Small, medium and micro enterprises that have stopped their operations but retain the employees under the on-the-job-training policy. Small, medium and micro enterprises that recruit disadvantaged job-seekers, members of zero-employment families, college graduates within two years after graduation and registered unemployed under work-based training scheme will be given vocational training subsidies according to the number of employees recruited.** Where an enterprise has temporary difficulties in production and operation and retains its workers for work-based training, vocational training subsidy shall be given according to the number of workers retained for work-based training.

**The application for the above two policies will be accepted and handled by December 31, 2021.**

3. In order to protect the safety of enterprises and the legitimate rights and interests of workers in the scorching summer, **Shandong Provincial Department of Human Resources and Social Security (SPDHRSS), Shandong Provincial Department of Finance, Shandong Provincial Health Commission and Shandong Provincial Taxation Bureau of State Administration of Taxation jointly issued the Notice on the Standard of Summer Subsidies for Enterprise Staff (SPDHRSS [2021] No.64)**, which stipulates:

The criteria of summer subsidies for enterprise staff are adjusted as follows: **300 Yuan per person per month for workers involved in outdoor operation and subject to high-temperatures; 180 Yuan per person per month for other operators. Summer subsidies shall be paid in four months: June, July, August and September. The expenses involved shall be charged in the cost of the enterprise.**

**This Notice shall take effect from June 1, 2021.**







### Case of Financial and Taxation Services

**Background:** A home decoration company has been established for three years, during which its books have been maintained by a part-time accountant in a rough manner based on the financial documents obtained. With the continuous company development and the increasing number of projects, the company management urgently needed financial data to support project pricing. However, the rough financial information could not be relied on for decision-making. Under the advice of friends, the company management came to Brighture for help.

**Services provided:** The professional financial and tax consultants of Brighture visited the enterprise and determined that the financial accounting should be based on the refined accounting of each project according to the needs of the customer. They broke down the costs into material costs, labor costs and travel expenses and so on for each project, recognized revenue and cost according to project completion percentage, and accurately calculated the profitability of each project, thus providing data support for the subsequent project pricing and improving the company's profit level.

### Friendly Reminder

With the continuous development of enterprises, the requirements to financial and accounting staff become higher and higher from bookkeeping accounting to management accounting. Financial and accounting staff shall not only provide data of past operating results, but more importantly, suggestions on financial management for future development, on project pricing and profit improvement, so as to make contribution to the safe and steady development.

As a professional financial and tax service organization, Brighture can customize the accounting method according to the needs of the enterprise, which complies with the relevant accounting standards on the one hand, and provides the financial data required by the company management on the other, and become a think tank member and intimate tax manager of the management.

The Brighture 5<sup>th</sup> Salon for 2021 was held through direct broadcast from 19:00 to 20:00 on May 28, 2021 under the theme of **“Analysis and Understanding of Tax Policies for Cross-Border E-Commerce”**.

The resource person for this event was **Crystal, Tax Rebate & AI Dept., Intermediate Accountant, who has six years working experience in Brighture, with solid theoretical foundation and vast work experiences.**

*The lecture covers three aspects, namely: **About cross-border e-commerce, Favorable policies for cross-border e-commerce, and Customs regulations, laws and policies for cross-border e-commerce***

## **(1) About cross-border e-commerce**

Cross-border e-commerce refers to a kind of international business activity in which entities belonging to different customs territories agree on a deal through e-commerce platform, effect electronic payment, and deliver goods through cross-border e-commerce logistics and remote warehousing to complete the transaction. In recent years, cross-border e-commerce has been booming and has become an important driving force for the transformation and upgrading of foreign trade. Currently, **there are mainly two models of cross-border e-commerce: business-to-business (B2B) and business-to-consumer (B2C).**

## **(2)Favorable policies**

In order to support cross-border e-commerce retail export, the State has rolled out a number of favorable policies.

① **Checklist customs clearance:** Cross-border e-commerce export enterprises delivers the "three documents information" (commodity information, logistics information, payment information) to the "unified window", and the Customs will review the "checklist" and process the cargo release. This reduces the customs clearance duration and costs.

② **Summary statistics:** E-commerce enterprises will no longer declare in a summarized manner qualified e-commerce export commodities. Instead, the competent Customs authorities will make summary statistics in accordance with the Declaration List, and report directly to the General Administration of Customs after examination and verification for itemized statistics on the declaration data.

