



I. NCP: CAAC allows Passengers from Certain Countries Touch Down on Beijing Directly¹

On September 3, 2020, Civil Aviation Administration of China (the “CAAC”) announced that it aims to gradually restore direct operations to Beijing from low-risk countries starting September 3 for the Beijing-bound international passenger flights which previously had their entry points diverted to the designated first entry points in China.

Since March 23, all international passenger flights bound for Beijing have been diverted to the designated first entry points in China, where passengers who passed quarantine inspection could continue their journey to Beijing on the original flight.²

The first batch of countries resuming direct international flights:

- Thailand
- Denmark
- Cambodia
- Austria
- Pakistan
- Sweden
- Greece
- Canada

Stricter prevention and control measures

CAAC will implement more stringent prevention and control measures along with the **flight circuit-breaker policy** on all direct international passenger flights to Beijing. Specially,

- where more than 3 cases are reported on the same flight, CAAC will reimpose the diversion to designated first entry points;
- airport prevention and control measures, strict nucleic acid testing, and closed-loop management will be implemented for such inbound passengers.

II. NCP: Boarding Requirements for Passengers in France³

Chinese Embassy in France announced that, from September 4, 2020 (inclusive), Chinese and foreign passengers who take flights from France to China (including direct flights and through third countries or regions) and transit to China via France must:

- complete the nucleic acid test of new coronavirus **within 3 days** before boarding;
- board the plane with negative nucleic acid test report, green health code with "HS" logo or health status statement.

The airline checks the passengers before boarding.

III. Legal News: Newly Adopted Deed Tax⁴ Law

On August 11, 2020, the National People's Congress (the “NPC”) adopted the PRC Deed Tax Law⁵ which will take effect on September 1, 2021, and will replace the Interim Regulations on Deed Tax (the “Interim Regulations”).

Generally, the newly adopted Deed Tax Law maintains the current taxation regulation framework, especially the tax rate (3%-5%, to be adjusted by province/ autonomous region/municipality government⁶). Nevertheless, the Deed Tax Law gathers the essential contents spread out in scattered policy documents and puts forward some new rules.

We have pointed out the most interesting changes for your reference.

1. Explicitly Defining the Scope of Application on Deed Tax

Currently, the Interim Regulations does not mention the deed tax policy on transfer of ownership of real property by means of fixed price investment (equity), debt repayment, transfer, reward, etc. The mere legal basis in real environment is Implementing Rules for the Interim Regulations on Deed Tax (the “Implementing Rules”) which is promulgated by Ministry of Finance on October 28, 1997.

The Deed Tax Law explicitly provides that:

The transfer of ownership of land or housing by means of

- valuation-based investment (equity contribution),
- debt repayment,
- transfer, or
- reward, etc.

shall be subject to the collection of deed tax in accordance with the Deed Tax Law.⁷

2. Extending the Coverage of the Preferential Tax Policy

Tax Exemption Policy

The Deed Tax Law extends the application scope of tax exemption policy by covering following situations:⁸

Key Words	Conditions of Application
Non-profit	A non-profit school, medical institution, or social welfare institution • as the transferee of the ownership of any land or housing • uses it for official business, teaching, medical treatment, scientific research, elderly support or relief.
Cultivation	A person • as the transferee of the land use right of any barren mountain, wasteland or barren beach • uses it for agricultural, forestry, animal husbandry or fishery production.
Marriage	A husband and a wife • alter the ownership of any land or housing between them • during the existence of their marriage relationship
Inheritance	A legal heir • inherits the ownership of any land or housing
Foreign agencies	A foreign embassy, consulate or representative office of any international organization in China • entitled to tax exemption in accordance with legal provisions • becomes the transferee of the ownership of any land or housing.

Tax Reduction Policy

The Deed Tax Law does not mention the reduced tax rate for individual's purchase of family's only house.⁹ This blank cause public suspicion that whether the reduced tax rate is still applicable after the Deed Tax law takes effect, and we have to wait for further clarification by government.

3. Simplifying Tax-return Procedure

Under the Deed Law, **tax declaration** merges into **tax payment**:

The Deed Law	The Interim Regulations
The taxpayer shall declare and pay the deed tax prior to going through the registration formalities for the ownership of land and housing. ¹⁰	The taxpayer shall file a tax declaration within 10 days from the dated of occurrence of tax liability and pay tax within the time limit approved by the deed tax collection authority. ¹¹

IV. Legal News: Newly Adopted Urban Maintenance and Construction Tax¹² Law

On August 11, 2020, the NPC adopted the PRC Urban maintenance and construction Tax Law. This law will take effect on September 1, 2021, and will replace the Interim Regulations on Urban Maintenance and Construction Tax.

Here is the roundup of the characters for the Urban maintenance and construction Tax Law:

- Making it clear that the tax base of urban maintenance and construction tax shall be the amount that deducts the refund of uncredited period-end VAT as required.¹³
- Delegating the power to province/ autonomous region/municipality government to determine the location of taxpayer.¹⁴

- Providing that occurring time for tax liability—the tax payment of urban maintenance and construction shall be made simultaneously with that of VAT and consumption tax respectively.¹⁵

Should you have any inquiry on the above legal news or specific question for your project, please contact us at asiallians@asiallians.com. As always, Asiallians remains at your service and our teams are currently mobilized in all our offices in China, Hong Kong and Taipei.

1. http://www.caac.gov.cn/en/XWZX/202009/120200903_204358.html
 2. <http://www.caac.gov.cn/XWZX/MHYW/202003/P020200322518497533717.pdf>
 3. <http://www.amb-chine.fr/chn/ttxw/11808677.htm>
 4. In China, transferee entities and individuals in any transfer of ownership of land or housing shall pay deed tax as taxpayers.
 5. http://www.xinhuanet.com/english/2020-08/12/c_139283334.htm
 6. Article 3 of the Interim Regulations; Article 3 of the Deed Tax Law
 7. Article 2 of the Deed Tax Law
 8. Article 6 of the Deed Tax Law
 9. Circular (Cai Shui [2016] No. 23) Jointly issued by the Ministry of Finance and the State Administration of Taxation provides that: First, the deed tax will be levied at a reduced rate of **1%** if the area of an individual's purchase of a family's only house (including the house buyer, spouse and minor children) is 90 square meters or less; if the area is more than 90 square meters, the deed tax rate will be reduced to **1.5%**;
 second, the second set of improved housing will be purchased by individuals, with an area of 90 square meters. If the area is more than or equal to 90 square meters, the deed tax shall be levied at a reduced rate of **1%**; if the area is more than 90 square meters, the deed tax shall be levied at a reduced rate of **2%**.
 10. Article 10 of the Deed Tax
 11. Article 9 of the Interim Regulations
 12. In China, all entities and individuals paying value-added tax (VAT) or consumption tax shall pay urban maintenance and construction tax as taxpayers.
 13. Article 2 of the Urban Maintenance and Construction Tax Law
 14. Article 4 of the Urban Maintenance and Construction Tax Law
 15. Article 7 of the Urban Maintenance and Construction Tax Law

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