

Request Points of 2023's Proposal

< Overall Concept >

“Securing Non-Discriminatory Status (especially the improvement of predictability and transparency)”

< 3 essential factors of the proposal >

1. Fair competition

To construct a market system where orderly competition exists, we propose reviewing various systems that are obstructing fair competition, fair treatment to domestic companies and foreign companies such as in government procurement and when formulating standards, and further reform of the intellectual property right system.

2. Opening up to the international community

To adapt the globalization of the economy, we propose opening up further the restriction against entry of foreign investment in the manufacturing and service industry and further adoption of global standards.

3. Application and procedures of administrative regulations

To construct a constitutional and service type government, we propose simplifying, expediting administrative procedures and abolishing permits, licenses, and certifications significantly. At the same time, we propose the unification of system application and interpretation and securing a sufficient preparation period for system change.

< This year's Key Areas >

1. “Issues related to tax”

Regarding personal income tax, the tax exemption applicable to foreign nationals for personal income tax purposes will remain in effect until the end of 2023, and if it is abolished without modification, the tax burden on companies with foreign nationals will increase significantly. Regarding stamp tax, the related public notice of the Stamp Tax Law that went into effect in July 2022 clearly states that when an overseas company creates a taxable document with a domestic Chinese company, even if the document is created outside of China, if the customer or other business partner exists in China, the overseas company is also liable for tax payment. Regarding personal income tax, we propose that the tax exemption applicable to foreign nationals be extended indefinitely, and regarding stamp tax, we propose that the relevant provisions be revised.

2. “Issues related to cross-border and management of data”

Following the enforcement of the three Data Laws, laws and regulations concerning cross-border transfers of data have been developed and are expected to be put into full operation in the future. However, there are many uncertainties for user companies in terms of procedures, etc., due to the lack of precedents. We propose that, in its implementation, prior guidance be provided, and that coordination and collaboration be sought among relevant government departments, and that the principle of non-discrimination between domestic and foreign companies be enforced to ensure that foreign companies are not treated in a discriminatory manner.