

This infosheet is a cooperation work between VDMA Shanghai representative office and WTS China. Research was performed by WTS China.

China's relief measures during COVID-19 epidemic

The COVID-19 outbreak in China is posing challenges to business operations in general. The Chinese authorities, at central and local levels, have rolled out contingent relief measures to aid the Chinese business operators to overcome the turbulent time. VDMA, in cooperation with WTS China, has prepared this memo to shed light on some major relief measures offered by seven cities in China.

National Policies (salient points)

The major relief policies announced by the central government on 5 March 2020 are summarised below. They are effective from 1 January 2020 until the date to be notified.

1. Tax reliefs

The following tax reliefs are offered to most sectors:

- a. The tax filing deadline for February is extended to 23 March 2020, and further extension can also be granted based on special consideration;
- b. Turnover and income taxes exemption is granted to donations made to charity bodies, government bodies or hospitals for fighting against the epidemic;
- c. Individual income tax (IIT) exemption is granted to employees receiving epidemic-control medical items (excluding cash).

2. Social Security Funds (SSF) reliefs

- a. Medium-small-and-micro-sized enterprises (MSMs¹) are granted a full exemption to three SSFs (pension, unemployment and occupational injury insurance funds) on the employers' premium contribution for maximum five (5) months;
- b. Large enterprises are granted a half-rated reduction to the said three SSF funds on the employers' premium contribution for maximum three (3) months;
- c. Further, employers are also granted a half-rated reduction to their premium contribution to the medical insurance for maximum three (3) months;

The national announcement has set the maximum benefit to be offered. To what extent these reliefs are granted will depend on local rules.

3. Other reliefs

In some cases, some business operators are offered a 5% discount to their electricity bills based on the general industrial and commercial rates.

¹ http://www.stats.gov.cn/tjz/tzgb/201801/t20180103_1569254.html Notice of the National Bureau of Statistics on Issuing the Measures for Classifying Enterprises into Micro, Small, Medium and Large-sized Ones for Statistical Purposes (2017)



China Office

Local implementation status

To echo the central government's announcement, many local authorities have followed suit and issued their own implementation measures in granting the reliefs and in some cases additional aids to support those enterprises suffering from the difficulty. Some of the reliefs are granted across the board, and some are granted on a special application basis.

VDMA has engaged WTS to conduct a survey over seven cities, for understanding what relief measures are offered locally to business operations in general (excluding medical, transportation and public service sectors). Their details are enclosed.

- Shanghai (click [here](#))
- Nanjing (click [here](#))
- Suzhou (click [here](#))
- Guangzhou (click [here](#))
- Hangzhou (click [here](#))
- Wuxi (click [here](#))
- Taicang (click [here](#))

VDMA members are urged to keep updated of the new measures, and verify ASAP with the local authorities if they can qualify and benefit from some of the reliefs and aids.

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Local Implementation Status - Shanghai Highlights

1. Tax reliefs

Shanghai has aligned its practice with the national announcement. Yet, Shanghai has specified that the tax filing deadline extension should not exceed three (3) months, and will be granted on an application basis.

2. SSF reliefs

	Shanghai SSF relief granted
Pension	Exemption (corporate portion)
Unemployment Insurance	a. Exemption (corporate portion); b. 50% of the fund contributed in 2019 will be refunded to companies without making any layoffs, with little headcount cut or meeting other requirements.
Occupational Injury Insurance	Exemption (corporate portion)
Medical insurance	a. Half-rated exemption on corporate portion (based on January rate); b. Employers' contribution rate will be reduced by 0.5% in 2020.
Maternity Insurance	Half-rated exemption on corporation portion (based on January rate)
Housing Fund	Payments can be delayed via an application

Further, Shanghai has postponed the annual adjustment to the SSF base to July 2020. The new SSF base will not take effect from 1 Apr 2020 but from 1 July 2020.

3. Other reliefs

Shanghai has urged the state-owned property landlords to waive the rental for February and March to medium-and-small-sized enterprises (MSs)² tenants, and encouraged private-owned property landlords of large office buildings, malls, parks and market premises to follow the same practice.

² http://www.gov.cn/zwqk/2011-07/04/content_1898747.htm Notice of Ministry of Industry and Information Technology, National Bureau of Statistics, National Development and Reform Commission and Ministry of Finance on Promulgation of the Provisions on Classification Standards for Small and Medium Enterprises

Local Implementation Status - Nanjing Highlights

1. Tax reliefs

Same as the national notice.

