

Shanghai supports to fight NCP

Contacts

China

Martin Ng
Managing Partner
martin.ng@wts.cn
+ 86 21 5047 8665 ext.202

Ened Du
Senior Manager
ened.du@wts.cn
+ 86 21 5047 8665 ext.215

Isabelle Han
Consultant
isabelle.han@wts.cn
+ 86 21 5047 8665 ext.227

In brief

- » The Shanghai government has unveiled 28 measures to support enterprises to overcome the difficulties during the recent outbreak of novel coronavirus pneumonia (NCP) epidemic.

Feedback

WTS – strong presence in about 100 countries / regions

Albania • Angola • Argentina • Australia • Austria • Azerbaijan • Belarus • Belgium • Bolivia • Bosnia-Herzegovina • Brazil • Bulgaria • Cambodia • Canada • Chile • China • Colombia • Costa Rica • Croatia • Cyprus • Czech Republic • Denmark • Egypt • Ecuador • El Salvador • Estonia • Finland • France • Germany • Ghana • Greece • Guatemala • Honduras • Hong Kong • Hungary • India • Indonesia • Iran • Ireland • Island • Israel • Italy • Japan • Kazakhstan • Kenya • Korea • Kuwait • Laos • Latvia • Lebanon • Lithuania • Luxembourg • FYR Macedonia • Malaysia • Malta • Mauritius • Mexico • Mongolia • Montenegro • Morocco • Netherlands • New Zealand • Nicaragua • Nigeria • Norway • Oman • Pakistan • Panama • Peru • Philippines • Poland • Portugal • Qatar • Romania • Russia • Saudi Arabia • Serbia • Singapore • Slovakia • Slovenia • South Africa • Spain • Sri Lanka • Sweden • Switzerland • Taiwan • Thailand • Tunisia • Turkey • Turkmenistan • UK • United Arab Emirates • Ukraine • Uruguay • USA • Uzbekistan • Venezuela • Vietnam

2020 (No. 3 issue)

February 2020

In Detail

On 8 February 2020, Shanghai Municipal Development and Reform Commission issued the “*Announcement on Policies and Measures of Shanghai to Prevent and Control the Epidemic and Support Enterprises’ Steady and Healthy Development*” (hereinafter as the Announcement).

The Announcement has covered six aspects of supports to the enterprises: fighting against the epidemic, easing burden, enhancing supports, stabilizing employment, resuming operation and optimizing business environment.

The measures are summarised below.

1. Easing burden on enterprises

» Cutting / exempting rental

State-owned property landlords in Shanghai are urged to waive their rental in February and March to small / medium-sized enterprises (SMEs). Private-owned property landlords of large office buildings, malls, parks and market premises are encouraged to follow the practice.

Real estate tax and urban and township land use tax relevant to the rental will also be deducted or exempted for those incapable to afford them.

» Tax filing deadline extended

Taxpayers are welcome to apply for tax filing extension, if affected by the epidemic, for a maximum of three more months. Once the extension is approved, late surcharges and penalties will be waived for any late filing or payments.

» Tax relief offered

Companies, with their property expropriated by the government in an emergency situation, can apply for a reduction or an exemption in their real estate tax and urban / township land use tax.

Companies in specific sectors (transportation, food and beverages, accommodation and tourism) suffering a loss in 2020 due to the epidemic can carry forward their loss to the next eight years (a further extension from the current five years).

Companies are encouraged to donate cash and materials for epidemic prevention and control. They can claim a full and one-off deduction before income tax for their donation, and an exemption in VAT, consumption tax and local levies.

Medical and epidemic prevention personnel can claim individual income tax (IIT) exemption for any subsidies or bonuses granted to them, per government standards and epidemic prevention regulations.

2. Employment stabilizing supports

» On-going refund on unemployment insurance funds

In 2020, the Shanghai government will refund to employers and employee 50% of the unemployment insurance premiums contributed by them in 2019, applicable to those companies without making any layoffs, with little headcount cut or meeting the requirements.

2020 (No. 3 issue)

February 2020

» **Annual adjustment to social security funds (SSFs) delayed**

Shanghai has delayed the SSF collection period for 2020, from 1 July to 30 June, for adopting the new yearly adjusted SSF basis and rates.

» **SSFs payment deadline extended**

Shanghai has waived the penalty normally imposed on employers for any late payment of SSFs. Employers can make up the payments in three months after the epidemic ends. The lateness will not jeopardize the rights and interests the insured employees.

» **Training subsidy**

Businesses disrupted by the outbreak will be offered government subsidies to step up training for their workers through online or offline channels, equivalent to 95% of the training cost. Platform enterprises (e-commerce enterprises) and new business enterprises are covered too by the subsidy policy.

» **Medical insurance rate of employees reduced**

The contribution rate of the medical insurance fees to be paid by employees will be reduced by 0.5% in 2020, while assuring that medical insurance treatment is not affected.

» **Flexible employment policy**

Enterprises hard-hit by the NCP epidemic are encouraged to explore means to stabilize their employment stability, including salary adjustment, job / shift rotation, flexible working hours, and leave adjustment, and should seek mutual agreement with their employees.

WTS observation

It is impressive to see that the Shanghai government has waited no time to issue a raft of supporting measures to companies, especially to those in the sectors hard hit by the NCP outbreak. Extension of tax filing deadline, delay of SSF payments and SSF refund are measures considered as practically effective in easing their financial burden. Companies are urged to explore more local resources and supports by themselves or through professionals in their anti-virus fight.

How WTS can help

- » Assist in assessing finance and tax position per the new policies;
- » Assist in applying for the new relief;
- » Assist in ensuing proper tax treatments in the tax filings; and
- » Assist in reviewing SSF compliance per the new adjustments.

WTS

China Contact

Martin Ng
Managing Partner
martin.ng@wts.cn
+ 86 21 5047 8665 ext.202



Germany Contact

Ralf Dietzel
Partner
ralf.dietzel@wts.de
+49 (0) 89 28646 1745



Ened Du
Senior Manager
ened.du@wts.cn
+ 86 21 5047 8665 ext.215



Xiaolun Heijenga
Partner
xiaolun.heijenga@wts.de
+ 49-69-1338 456 320



Isabelle Han
Consultant
Isabelle.han@wts.cn
+ 86 21 5047 8665 ext.227



WTS China Co., Ltd.
Unit 031,29F, Hang Seng Bank Tower ,No.1000 Lujiazui Ring Road,
Pudong New Area, Shanghai, 200120 PRC
T: +86 21 5047 8665
F: +86 21 3882 1211
www.wts.cn
info@wts.cn



Disclaimer

The above information is intended for general information on the stated subjects and is not exhaustive treatment of any subject. Thus, the content of this Infoletter is not intended to replace professional tax advice on the covered subjects. WTS China Co., Ltd. cannot take responsibility for the topicality, completeness or quality of the information provided. None of the information contained in this Infoletter is meant to replace a personal consultation. Liability claims regarding damage caused by the use or disuse of any information provided, including any kind of information which is incomplete or incorrect, will therefore be rejected. If you wish to receive the advice of WTS China Co., Ltd., please make contact with one of our advisors. All copyright is strictly reserved by WTS China Co., Ltd.