

BRIGHTURE NEWSLETTER [No. 264]

September 2021

New Financial and Tax Policies P1

Brighture News P2

Brighture's Answers to Hot Topics P3

About Us P4

2021

Important New Financial and Taxation Policies

1. To implement the Urban Maintenance and Construction Tax Law, **the Ministry of Finance and the State Administration of Taxation issued an announcement on Continuation of Preferential Policies for Urban Maintenance and Construction Tax**, which provides:

①Urban maintenance and construction tax shall be exempted for standard gold sold by the members of Gold Exchange through Gold Exchange and physically delivered

②Urban maintenance and construction tax shall be exempted for standard gold sold by the members of Shanghai Futures Exchange and the customers through Shanghai Futures Exchange and physically delivered or withdrawn from the vault.

③Urban maintenance and construction tax shall be exempted for National Foundation for Major Water Projects

④From January 1, 2019 to December 31, 2021, urban maintenance and construction tax can be reduced within 50% of the tax amount for small-scale VAT payers

⑤From January 1, 2019 to December 31, 2021, urban maintenance and construction tax can be reduced or exempted in cities that support ex-soldiers in starting businesses and finding jobs on their own.

⑥From January 1, 2019 to December 31, 2025, urban maintenance and construction tax can be reduced or exempted in cities that support focus groups in starting businesses and finding jobs

This Announcement shall take effect on September 1, 2021.

2. Based on the full-caliber average wages of urban employees in Shandong province in 2020, **Shandong Provincial Department of Human Resources and Social Security and Shandong Provincial Medical Security Bureau issued an announcement on the Upper and Lower Limits of Social Insurance Premium Base in 2021**, which provides:

The upper and lower limits of monthly premium base of basic endowment insurance, unemployment insurance, work-related injury insurance and basic medical insurance for employees in Shandong province in 2021 are 18,726 Yuan and 3,746 Yuan respectively.

3. In order to strengthen the administration of the collection and use of Employment Security Funds for the disabled and promote the employment of the disabled, **Qingdao Finance Bureau issued a circular to extend the validity period of the Administrative Measures on Collection and Use of Employment Security Funds for the Disabled of Qingdao**, which stipulates:

The Administrative Measures on Collection and Use of Employment Security Funds for the Disabled of Qingdao (QCG[2018]No.12) with a validity period from September 20, 2018 to September 19, 2021 shall remain in force **until September 19, 2026.**

Brighture Salon in Qingdao



Susan Li

Deputy General Manager

A qualified lawyer in both China and Australia, former Legal Director for South-East Asian and Grant China Region of Kellogg, (Fortune 500), with decades of legal practices and experiences in business operation and administration.

The Brighture 8th Salon for 2021 was held through direct broadcast from 19:00 to 20:00 on August 28, 2021 under the theme of “Enterprise labor risk analysis and counter measures”, on which Susan, the resource person for this event, presented her lecture on “the confirmed employment stage and the stage of dissolution of employment”.

1. The confirmed employment stage:

The employer may unilaterally adjust the positions of the workers for reasons such as operation and management needs and organizational adjustment.

The transfer of the position of the laborer is divided into agreed transfer and statutory transfer. **As for the agreed post transfer, Article 35 of the Labor Contract Law stipulates that the employer and the laborer may change the provisions in the labor contract upon consensus.** As for statutory post transfer, Article 40 of the Labor Contract Law only provides that the employer has the right to post transfer under two circumstances: the laborer is "unfit for work" and the laborer is "unable to take the original work after medical treatment". Neither the Labor Contract Law nor the Regulations on the Implementation of the Labor Contract Law contain any provisions for the employer’s right to post transfer under other circumstances.

In practice, it is not uncommon that the employer transfers the workers subject to the labor contract or the rules and regulations of the employer. **Where the contract or the rules and regulations stipulate that the employer can unilaterally adjust the position of the workers, such transfer should be regarded as reasonable.** The judgment of rationality should generally take into account labor contract, reasons for post transfer, whether there is negotiation and effective notification, whether there is a significant difference in the salary after the transfer or there is a big difference on the new post after the transfer (including work content, working hours, working environment, labor protection, etc.), and whether the workers themselves are competent to the new position.

2. The stage of dissolution of employment:

① **Dissolution of employment** refers to the dissolution or termination of the rights and obligations of both parties due to some reasons during the performance of labor contract.

The termination of the labor contract refers to the termination of the validity of the labor contract under applicable law, that is, the labor relationship established by the labor contract determines due to the emergence of certain legal facts whereupon the original rights and obligations between the laborer and the employer no longer exist.

② **Termination of labor contracts can be divided into three categories: termination through negotiation by both parties, unilateral termination by the laborer and unilateral termination by the employer.** In case of unilateral termination by the worker, it can be executed by giving the employer 30 days’ written notice (3 days during probation period), or termination at any time without notice. In case of unilateral termination by the employer, it can be effected in three manners: termination without notice, by giving the laborer 30 days’ written notice (or pay one month's salary in lieu of notice), and layoff on economic ground. Different ways of termination follow different procedures. In addition, the Labor Contract Law also requires the labor union to be notified of the reasons in advance for the unilateral termination of the labor contract by the employer, and the consideration by the employer of the opinions of the labor union and giving written notification of the final decision by the employer.

As a professional service agency, Brighture provides esteemed clients with one-stop services in finance, taxation, law, auditing and businesses, addresses their questions, helps them prevent and control risks in an all-round way, and is a genuine partner of enterprises.

The Brighture 9th Salon for 2021

Theme: Supervision situation and tax-related warnings after launch of Golden Tax IV

Time: 19:00 to 20:00, September 24, 2021

Brighture's answers to hot topics

Q: My company has established a packaged business travel reimbursement system under which transportation expenses are reimbursed as claimed, catering and lodging allowance are paid as per the town of the business, and any excess is born by the employee concerned. Can these expenses be deducted minus invoice before tax?

A: It is not permitted. The pre-tax deduction shall be subjected to the principle of authenticity and relevance of business and based on legal pre-tax deduction certificates. Subject to Announcement No. 28 of 2018, there are internal certificates and external certificates, with invoice being the most important external certificate. If the transaction is taxable and the payee is tax-registered, an invoice should be obtained as proof for pre-tax deduction. **Therefore, subject to the provisions of Announcement No. 28 of 2018, there must be invoices for the cost of meals and accommodation incurred for corporate business travel as proof of pre-tax deduction.** Many enterprises have travel expenses package system and reimburse the expenses without invoice, constituting certain tax risks in connection with pre-tax deduction. Implementation of such reimbursement system is the company's internal regulation which must not contradict the tax law in any way.

Seniority as of now:



Jessica Li
Operation Dept.
15 Years
Motto: Work as hard as anyone else.



Amy Zhang
English Speaking Dept. 4
10 Years
**Motto: Emulating water, nourishing but never competing with all things;
God rewards those who help themselves**

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

Contact Us

Shanghai Office, China

1612, Tomson Financial Tower, 710 Dongfang Road Pudong New District
 Tel: +86-21 6876 9886
 E-mail: cpash@brighture.com



Qingdao Office, China

602, A Fulin Building, 87 Fuzhou South Road Shinan District
 Tel: +86-532 8597 9808
 E-mail: cpaqd@brighture.com



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.