2. SSF reliefs

	Nanjing SSF relief granted
Pension	<ul style="list-style-type: none"> a. Employers' contribution rate will be allowed to be reduced by 0.5%-1% but shall be decided by each district; b. Employees' contribution rate will not be increased in 2020; c. Payments delay is allowed via an application for maximum six (6) months.
Unemployment Insurance	<ul style="list-style-type: none"> a. Payments delay is allowed via an application for maximum six (6) months. b. Other reliefs can be made available but should be decided by each district.
Occupational Injury Insurance	<ul style="list-style-type: none"> a. Payments delay is allowed via an application for maximum six (6) months. b. Other reliefs can be made available but should be decided by each district.
Medical Insurance	<ul style="list-style-type: none"> a. Payments delay is allowed via an application for maximum six (6) months. b. Other reliefs can be made available but should be decided by each district.
Maternity Insurance	Specific reliefs may be offered but should be decided by each district.
Housing Fund	Specific reliefs may be offered but should be decided by each district.

3. Other reliefs

State-owned property landlords are urged to waive a one-month rental and reduce two-month rental by half to MSMs³.

³ http://www.stats.gov.cn/tjz/tzgb/201801/t20180103_1569254.html Notice of the National Bureau of Statistics on Issuing the Measures for Classifying Enterprises into Micro, Small, Medium and Large-sized Ones for Statistical Purposes (2017)

Local Implementation Status - Suzhou Highlights

1. Tax reliefs

Same as the national notice.

2. SSF reliefs

	Suzhou SSF relief granted
Pension	<ul style="list-style-type: none"> a. Payments delay is allowed via an application for maximum six (6) months. b. Other reliefs can be made available but should be decided by each district.
Unemployment Insurance	<ul style="list-style-type: none"> a. Payments delay is allowed via an application for maximum six (6) months. b. Other reliefs can be made available but should be decided by each district.
Occupational Injury Insurance	<ul style="list-style-type: none"> a. Payments delay is allowed via an application for maximum six (6) months. b. Other reliefs can be made available but should be decided by each district.
Medical Insurance	Specific reliefs may be offered but should be decided by each district.
Maternity Insurance	
Housing Fund	

3. Other reliefs

- State-owned property landlords are urged to waive a one-month rental and reduce two-month rental by half to medium-and-small-sized enterprises (MSs⁴).
- The insurance premium rate of domestic trade credit insurance for foreign trade enterprises during the epidemic period will be reduced by 30%, and the premium will be subsidized by 50%.

⁴ http://www.gov.cn/zwqk/2011-07/04/content_1898747.htm Notice of Ministry of Industry and Information Technology, National Bureau of Statistics, National Development and Reform Commission and Ministry of Finance on Promulgation of the Provisions on Classification Standards for Small and Medium Enterprises

Local Implementation Status - Guangzhou Highlights

1. Tax reliefs

Same as the national notice.

2. SSF reliefs

	Guangzhou SSF relief granted
Pension	<ul style="list-style-type: none"> Exemption (corporate portion): Feb to Jun, applicable to MSMs⁵. Halved (corporate portion): Feb to Apr, applicable to large enterprises and other entities.
Unemployment Insurance	<ul style="list-style-type: none"> Exemption (corporate portion): Feb to Jun, applicable to MSMs. Halved (corporate portion): Feb to Apr, applicable to Large-sized enterprises and other entities.
Occupational Injury Insurance	<ul style="list-style-type: none"> Exemption (corporate portion): Feb to Jun, applicable to MSMs. Halved (corporate portion): Feb to Apr, applicable to Large-sized enterprises and other entities.
Medical Insurance	<ul style="list-style-type: none"> Halved (corporate portion): Feb to June, but shall be decided by districts.
Maternity Insurance	<ul style="list-style-type: none"> Specific reliefs may be offered but should be decided by each district.
Housing Fund	<ul style="list-style-type: none"> Specific reliefs may be offered but should be decided by each district.

Further, Guangzhou also offers SSF rate reduction in phases, in accordance with the national regulations, to new construction projects started from 1 February to 30 June 2020.

3. Other reliefs.

Enterprises with less than 30 employees (inclusive) are temporarily exempted from paying the Employment Security Fund for Disabled.

