Circular Number	Issuance Date	Effective Date	Topic	What is new?
SAT Announcement [2014] No. 29	2014-5-23	Applicable to corporate income tax for the year 2013 and afterwards	Various issues related to corporate income tax ("CIT")	In this regulation, the SAT clarifies several issues related to CIT calculation. The following main points shall be noted: • CIT treatment for assets transferred by the shareholder to a company: the SAT clarified that if the relevant contract or agreement stipulates that the transferred assets shall be treated as capital (including capital surplus) and accounting wise the same treatment is actually adopted, the value of the transferred assets shall not be calculated as taxable income of the company. Otherwise, the company shall recognise the fair market value of such transferred assets (without paying any consideration) as its CIT taxable income. • Depreciation of fixed assets: the SAT clarified that if the accounting depreciation period is longer than the minimum depreciation period required by tax law, the tax deduction of the depreciation shall be made based on the accounting treatment. Further, impairment of fixed assets is not tax deductible. On the other hand, when calculating tax deductible depreciation, the calculation shall still be made based on the value of the fixed asset before deduction of impairment.
Caishui [2014] No.43	2014-04-29	2014-06-01	Telecommunication services shifted from Business Tax ("BT") regime to VAT regime	Starting from 1 June 2014, telecommunication services shall be subject to VAT and no longer to BT at 3%. The VAT rates of 6% and 11% apply respectively to basic telecommunication services and value-added telecommunication services. Companies (being general VAT payers) receiving such services shall obtain the relevant VAT invoices from their vendors in order to claim an input VAT credit and recover the charged VAT costs.
SAT Announcement [2014] No. 24	2014-04-21	2014-06-01	Beneficiary owner issue related to entrusted investment	This regulation deals with the tax issues in case a non-PRC-tax-resident invests in China (e.g. investment in stock or debt instruments) via a foreign financial institution ("fund manager"). Such non-tax-resident may wish to apply for favourable PRC tax treatments on dividends and interests related to the investment based on the double taxation treaty ("DTT") between his home country and China. In such case, it will be necessary for the non-tax resident to submit certain documentation to the PRC tax authorities that he is the beneficiary owner of the relevant dividends and interest received from China. The regulation also requires evidence regarding the forwarding of the received dividends and interest from the fund to the non-tax resident investor. It may be practically not feasible to provide such evidence since the distribution policy of the fund most likely may not require direct forwarding of the received income item by item to its investors.
SAT Announcement [2014] No. 14 and No. 19	2014-03-24	2014-05-01	VAT invoice related procedures simplified	The SAT issued this regulation to simplify the procedures related to purchasing, usage of VAT invoices as well as treatment of missing VAT invoices. E.g. tax payers with sound tax compliance track records can purchase VAT invoices from the tax authorities for three months' business needs. It is advisable for the accounting and tax staff of companies to check the details of this regulation and adapt themselves to the simplified procedures.