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CONTENTS

Legal Express in China

International Trade & Foreign Investment

- Two Draft Amendments to Imported Feedstuff & Feed Additives Rules under Consultation
- GAC: NZ Agricultural Subject to Most Favourable Tariff Rates
- GAC Clarifies Practical Issues On Processing Plants To Incorporate Legal Entities

Company Law

- MOF Clarifies Tax Exemption for Enterprise and Public Body Restructuring
- MOFCOM Releases Guidelines for Overseas Chinese Funded Enterprises and Personnel
- Details of Annual Inspection of Foreign-Invested Enterprises 2012 Announced
- CSRC Officially Revises Listed Companies' Takeover Measures

Finance & Taxation

- Two Depts. Regulate Pre-Tax Deduction of Financial Enterprises' Loan Loss Reserves
- NDRC Clarifies Issues Related to Medium-and Long-Term Foreign Loans to Foreign Banks
- BCBS Seeks Comments on Core Principles for Effective Banking Supervision
- Three Depts. Encourage Scientific Development by Exempting Import Duty & VAT

Miscellaneous

- SARFT Limits Foreign TV Series Concerning Episodes and Broadcasting Time
- GAC Releases Revisions on Annotations on Import and Export Tariff Commodities and Items
- Two Draft Amendments to Imported Feedstuff & Feed Additives Rules under Consultation
- Ten Depts. Revise Cultural Products and Services Export Guidance Catalogue

International Trade & Foreign Investment

Two Draft Amendments to Imported Feedstuff & Feed Additives Rules under Consultation

The Ministry of Agriculture has amended the “Administrative Measures for the Registration of Imported Feedstuff and Feed Additives” and the “Administrative Measures for the Approval Reference Number of Feed Additives and Addictive Premix Products” and released the draft amendments for public consultation by 31 March 2012.

GAC: NZ Agricultural Subject to Most Favourable Tariff Rates

The General Administration (GAC) has issued its ninth announcement this year stating that from 18 February certain agricultural products originating from New Zealand may be entitled to the most favourable tariff rates. Agricultural products which are already on the way to China and the relevant matters shall be subject to the Announcement of the General Administration of Customs No. 91 / 2008.

GAC Clarifies Practical Issues On Processing Plants To Incorporate Legal Entities

The General Administration of Customs (GAC) has issued an announcement to clarify the practical issues that processing plants which do not have legal person status but are to incorporate legal entities under the circumstances as specified in the announcement may be exempted from paying certain overdue customs duty and import VAT, provided that the incorporation of such legal entities meets the requirements as provided by the announcement. The announcement also specifies the practical issues in relation to implement the said arrangements.

Company Law

MOF Clarifies Tax Exemption for Enterprise and Public Body Restructuring

The Ministry of Finance (MOF) has issued the Notice concerning Tax Policies on Enterprise and Public Body Restructuring (the Notice), which provides a set of rules governing deed tax levied on ten types of enterprise restructurings which take place from 1 January 2012 to 31 December 2014. Under the Notice, if, in a transfer of shares (equity) from a company to an entity or individual, if the rights in the land and property owned by the company are not involved in the transfer, then no deed tax is chargeable. If, in a merger or spin-off, the company formed as a result of the merger or spin-off acquires the ownership rights in the land and property originally possessed by the interested parties, no deed tax is chargeable.

MOFCOM Releases Guidelines for Overseas Chinese Funded Enterprises and Personnel

The Ministry of Commerce (MOFCOM) has released the Guidelines for the Safety Administration of Overseas Chinese Funded Enterprises and Personnel (the Guidelines), which fully introduce the principles, targets and procedures of the overseas safety management of enterprises and focus on the public safety risks as well as operational risks in their overseas businesses. The Guidelines aim at guiding enterprises to establish an overseas risk management system for effectively avoiding, controlling, shifting and reducing risks.

Details of Annual Inspection of Foreign-Invested Enterprises 2012 Announced

The Ministry of Commerce has released the “Notice on Implementing the Joint Annual Inspection of Foreign-Invested Enterprises in 2012” together with five other authorities including the Ministry of Finance. Under the Notice, the time period for the joint annual inspection of foreign-invested enterprises (FIEs) is from 1 March to 30 June 2012 and the inspection will focus on the business operations of FIEs in 2011. FIEs established and registered in China upon approval according to the law and with legal person status shall be subject to the annual inspection within the specified time.

CSRC Officially Revises Listed Companies’ Takeover Measures

After seeking public comments, the China Securities Regulatory Commission (CSRC) has officially issued the Decisions on Revising Articles 62 and 63 of the Administrative Measures for the Takeover of Listed Companies (the Decisions), which shorten the lock-up period for the 2% shareholding increase by majority shareholders holding 30% of the shares annually from 12 months to 6 months, with the aim to further encourage industrial capitals to increase their stake at a reasonable price. The Decisions shall become effective on 15 March 2012.

