

| Circular Number | Issuance Date | Effective Date | Topic | What is new? |
|---|---------------|----------------|--|---|
| Announcement [2023] No. 43 jointly released by the Ministry of Finance ("MOF") and the State Administration of Taxation ("SAT") | 2023-09-03 | 2023-01-01 | VAT super-credit of enterprises in advanced manufacturing industries | <p>According to the Announcement, enterprises in advanced manufacturing industries are allowed to enjoy a 5% VAT super-credit based on the creditable input VAT of the current tax period. This preferential policy is valid till 31 December 2027.</p> <p>In addition, special attention should be paid to the following:</p> <ul style="list-style-type: none"> The uncredited super-credit VAT amount due to insufficient output VAT of the current tax period can be carried forward to the next tax period for further credit. The input VAT corresponding to the export of goods and services and cross-border taxable activities is not subject to VAT super-credit. In case the enterprise cannot distinguish between such unqualified input VAT that is not subject to VAT super-credit and the input VAT qualified for super-credit, the unqualified VAT can be calculated and portioned out based on the percentage of the export and cross-border turnover accounting for the total turnover of the enterprise of the current tax period. |
| Announcement [2023] No. 44 jointly released by the MOF, the SAT, the National Development and Reform Commission ("NDRC") and the Ministry of Industry and Information Technology ("MIIT") | 2023-09-12 | 2023-01-01 | Super-deduction of R&D costs of integrated circuit and industrial machine tool manufacturers for Corporate Income Tax ("CIT") purposes | <p>According to the Announcement, integrated circuit enterprises and industrial machine tool manufacturers are entitled to a 120% pre-CIT super-deduction of R&D costs from the taxable incomes. If the R&D costs are capitalized as the company's intangible asset, the intangible asset can be amortized based on 220% of its cost for CIT purposes. This preferential policy will be valid till 31 December 2027.</p> <p>Qualified integrated circuit manufacturing and design enterprises shall meet the conditions stipulated in Announcement [2020] No. 45 issued jointly by the MOF, the SAT, the NDRC and the MIIT. Qualified integrated circuit enterprises specialized in equipment, material, packaging and testing fields shall meet the conditions stipulated in Announcement [2021] No. 9 issued jointly by the MIIT, the NDRC, the MOF and the SAT. Qualified industrial machine tool enterprises shall be the enterprises manufacturing and selling the products listed in the Basic Standards of Advanced Industrial Machine Tool Products.</p> |

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