

China

Summary

1. Key enterprises appointed by the government to produce prevention and control materials and products can apply for refund of incremental related VAT credit at the end of 2019
2. Transportation services for pandemic prevention and control materials are exempt from VAT
3. With respect to corporations, expenses on equipment used by key manufacturing enterprises appointed by the government to produce materials and products for pandemic prevention and control are deductible
4. Donations in cash or in kind through qualified public charity organizations or governments or their departments above country-level are fully deductible
5. The loss-carryforward period is extended from 5 to 8 years for companies in industries severely affected by the pandemic including transportation, catering, accommodation and tourism industries.
6. Employer contributions of retirement insurance, unemployment insurance and work-injury insurance of all companies in Hubei province and micro, small and medium-sized enterprises in other provinces could be exempt for up to 5 months from February 2020
7. Companies affected by the pandemic severely could apply for deferred payment of social securities (principally no more than 6 months) without any late fee from February 2020
8. Employer contribution of medical insurance could be halved for up to 5 months from February 2020. Deferred payments could be applied by companies as well without any late fee

Background & Details

1. Under announcement No. 6, imported supplies, donated by domestic and foreign donors used for prevention and control of the epidemic, can be exempted from import duties, import VAT, and import consumption tax. This relief is valid from January 1 to March 31, 2020
2. Circular 19 extends the February 2020 statutory tax filing deadline to February 28, 2020
3. For seriously affected enterprises, CIT losses incurred in 2020 will be provided with a longer tax loss carry-forward period - 8 years vs the standard 5 years. This treatment covers enterprises in the transportation, catering, accommodation and tourism sectors
4. China's Ministry of Human Resources and Social Security issued guidance (Announcement No. 7) which provides measures for local social security bureaus and allows enterprises to make catch-up employer social security contributions within a period of three months following containment of COVID-19 outbreak without adversely affecting employee rights to social security benefits