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Seniority as of Now

BRIGHTURE, 21 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. To promote the quality development of IC industry, **The Notice on Policy of Value-added Tax Mark-up Deduction for IC enterprises (CAISHUI [2023] No.17)** has been jointly issued by the Department of Finance (Bureau) of all provinces, autonomous regions, municipalities directly under the Central Government and cities with independent planning status and the Department of Finance of Xinjiang Production and Construction Corps as well as the tax bureaus of provinces, autonomous regions, municipalities directly under the Central Government and cities with independent planning status. Following are the major provisions thereof:

(1) **From January 1, 2023 to December 31, 2027, enterprises engaged in integrated circuit design, production, post-sealing test, equipment and material (hereinafter referred to as IC enterprises) are allowed to deduct value-added tax payables as per current deductible input tax with a 15% mark-up.**

(2) **IC enterprises may provide for 15% of current deductible input tax.** However, provision of deductions with mark-up shall not be made for the input tax corresponding to the purchase of chips and the input tax that cannot be deducted from the output tax according to current regulations; If the provision for mark-up deduction of input tax has already been made and the amount of mark-up tax credit is transferred out according to the current regulations, the amount of mark-up tax credit shall be adjusted accordingly during the current period of the input tax transfer.

(3) After the enterprise calculates the tax payables under the general tax calculation method in accordance with the current regulations (hereinafter referred to as the pre-deduction tax payable), it shall calculate the deductions in the following manner according to the circumstances:

A: If the pre-deduction tax payable is zero, the total amount of mark-up tax credit in the current period shall be carried forward to the next period;

B: If the pre-deduction tax payable is greater than zero and greater than the mark-up tax credit in the current period, the current deductible shall be deducted in full from the pre-deduction tax payable;

C: If the pre-deduction tax payable is greater than zero but smaller than or equal to the mark-up tax credit in the current period, the tax payable shall be reduced by the current period mark-up tax credit up to zero, and the balance of the current period mark-up tax credit shall be carried forward to the next period.

(4) **The mark-up tax credit of an IC enterprises that should have been made as provision but actually not so provided may be provided in the current period when the mark-up deduction policy is applicable.**

(5) Where an integrated circuit enterprise is eligible for several VAT mark-up deduction policies, it may elect to apply the most favorable one, and no policy overlay is befitted during the same period.

2. In order to promote the small and micro enterprises, **the Ministry of Finance (MOF) issued the Announcement on the Continuation of the Preferential Policy of Employment Security Fund for the Disabled (MOF [2023] No.8.)**, with the following major provisions:

(1) The relief policy of employment security payments for persons with disabilities shall remain in force. Where the employment rate of disabled exceeds 1% (inclusive) but does not reach the proportion prescribed by the people's government of the province, autonomous region or municipality directly under the Central Government, the employment security fund for disabled shall be paid at 50% of the prescribed amount; Where the employment rate of disabled is lower than 1%, the same shall be paid at 90% of the prescribed amount.

(2) **Enterprises with less than 30 (inclusive) employees shall continue to be exempt from the employment security fund for the disabled.**

(3) This Announcement shall be effective from January 1, 2023 to December 31, 2027. For those who meet the conditions stipulated herein but have paid the fee, they may have the payment refunded according to the provisions.

3. In order to support the film industry, **the Ministry of Finance and the State Film Administration issued the Announcement on Policy of Temporary Exemption of National Film Industry Development Funds (CAIYING [2023] No.9)**, with the following major provisions:

Effective from May 1, 2023 to October 31, 2023, the national film industry development fund will be exempted.





Case of Financial and Taxation Services

Background: The general manager of a trading company chatted with a friend and learned that the business type of his friend's company was similar to that of his own company, but his own company paid much more tax than his friend's. Therefore, he contacted Brighture for assistance in tax planning.

Services rendered: Upon request, we had an in-depth communication with the general manager and learnt that the annual revenue of his company is tens of millions, with a profit of millions. After fully understanding the product type and operation mode of the enterprise, we suggested that two subsidiaries should be set up according to the type of products sold and make the profits of each subsidiary at about 1.8 million and 2.2 million respectively. In this way, they need to pay only around 200,000 Yuan per annum in corporate income tax in stead of over 1,000,000, reducing about 80% of tax burden.

Friendly Reminder

The state has introduced a series of tax relief measures for small, low-profit enterprises. However, these preferential policies have various conditions as the premise. If an enterprise does not meet these conditions, it cannot enjoy the preferential policies.

Our professional team can help the enterprise carry out tax planning such as the adoption of splitting and other methods on the basis of the specific development strategy, business model and organizational structure of the enterprise to help the enterprise meet the conditions reasonably and legally and reduce the tax burden.

Recent Events of Kreston

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

1. Triple Capital Accounting: Incorporating Environmental and Social Dimensions into Financial Reporting

Experts from Kreston Global and ESG Committee members Laurent Le Pajolec and Christina Tsiarta recently collaborated on an article on Triple Capital Accounting for International Accounting Bulletin. This article discusses the Importance of Triple Capital Accounting for Corporate Sustainability.

Triple capital accounting (TCA) is a sustainability framework that considers three dimensions of capital – financial, natural, and social – when assessing a company's performance. Incorporating environmental and social dimensions into corporate decision-making and financial disclosures is gaining traction, with many existing frameworks and standards in the sustainability space.



2. Experts from Kreston Global and ESG Committee members Laurent Le Pajolec and Christina Tsiarta recently collaborated on an article where they shared insights on why a firm should engage in Trade Cooperation Agreement (TCA) and why existing accounting methodologies are no longer sufficient for modern-day businesses.



Crytal Shi
Tax Rebate Dept.
Semi-Senior Accountant
- 8 Years

Motto:
Live and learn.
To learn and then know.

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 21 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.