



## STA bolsters nationwide tax mobility

### In brief

- » To support the development of a unified national market, China's State Taxation Administration (STA) has issued a circular laying out integration measures to facilitate tax residency relocation across the country.
- » STA's circular, effective from 1 September 2024, has required local tax authorities to adopt a synchronized service approach, dispel local protectionism, and safeguard taxpayers' legal rights.

Feedback






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**In detail**

On July 29, STA issued the "Circular on Further Facilitating Taxpayers' Relocation and Serving the Development of a National Unified Market". The circular, taking effect from 1 September 2024, has announced three process-optimization measures to facilitate company relocation:

-  Sending pre-emptive alerts, guidance and prompting
-  Customizing and automating transfer process
-  Improving ex-post review and management

In substance, the circular has specified the following customization arrangements.

**1 Tasks tracking**

Tax authorities should monitor the task status and improve taxpayer engagement with push notifications about incomplete tasks, pending decisions of a taxpayer, and the task deadline for an ex-tax bureau.

- If a taxpayer opts to continue, the tax authority should get it done by a prescribed deadline;
- If a taxpayer opts to discontinue, the tax authority should efficiently wrap up the process.

**2 VAT invoicing made easy**

- Local tax authorities should arrange for an auto-transfer of a taxpayer's e-invoicing data by online means from an ex-tax bureau to the new tax bureau in charge. This saves a taxpayer's hassle in reapplying for a VAT-invoicing limit or reregistering its VAT device through a personal visit.

**3 Tax risk categorized**

Tax matters of different level of risk should be handled differently:

- Low-risk tax matters can be transferred to the would-be tax bureau.
- Medium- and high-risk tax matters should be dealt with at the existing tax bureau.

**4 Tax refund process optimized**

- Local tax authorities are encouraged to automate the tax refund process and set a clear deadline for task completion by an incumbent or a new tax authority according to a taxpayer's choice.

**WTS China's observation**

Painstaking tax clearance and confrontation have always served as a deterrent to company relocation. STA's new measures have removed those onerous and location-based tax formalities, e.g. tax de-registration, return of unused VAT invoices and devices, tax re-registration, etc. This should be an encouraging move to upkeep a hassle-free tax mobility and enable an efficient business restructuring.

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