Finance & Taxation

Two Depts. Regulate Pre-Tax Deduction of Financial Enterprises’ Loan Loss Reserves

The Ministry of Finance (MOF) and State Administration of Taxation (SAT) have jointly issued the Notice concerning Policies for the Pre-Tax Deduction of Financial Enterprises’ Loan Loss Reserves from Corporate Income Tax (the Notice), which specifies policies for the pre-tax deduction of the loan loss reserves drawn by financial enterprises such as policy banks, commercial banks, financial corporations, credit corroboratives in both urban and rural areas, and financial lease companies, and provides the relevant calculation method as well as coverage. The Notice shall be effective from 1 January 2011 to 31 December 2013.

NDRC Clarifies Issues Related to Medium-and Long-Term Foreign Loans to Foreign Banks

The National Development and Reform Commission (NDRC) has issued the Notice on Relevant Issues Related to the Quota for Medium-and Long-Term Foreign Loans Applied for by Foreign Banks in China in 2012 (the Notice), which clarifies the application procedures, deadline, required supporting documents and quota adjustment of medium- and long-term loans to foreign banks. The Notice also provides that the medium- and long-term foreign loans are not available for the individual home mortgage loans of expatriates. Loans granted in RMB with a term over one year from overseas to foreign banks shall be subject to the administration of quotas for long-term foreign loans.

BCBS Seeks Comments on Core Principles for Effective Banking Supervision

The Basel Committee on Banking Supervision (BCBS) released on 20 December 2011 the Core Principles for Effective Banking Supervision (Consultative Document) for comment worldwide. Recently, the China Banking Regulatory Commission (CBRC) published the full text of the consultative document and informed Chinese citizens that any comments or suggestions may be

submitted by 20 March 2012 by email to the BCBS.

Three Depts. Encourage Scientific Development by Exempting Import Duty & VAT

The Ministry of Finance has released the “Notice of the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation on Import Tax Policies That Encourage the Development of Popular Science Undertakings” jointly with two other departments. The Notice clarifies that from 1 January 2012 to 31 December 2015, for science museums, natural museums, planetariums (stations or observatories) open to the public and popular science bases open to the public by meteorological observatories (stations), seismic stations, colleges and scientific research institutions, the import duty shall be exempted from and the value-added tax (VAT) at the import stage shall not be levied on imported copies and work tapes purchased overseas for the broadcasting rights of popular science-related film and television programmes; the film and television programmes imported in any other way by the above entities for self-use purposes shall be exempted from the import duty and VAT at the import stage.

Miscellaneous

SARFT Limits Foreign TV Series Concerning Episodes and Broadcasting Time

The State Administration of Radio, Film and Television (SARFT) has issued the Notice on Further Strengthening and Improving the Administration of the Import and Broadcasting of Overseas Films and TV Series (the Notice), which provides that all imported foreign TV series shall not exceed 50 episodes and may not be shown at prime-time. All provincial TV stations must first broadcast imported foreign TV series that have been approved by the SARFT on their own television channels, but after the premiere broadcast, they can distribute them to other TV channels for broadcasting.

GAC Releases Revisions on Annotations on Import and Export Tariff Commodities and Items

Since 1 January 2012, China has adopted the import and export tariffs based upon the 2012 version of the Harmonized Commodity Description and Coding System (HCDCS) of the World Customs Organization (WCO). The General Administration of Customs (GAC) has organized the translation and preparation of the revisions on China’s 2012 version of the Annotations on Commodities and Items subject to Import and Export Tariffs (Annotations), which provide an authoritative interpretation on the scope of the commodities and items and the commodities involved as adjusted under the Catalogue of the 2012 version of the HCDCS on the basis of the 2007 version of the Annotations. The regulator has also changed some expressions in the 2007 version of the Annotations.

Two Draft Amendments to Imported Feedstuff & Feed Additives Rules under Consultation

The Ministry of Agriculture has amended the “Administrative Measures for the Registration of Imported Feedstuff and Feed Additives” and the “Administrative Measures for the Approval Reference Number of Feed Additives and Addictive Premix Products” and released the draft amendments for public consultation by 31 March 2012.

Ten Depts. Revise Cultural Products and Services Export Guidance Catalogue

Ten departments including the Ministry of Commerce (MOFCOM), Ministry of Finance (MOF) and Ministry of Culture have jointly revised and released the Cultural Products and Services Export Guidance Catalogue (the Catalogue), which covers categories such as press and publication, radio, film and television, culture and art as well as comprehensive services. The press and publication category comprise journals database services, e-book export, overseas distribution of traditional publications, publishers' copyright export, etc. The Catalogue calls for support of all departments and regions in relation to marketing, technological innovation, custom clearance and other aspects.

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Paul Huang

Partner of CENLAW

Add: Suite A-B of 4th Floor, Crystal Century Tower,

No.567 Weihai Road, Shanghai 200041 PRC

Tel: (86 21)6288 6989

MP:+86 138 1841 6222

Fax:(86 21)6288 6825

Email: paul@cenlaw.com