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New Financial and Tax Policies

Service Cases

Brighture Salon

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 micro, small and medium-sized enterprises in the manufacturing industry and promote the operation of industrial economy, the **State Administration of Taxation (SAT) and the Ministry of Finance issued the "Matters Concerning Postponing Payment of Certain Taxes and Fees for Micro, Small and Medium-sized Enterprises in Manufacturing Industry in Q4, 2021(SAT[2021] No.30)"**, which provides:

(1) **Micro and small enterprises in the manufacturing industry with annual sales of 20 million Yuan or less will have their taxes fully deferred while medium-sized manufacturing enterprises with annual sales of 20 million Yuan to 400 million Yuan will have 50% of their taxes deferred. The tax deferment will be in effect from November 1, 2021 up to the.**

(2) The micro, small and medium-sized enterprises in the manufacturing industry refers to an enterprise in the manufacturing industry by national economic industrial classification with annual sales of more than 20 million Yuan (including 20 million Yuan) and less than 400 million Yuan (excluding 400 million Yuan).

The micro and small enterprises in the manufacturing industry refers to an enterprise with annual sales of less than 20 million Yuan (excluding 20 million Yuan)

(3) **The taxes deferred include corporate income tax, individual income tax (except withholding), domestic value-added tax, domestic consumption tax for October, November and December 2021 (paid on monthly basis) or the fourth quarter of 2021 (paid on quarterly basis) together with the taxes attached thereon, such as urban maintenance and construction tax, education surcharge, local education surcharge, excluding the tax paid when applying to the tax authority for issuing invoices.**

(4) After filing tax returns, the payment of the above taxes and fees by micro, small and medium-sized enterprises in the manufacturing industry may be postponed for a period of 3 months, and upon expiration of such period, the deferred taxes shall become payable forthwith.

These provisions shall take effect on November 1, 2021.

2. In order to implement the revised Individual Income Tax Law of the People's Republic of China, the Ministry of Finance and the State Administration

of Taxation issued the Notice on Transitional Issues of Relevant Preferential Policies after the Revision of the Individual Income Tax Law [CAISHUI(2018)No.164]. Here are the matters in connection with individual income tax preferential policies:

Where the annual lump sum bonus received by an individual resident is eligible for the provisions in the Notice of the State Administration of Taxation on Adjusting the Calculation Methods of Individual Income Tax for Annual Lump Sum Bonus Received by Individuals (SAT Document (2005) No.9), **it will not be incorporated into the comprehensive income of the current year before December 31, 2021; instead, it shall be divided by 12 months and be used to determine the applicable tax rate for quick-calculation deductions according to the consolidated income tax rate table converted on a monthly basis attached to the Notice, and the tax shall be calculated separately. Effective from January 1, 2022, the annual lump sum bonus received by individual residents shall be incorporated into the comprehensive income of the year for the purpose of individual income tax.**

That is to say, there are two methods to calculate individual income tax for year-end bonus obtained in 2021, namely separate calculation and consolidated calculation; while in 2022, there is only one method, namely the consolidated calculation.

The separate calculation and consolidated calculation apply to different year-end bonus distribution methods. Before December 31, 2021, we may elect to take the suitable method for distribution of year-end bonuses.





Case of Financial and Taxation Services

Background: A trading company was established in 2020, and an agent accountant was engaged to keep its accounting books. Later, the company management found that the accountant did not follow the standards for foreign trade enterprises and declare tax refund in time, and when some common questions were asked by the management, was unable to provide satisfactory and professional answer. The management realized that such an incompetent accountant was bound to cause risks and even losses to the enterprise, so they decided to outsource finance and accounting services from professional consulting companies. It eventually contracts Brighture to provide services including financial and taxation management, consultation and export tax refund.

Service provided: After the professional financial and tax consultants of Brighture knew the problems, they paid a field visit to the actual controller and had a detailed understanding of the business operation and specific requirements for financial management. A set of financial workflow was established to ensure the smooth financial operation. Besides, they declared tax refund in a timely manner, thus promoted the healthy development of the enterprise.

Friendly Reminder

Financial staff should reflect the financial situation of enterprises objectively and fairly through professional fiscal and tax treatment to ensure the safety of enterprise funds. At the same time, they should be members of the think tank at the decision-making level to provide advice, help prevent and control risks from the origin, and guarantee the compliance operation of enterprises with professional knowhow.

Brighture's fiscal and financial service team and export-duty refund service team have vast and pragmatic experiences in foreign trade businesses, and are able to provide professional advice for enterprises.

The Brighture 10th Salon for 2021 was held in Shinan Office from 14:00 to 16:00 on October 29, 2021 under the theme of “Review of Business Contracts”.

The lecturer for this event was Susan, Deputy General Manager of Brighture, who has lawyer's qualification in both China and Australia, and was the legal director of a Fortune 500 American company, with decades of legal practices and experiences in business operation and administration, and unique service concept in corporate management, organization design, legal risk prevention and control.

The lecture focused on “review business contracts from a legal point of view, from financial point of view, and from business point of view”

(1) How to review business contracts from a legal point of view

- ① Information of both parties. In the first part of the contract there shall be stated the name, address, person-in-charge of the parties.
- ② The background and purpose of the contract must be clearly stated. Before the terms and conditions of the contract, there is usually a "WHEREAS" part, which mainly describes the background and purpose of the contract. In case of future disputes, it can be used to clarify whether the fundamental purpose of the contract has been violated, or to claim that the other party does not have the relevant ability described in the "WHEREAS" part.
- ③ The rights and obligations of both parties. The description of rights and obligations should be detailed, accurate and represent the results of contract negotiations and be enforceable. The vast majority of enterprise contracts are bilateral contracts, which means where there are rights there must be obligations, and rights and obligations should be equal or basically equal.
- ④ The agreement of the notice clause. Since the notified party often denies the performance of obligations mentioned in the notice on the ground that it has not received the notice, we should specify various modes of communication in the contract and require both parties to ensure that the channels of notice are smooth. If a party changes the address without notification of the other party, it shall be liable for failure to receive the notice. Nowadays, there are advanced mobile internet applications which greatly enhanced the communications between people, therefore, in addition to the traditional mail notice, e-mail notice and so on, Wechat, QQ and other notification methods should be included in the contract.
- ⑤ Clause of execution and entering into force. The conditions for execution and entering into force of the contract must be clarified, such as the requirement that the contract be sealed and signed by the legal representative.

