

## Taxation regionalization in full swing

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#### In brief

- » Tax measures are being put in place to support the Yangtze River Delta Region's consolidation.

Feedback

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**In Detail**

China’s Yangtze River Delta Region is accelerating its integration pace, in pursuit of the state’s regional development strategy, to score transparency, innovation and efficiency. The region consists of three provinces (Jiangsu, Zhejiang and Anhui) and one municipal city (Shanghai), accounting for 24% of the national GDP in 2019. Inter-city collaborations measures are being intensively laid out in the region, from urbanization, transportation, systems pooling, data exchange, to resources coordination, etc.

As far as tax measures are concerned, the State Administration of Taxation (SAT) and local tax authorities have released a series of plans and policies to boost regional collaboration.

» Integration of tax means

One keynote is pooling tax resources. On the one hand, the region is launching a “five-in-one” filing for five kinds of taxes (corporate income tax, stamp duty, land-VAT, real estate tax and urban land use tax), and trying out some new measures to cut red tapes, including:

- Facilitating e-invoicing;
- Promoting pre-tax filings;
- Streamlining land-VAT exemption procedures;
- Simplifying VAT refund formalities; and
- Simplifying cross-border service fee remittance.

On the other hand, the region is removing administrative silos to enhance inter-city coordination. For instance, Qingpu District (of Shanghai), Wujiang District (of Suzhou), and Jiashan County (of Jiaxing) have spearheaded the initiative and jointly released a list of tax matters that can be carried out irrespective of where the taxpayers are located in the three districts, covering the following tasks:

| Category      | Tax matters   | Notes                  |
|---------------|---|------------------------|
| Reporting     | 1. Saving account number reporting                                    | Also applicable online |
|               | 2. Accounting policy and software registration                        | Also applicable online |
|               | 3. VAT general taxpayer registration                                  | Also applicable online |
|               | 4. VAT small-scale taxpayer statement submission                      | Also applicable online |
|               | 5. VAT super-deduction statement submission                           | Also applicable online |
|               | 6. Merger or division reporting                                       | Also applicable online |
|               | 7. Branch’s tax de-registration                                       | Also applicable online |
|               | 8. Tax benefit waiver submission                                      | Also applicable online |
|               | 9. Residency application for a controlled foreign company in overseas |                        |
| Invoicing     | 10. VAT invoicing category verification                               | Also applicable online |
|               | 11. Customs payment certificate’s number verification                 |                        |
| Inquiry       | 12. Tax data inquiry  |                        |
|               | 13. Taxpayer credit ranking inquiry                                   | Also applicable online |
| Certification | 14. Tax payment certificate issuance for individuals                  | Also applicable online |
|               | 15. Tax payment certificate issuance for companies                    | Also applicable online |

» Harmonization of tax standards

The tax authorities in the region have aligned their tax collection policies – e.g. agreeing jointly on a list of eighteen first-time minor offences that can be immune from any penalty but a warning.

**2020 (No. 16 issue)**

October 2020

» Efficiency in tax risk control

The tax authorities in the region are upgrading their information technology systems, by consolidating digital call centers, websites, databases and online training facilities into one platform. Tax management and risk controls are made more efficient than ever.

**WTS Observation**

The Yangtze River Delta Region, twice the size of the Guangdong-Hong Kong-Macao Greater Bay Area in GDP contribution, has become a pacesetter in China's regional development blueprint. To serve tax administration on a regional scale, tax authorities are exploring innovations and intensifying integration efforts to make tax tasks much easier to handle, e.g. tax registration or de-registration, tax certificate application and tax record checking, etc. Yet, with advanced digital means available, tax audits could also be easily mobilized and automated on a regional basis. Taxpayers will face tougher requirements in tax risk management.

2020 (No. 16 issue)

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