⁵ http://www.stats.gov.cn/tjgz/tzgb/201801/t20180103_1569254.html Notice of the National Bureau of Statistics on Issuing the Measures for Classifying Enterprises into Micro, Small, Medium and Large-sized Ones for Statistical Purposes (2017)

Local Implementation Status - Hangzhou Highlights

1. Tax reliefs

- Hangzhou has aligned itself with the national notice in offering tax reliefs, but has carried local specification that the filing deadline extension cannot exceed three (3) months and a formal application should be filed.
- Reduction is granted on real estate tax and urban land use tax via an application.
- The asset losses of SMEs⁶ due to the epidemic can be deducted before income tax.

2. SSF reliefs

	Hangzhou SSF relief granted
Pension	Reliefs are granted per the decision of each district.
Unemployment Insurance	<ul style="list-style-type: none"> a. Refund of 50% of the payment made last year, via an application. b. Other reliefs rules may be applicable but should be decided by each district.
Occupational Injury Insurance	Reliefs are granted per the decision of each district.
Medical Insurance	Reduced to 75% of the rate for February and March, via an application
Maternity Insurance	Reliefs are granted per the decision of each district.
Housing Fund	Reliefs are granted per the decision of each district.

⁶ <http://www.chinatax.gov.cn/n810219/n810744/n4016641/n4016661/c4023833/content.html> Notice on Implementation of Inclusive Tax Relief Policy for SMEs

Local Implementation Status - Wuxi Highlights

1. Tax reliefs

- Wuxi has aligned with the national notice in offering tax reliefs, but has carried local specification that the filing deadline extension cannot exceed three (3) months and a formal application should be filed.
- Reduction is granted on real estate tax and urban land use tax via an application.

2. SSF reliefs

	Wuxi SSF relief granted
Pension	Reliefs are granted per the decision of each district.
Unemployment Insurance	a. Refund of 50% of the payment made last year via an application. b. Other reliefs may be decided by each district.
Occupational Injury Insurance	Reliefs are granted per the decision of each district.
Medical Insurance	The contribution rate (corporate portion) to the Supplementary Medical Insurance Fund is reduced to 0.2%
Maternity Insurance	Reliefs are granted per the decision of each district.
Housing Fund	Reliefs are granted per the decision of each district.

3. Other reliefs

- For MSMs⁷ which have rented state-owned real estate, 1 to 3 months' rental can be exempted according to the actual situation.
- For medium-and-small-sized enterprises (MSs⁸) which have rented administrative institution-owned estate, two months' rental can be exempted according to the actual situation.
- To companies with new recruitment, a training subsidy at the rate of RMB 300 / staff is granted every month up to 30 June, 2020.

⁷ http://www.stats.gov.cn/tjz/tzgb/201801/t20180103_1569254.html Notice of the National Bureau of Statistics on Issuing the Measures for Classifying Enterprises into Micro, Small, Medium and Large-sized Ones for Statistical Purposes (2017)

⁸ http://www.gov.cn/zwqk/2011-07/04/content_1898747.htm Notice of Ministry of Industry and Information Technology, National Bureau of Statistics, National Development and Reform Commission and Ministry of Finance on Promulgation of the Provisions on Classification Standards for Small and Medium Enterprises

Local Implementation Status - Taicang Highlights

1. Tax reliefs

Same as the national notice.

2. SSF reliefs

	Taicang SSF relief granted
Pension	<ul style="list-style-type: none"> a. Payments delay is allowed via an application for maximum six (6) months. b. Other reliefs rules may be applicable, to be decided by each district.
Unemployment Insurance	<ul style="list-style-type: none"> a. Payments delay is allowed via an application for maximum six (6) months. b. Other reliefs rules may be applicable, to be decided by each district.
Occupational Injury Insurance	<ul style="list-style-type: none"> a. Payments delay is allowed via an application for maximum six (6) months. b. Other reliefs rules may be applicable, to be decided by each district.
Medical Insurance	Specific reliefs may be applicable, to be decided by each district.
Maternity Insurance	Specific reliefs may be applicable, to be decided by each district.
Housing Fund	Specific reliefs may be applicable, to be decided by each district.

3. Other reliefs

To international trading companies which cannot attend exhibitions they have subscribed to during the epidemic period, a subsidy equivalent to 50% of their subscription fee will be granted, but capped at RMB 20,000 / booth and RMB 50,000 / company.