③ **Simplified declaration:** For B2C cross-border e-commerce export commodities that are not involved in export tax, import tax rebate or license management, e-commerce enterprises can declare as per 4-digit tax code of Import and Export Tariff (the original tax code was 10 digits), provided that the value of the commodities per order is less than RMB 5,000 Yuan.

④ **Export returns are allowed in special areas:** At present, the modes allowing export returns through cross-border e-commerce channels include the general export (9610 export) mode of cross-border e-commerce in the comprehensive pilot area.

⑤ **“Invoice-free tax exemption” and “verification tax collection”:** “Invoice-free tax exemption” means that so long as an export business is registered within a comprehensive pilot area, it needs only to provide relevant purchase information such as seller's name, taxpayer identification number, goods name, quantity, unit price and total amount for VAT exemption; corporate income tax is collected through “verification”.

⑥ **Convenient foreign exchange settlement:** E-commerce enterprises and individuals registered in the cross-border

e-commerce comprehensive pilot zone are allowed to open individual foreign exchange bank accounts for direct receiving and paying foreign exchange related to cross-border e-commerce on the strength of the import and export agency contract (agreement) or waybill signed with the agent without being limited to the maximum of US \$50,000 annual on individual foreign exchange settlement. Besides, the ceiling on the amount of each transaction of goods will be gradually raised.

## **(3) Customs regulations, laws and policies for cross-border e-commerce**

Cross-border e-commerce will face a variety of risks in operation in such areas as intellectual property rights, cross-border e-commerce retail import and export, smuggling, and so on.

① **Intellectual property border protection and intellectual property disputes are the main legal risks faced by Chinese sellers in cross-border e-commerce export business.** Many of the production enterprises engaged in cross-border e-commerce on the e-commerce platform were originally OEM factories, with certain processing and production capacity without the ability of product research, development and design. They merely produce and sell products by imitation plus minor modification. **Our esteemed clients are advised to conduct due diligence before embarking on cross-border e-commerce production and international trade.** At the same time, they must understand that trademarks and patent rights have very strict regional restriction. Therefore, if an enterprise wants to go international, registration application must go first.

② **Incorrect declaration is a common violation in cross-border e-commerce activities.** Compared with general trade, cross-border e-commerce is featured by more commodity categories, smaller amount and high frequency, leading to frequent mistakes in customs declaration. **Our esteemed clients are advised to make truthful declaration and at the same time, establish commodity quality and safety risk prevention and control mechanism.**

③ **Misrepresenting ordinary trade as cross-border e-commerce trade is a common practice.** When some illegal cross-border platforms solicit shippers with demand for customs clearance, they take advantage of the psychology of the shippers who do not understand the national cross-border e-commerce policy and hope to clear the goods at a low price quickly, and smuggle the goods that should have been imported through general trade in disguise of cross-border e-commerce goods. **It is advised that cross-border e-commerce enterprises stay away from any kind of malpractice and operate in compliance with laws and regulations.**

As a professional service agency, we can provide reasonable advice from multiple perspectives such as tax and legal affairs to help our esteemed clients focus on their business with a peace of mind. If you have any questions about finance and taxation, please feel free to contact us.

## *The Preview of next Salon*

The Brighture's 6<sup>th</sup> Salon for 2021

Theme: The Individual Income Tax Planing for Employees, Managers and Shareholders

Time: June 25, 2021, 19:00-20:00

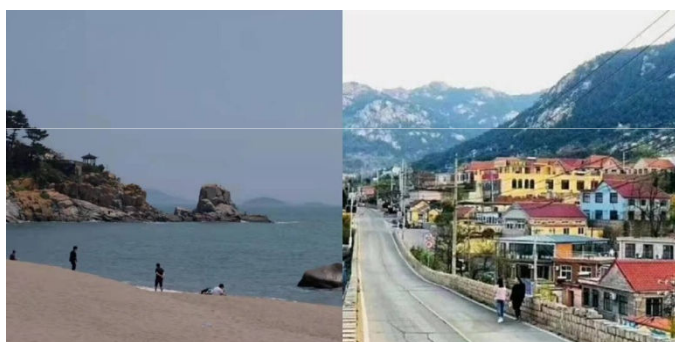


The "Blooming Spring • Embracing Nature" theme team activity was held on May 22, 2021 to allow colleagues enjoy the beauty of nature. Colleagues went to the beautiful countryside where they admired the grand natural beauty, tasted country food, and released their mood.



