

## COVID-19 tax reliefs extended till year end

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#### In brief

- » China's Ministry of Finance and State Administration of Taxation issued an announcement, extending the implementation of the existing tax and fee reliefs to support COVID-19 fight until 31 December 2020.

Feedback

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## In Detail

China's Ministry of Finance (MOF) and the State Administration of Taxation (SAT) have jointly announced on 15 May 2020, per Announcement [2020] No.28, that the implementation period of the tax and fee reliefs related to COVID-19 prevention and control is extended through the end of 2020.

The reliefs covered by this announcement have taken effect on 1 January 2020, as summarized below:

## Abbreviations:

IIT : Individual income tax  
 CIT : Corporate income tax  
 VAT: Value added tax  
 CT : Consumption tax  
 LL : Local levies  
 ID : Import duties  
 G : Government fees

Events related to COVID-19 fight		Valid until	IIT	CIT	VAT	CT	LL	ID	G
1	Receiving subsidies (bonus)	31 Dec 2020	E						
2	Receiving medical control supplies		E						
3	Sales of supplies				R				
4	Sales of transport services (medical supplies)				E				
5	Sales of public transport service, daily necessity services and items, express delivery service				E				
6	Purchase of medical control equipment				FD				
7	Import of epidemic control items	Not mentioned						E	
8	Donation of cash / items	31 Dec 2020	FD	FD					
9	Donation of items to hospitals	31 Dec 2020	FD	FD					
10	Donation of items to epidemic areas	31 Dec 2020			E	E	E		
11	Import of donation items	Not mentioned						L	
12	Loss in 2020 (years of carry forward)	31 Dec 2020		8					
13	Registration of medical devices / drugs	31 Dec 2020							E
14	Airline services	31 Dec 2020							E

*E=Exemption; FD=Full deduction; L=Larger scope allowed; R=refund*

For the details of the relief measures, please refer to our Tax News China (No.2) issued in February 2020.

## WTS observation

Some tax and fee relief policies, when they were issued, all carry a disclaimer that they are subject to "an implementation deadline to be announced separately, depending on the epidemic's situation". It is therefore reasonable for MOF and SAT to assume that the COVID-19 epidemic will be under a sufficient control by then, and the tax and fee relief measures should be lifted at a definite date, which is now set as 31 December 2020.

This extension also aligns with some other relief policies issued recently which will end also on 31 December 2020, e.g. the VAT and CIT benefits offered to movie sectors, announced on 13 May 2020. Further, it is noted that there is not yet a deadline set for some import related tax reliefs (e.g. items 7 and 11 in the table above).

Enterprises should plan their operations smartly so as to enjoy the preferential policy as much as possible before their deadline.

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