



## I. Legal News Review

### SPC Replied Whether to File Cases to Enforce Prior Arbitration Awards

Recently the Supreme People's Court (the "SPC") has officially replied the issues concerning case-filing of and enforcing the award of "prior arbitration" (the "Reply"). It has confirmed that what is arbitrable is the disputes concerning contract or other property rights that have been occurred between parties. Hence the enforcement of prior arbitration awards, which refers to the arbitral award or mediation document made prior to the occurrence of the dispute, shall be inadmissible, or if accepted, the court shall reject the case.

Furthermore, the Reply has also specified that following circumstances would be deemed as violation of statutory arbitral procedure,

- 1) Where the arbitral tribunal makes award or mediation document merely based on reconciliation agreement concluded by parties concerned prior to the occurrence of the dispute; or
- 2) Where the arbitral tribunal has not guaranteed the parties the fundamental procedural rights, such as right to challenge the arbitrators, right to provide evidence or right to respond, etc.

The SPC figures out that aforementioned violation could not be justified by invoking that parties concerned have declared waiver in advance.

<http://www.court.gov.cn/fabu-xiangqing-101262.html> □

### State Council Issues Opinions to Rejuvenate the Milk Industry and Safeguard Dairy Products Quality

The Opinions state targets that by 2020, over 70% of milk will be supplied from domestic sources in China and the qualified rate of inspection of dairy products sampled in spot will be over 99%; by 2025, milk source bases, product processing, quality of dairy products, and competitiveness of the milk industry will, as a whole, reach the world's top level.

To realize the goals, the Opinions explicitly provide several guiding measures such as strengthening the construction of milk source bases, improving the processing and circulation system of dairy products, tightening oversight of quality of dairy products, guiding the public consumption of dairy products, etc.

To be specific, merger and acquisition will be encouraged to enhance to industrial concentration. Credit platform or "blacklist system" for the dairy industry shall be strengthened so as to strengthen the public supervision and punishment mechanism. Leisure sightseeing of the pasture or milk factory is encouraged to open to public as to allow consumers to experience the whole process of milk production, and to simulate the consumption of milk market. It also stresses that any entity or individual shall not process and sell the fresh raw milk without authorization, nor shall import big packages of infant formula milk powder for further domestic sub-packaging.

[http://www.gov.cn/zhengce/content/2018-06/11/content\\_5297839.htm](http://www.gov.cn/zhengce/content/2018-06/11/content_5297839.htm)

### SAT Makes Arrangements for the Tax Collection and Administration System Reform for Local SAT Offices and Local Tax Bureaus

The State Administration of Taxation (the "SAT") has issued five institutional documents to manage the reshuffle of Tax Authorities. According to the documents, once the new tax authorities have been established, functions and duties of previous local SAT local offices and local tax bureaus will be taken up by the new authorities. Matters that have not been concluded yet shall be dealt by the new authorities yet administrative decisions previously made shall remain valid. Moreover, after the reform, taxpayers may handle the tax affairs physically in one service hall on site, and consult on one website or via one telephone number without any distinguishing between local SAT offices or local tax bureaus.

<http://www.chinatax.gov.cn/n810341/n810755/c3518505/content.html>

## II. Hot Topics

### China Is to Amend Individual Income Tax Law

According to Xinhua News Agency, draft Amendment on Individual Income Tax has been submitted to the Standing Committee of China's National People's Congress for review on June 19, 2018. Experts predict the amendment may be effective as soon as this year.

The draft raises the minimum threshold for personal income tax from RMB 3,500 (about EUR 466) per month to RMB 5,000 yuan (about EUR 677). Seven progressive tax rates ranging from 3%-45% are also expected to be lowered to relieve the burden of taxpayers. Furthermore, the application of individual income tax would be enlarged to income from personal service, rewards and writers' royalties.

In additional, the new tax scheme will, for the first time, cover deductible items including education, medical cost, mortgage loan interest and housing rents, and specific deducting rates for each item would be scheduled on the agenda once the draft is approved.

<http://www.chinatax.gov.cn/2016/n2344325/n2345142/c3535673/content.html>

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