At 8:00 a.m., when the morning sun shone through the clouds to the earth, we arrived at the assemble place. Facing the rising sun, we drove to the beautiful village near the mountain and sea.

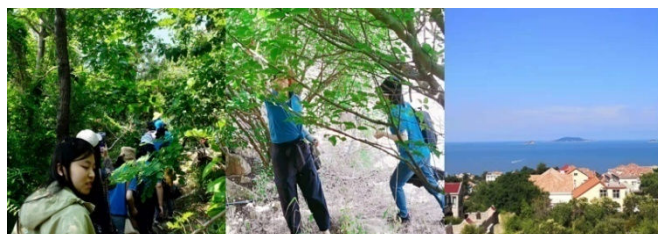
The bus was full of laughter, and outside the window was a scroll of picturesque scenery: red roofs, green trees, clear sea, blue sky, docks, and fishing boats.....



This year is the 6<sup>th</sup> year since Brighture joined Kreston which is the 13<sup>th</sup> accounting network in the world, and the 50<sup>th</sup> anniversary of Kreston. We take this opportunity to celebrate the 50<sup>th</sup> anniversary of Kreston and wish Kreston a happy birthday and lasting success from the beautiful coast of China.



The end of spring and beginning of summer is the time when cherries are ripe. We first went to the cherry orchard on the hillside by the sea to taste cherries. The air in the garden was particularly fresh, with plump red cherry blossoms dotted in the green hills and trees and the sea below your feet. Simply beautiful! While admiring the sea view, we tasted the sweet cherry, enjoying double feast of vision and taste.



On the beach, all the members were randomly divided into two teams for an interesting game in order to test and enhance the tacit understanding between the team members.





The first game was "telling the song's name". As soon as a piece of music was played, the two teams rushed to get the microphone and tell the song's name. The members of the two teams rivaled with each other during the game, and their laughter merged with the sound of the waves into a beautiful symphony. In the end, the first team took the lead.



Then there was the game of "Untie the Bracelet". The members of each team formed a "net" hand-in-hand, and dissolved the "net" into a circle without anyone letting go. During the game, people needed to be flexible and cooperate with each other. It was a double test of physical strength and intelligence through "S-shape" twisting, untying the bracelet in the same direction and other difficult actions. In the end, the first team won



After the games, we were hungry and went to a cottage where we enjoyed the native specialty dishes and traditional steamed bread.



The good time always passes quickly. The activities came to an end in the blink of an eye. The friendship and warmth of the big family of Brighture will stay in the mind of every member forever. Unity, friendship, vitality, responsibility, is our pursuit; There is no perfect individual, only a perfect team, and that is our constant belief!

We expect the same next time!



# Recent Events of Kreston

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

1. To help Kreston members and clients increase their awareness of transfer pricing and the risks associated therewith, Kreston has published the first edition of Transfer Pricing Information 2021, covering transfer pricing developments in India, Italy, Mexico, Singapore, Spain, the United States and Venezuela.

2. In Market Spotlight of May, Anneke Van Blerk from Kreston South Africa shares her marketing strategy for building brand awareness and leading a generation in target markets. The hot issues also include the latest on upcoming Kreston brand updates and digital upgrades, as well as the creation of new modules on Kreston's new website "Global Project at....."

3. The Kreston IFRS webinar was launched on May 06, moderated by Andrew Collier, Director of Quality and Professional Standards of Kreston, with Helen Kerrigan, Director of Future Financial Training as a guest speaker. This workshop, which presented changes to IFRS and their potential impact on Kreston members, attracted more than 110 audit professionals.



4. Kreston will have its crucial mid-year conference on June 17, London time, which will include the latest developments on the Kreston initiative and development. Present at the conference will be Kreston Chairman Rich Howard, Chief Executive Officer Liza Robbins, Head of Quality and Professional Standards Andrew Collier and Marketing Director Virginia Cook.

5. Kreston plans to launch a new official website in July that aims to improve continuous customer experience and website security. With the launch of the new site, Kreston will provide its member companies, if they need, with new templates that can be easily updated for a membership fee.





**Crystal Shi**

Tax Rebate & AI Dept.  
Intermediate  
Accountant  
-6 Years

**Motto:**

Study, study, study again!  
The more a man learns, the more he  
sees his ignorance



**Mia Liu**

Tax Rebate & AI Dept.  
-2 Years

**Motto:**

Not to find a reason for failure, to  
find a way to success.

*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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We provide domestic and foreign enterprises with financial, tax, legal, audit and business services leveraging our 19 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.