(2) How to review business contracts from a financial point of view

- ① Review contracts in terms of cash flow and profit and loss, and make sure cash flow and profit on this contract are positive.
- ② Consider other hidden costs such as internal control and implementation costs. The execution processes for some contracts are more complex, involving customers, suppliers, procurement, R & D, production, storage, sales and so on, thus causing high cost of internal control and execution coordination, therefore, attention should be paid to the impact of this factor.
- ③ Make sure the contract meets the internal management requirements.
- ④ Pay attention to the time of receipt and payment, the method of receipt and payment and the account number.

The shorter the collection time, the better. Pay attention to the language used in the contract, for instant, there is a great difference between “payment shall be made within 3 working days after acceptance” and “payment shall be made after 3 days after acceptance”.

- ⑤ Tax risk should avoid as far as possible, a tax planning is advised.
- ⑥ When reviewing a contract, financial personnel should pay attention to the following: enterprise information, credit qualification, settlement terms, contract amount, stamp duty, invoice requirements, and contracts involving special matters.

(3) How to review business contracts from a business point of view

- ① In view of the risk and taking consideration of the company situation, the following operation factors should be looked at closely:
- ② Whether the enterprise has the ability to perform the contract in respect of capital, personnel, technology, etc.;
- ③ The subject matter and delivery method;
- ④ Place of delivery, arrival acceptance;
- ⑤ Quality clauses;
- ⑥ Whether there are project risks and business risks (installation, integration, service);
- ⑦ Where the contract is for the purchase of raw materials, the quantity, time, quality, warranty, return, whether it meets the plan, etc.;
- ⑧ Where the contract is for sales, the price, warranty, quantity, delivery time, credit terms, sales incentives, quality provisions.

In reality, contract types are numerous and complex, and each enterprise has its own characteristics. This lecture provides roughly a general framework. Enterprises should pay more attention to contract review and management, and based on their own situation, formulate a detailed management mode covering the whole process and all the links, so as to ensure that the contracts entered into have minimum risks and maximum profits. As a professional service provider, Brighture is committed to helping businesses prevent and control risks in an all-round way and becoming partners for enterprise.



The Preview of next Salon

The Brighture 11st Salon for 2021

Theme: Matters needing attention in related party transactions

Time: Nov.26, 2021, 19:00-20:00

Recent Events of Kreston

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

1. The InTax Coffee created by the Global Tax Group (GTG), will be held on November 9th to allow all Kreston members to discuss international tax topics that affect (or could affect) our clients' business activities. Guillermo Narvaez, TECHNICAL Director of the GTG, and Ganesh Ramaswamy, Asia-Pacific Regional Director of the GTG, will co-chair the first hour of the session and lead the discussion on the topic of "Tax residence of individuals and legal persons and its context before a potential double taxation."
2. Nam Nguyen from Kreston NNC, Vietnam, published "Dealing with Vietnam cashflow issues during COVID-time" at Kreston Global. This article will help readers familiarize themselves with regulatory requirements and tax implications. The author noted that while COVID-19 is still prevalent in Vietnam and many other countries, proper cash flow management is important for affected businesses. Some companies may consider funding their Vietnamese subsidiaries to help them cope with cash flow difficulties. Others may consider options such as suspending operations in Vietnam or even opting out. Nam emphasized that grants or debt waivers will trigger the corporate income tax obligations of the Vietnamese subsidiaries as they will be treated as taxable income of the subsidiaries. This will have no VAT implications unless the grant or debt waiver is in exchange for goods or services provided by a Vietnamese subsidiary.



3. Kreston's Annual General Meeting 2021 will be held online via Zoom on Thursday 11 November 2021 at 15:00 (UK time).
4. Kreston Global has appointed Theo C Theodoulou as Chair of the Kreston Global Audit Group. Theo is a director of Kreston Global member firm Kreston Ioannou & Theodoulou Ltd (Kreston ITH), based in Nicosia, Cyprus. He is also a non-executive board member at the Cyprus Securities and Exchange Commission (CySEC) and the president of the Audit Committee of CySEC. Theo takes over the Audit role from Andrew Collier, who has overseen Kreston Global's Audit offering since 2011 and is stepping aside to focus on his role as Director of Quality and Professional Standards. As Chair, Theo will be primarily responsible for coordinating the Kreston Global Audit Group and ensuring the team remains up to date on international audit developments.
5. Kreston invited Saket Modi, founder and director of Square Mile Consulting, to join webinar in order to introduce International Public Sector Accounting Standards (IPSAS) via Zoom on December 1.



Ada Song

Chinese
Dept. 2

-5 Years



Fiona Du

Shanghai
Dept.

-4 Years



Elaine Wang

Tax Rebate &
AI Dept.

-4 Years

Motto: Think hard and win

Motto: No fear and regret

*Motto: Faith will move
mountains*

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 13th 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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Disclaimer: The information contained herein is for reference only, please refer to the relevant laws, bylaws and judgment made by local administrative authorities.

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 13th largest accounting network in the world.