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Highlights

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NEWS

Circular of the General Office of the National Development and Reform Commission on Special Inspection over Certain Enterprises Applying for the Issuance of Enterprise Bonds

Fa Gai Ban Cai Jin [2013] No.1177

Effective as of 16th MAY 2013

INSPECTION SCOPE

Enterprise that have filed their applications for issuance of enterprise bonds, which are under examination by the NDRC, and that fall into the scope of "enterprises required for strict inspection" and "enterprises required for appropriate control of scale and tempo" as set forth in the Circular of the General Office of the National Development and Reform Commission on Further Improving the Examination of the Issuance of Enterprise Bonds (Fa Gai Ban Cai Jin [2013] No. 957), and relevant leading underwriters, accounting firms and credit rating companies.



INSPECTION CONTENT

1. Situation on implementation of relevant national policies by enterprises applying for issuance of bonds.
This shall focus on the situation of implementation of the relevant policy papers issued by the State Council, the NDRC and relevant departments and ministries on the regulation and development of bond financing, local government financing and investment platforms and companies since 2010.
2. Situation on standardized operation of enterprises applying for issuance of bonds.
 - (1) Situation on independent operation, concurrent office-holding of civil servants, corporate structure and decision-making mechanism of the enterprise;
 - (2) Situation on parent company's actual control on the enterprise whose financial statements will be merged with the parent company, including the personnel, finance and management systems;

(3) Situation on soundness of the financial management systems of the enterprise; and

(4) Situation on government's supervision and management of the enterprise, and whether any risk firewall is established.

3. Authenticity and compliance of the assets, profits and other financial indicators of enterprises applying for issuance of bonds.

(1) Compliance of the constituent of assets of the enterprise applying for issuance of bonds, whether there is any situation in inflating assets, any illegal operating assets or any sudden injection of assets for the purpose of bond issuance. The situation on assets restructuring of the enterprise in the latest financial year. Whether there is any assets restructuring plan.

(2) Authenticity and continuity of the income and profits from the main business of the enterprise applying for issuance of bonds, and whether there is any inflating income or profit.

4. Validity of bond guarantee, whether there is any situation that any collateral is established different mortgages, and whether the assets under mortgage or pledge are easy to cash into effective assets, and whether there is any mutual or interlocking third party guarantee.

5. Situation on use of the funds from previous issuance of bonds by enterprises applying for issuance of bonds and project progress situation. The funds flow vouchers and documents as well as other proof materials are required to provide.

6. The repayment plan and funds source arrangement of the enterprise applying for issuance of bonds, for the bonds matured in 2013 and 2014.

7. Situation on implementation of measures safeguarding the repayment by enterprise applying for issuance of bonds.

8. Situation on issuance of interim notes, short-term financing bills, trust plans, assets securitization products, insurance claim plans and other types of private placement debts by the enterprise applying for issuance of bonds. Whether there is any illegal fund raising, or foreign cooperation by means of BT, or default in payment. The enterprise concerned shall state any of its plans for proposed financing by the said means within two years, and shall timely report the NDRC in case of any financing by trusts, finance products, assets securitization products or other private placement products during the term of enterprise bonds.

9. Business entity situation and debt

rating situation of the enterprise applying for issuance of bonds and whether there is any fabricating of level or leveling by price. Enterprise applying for issuance of bonds shall provide the information on rating payment.

10. The situation on implementation of the comprehensive credit commitment systems by enterprise applying for issuance of bonds, relevant intermediary institutions and relevant local governmental departments at all levels.

11. Whether the local development and reform departments have any act in limiting the brokers, rating companies or other intermediary institutions to carry out business normally in their administrative areas, and whether they have directly or indirectly intervene with the issuer's selection of undertaker, rating company or other intermediary institution.

RELEVANT ARRANGEMENT

The issuer and the intermediary institution shall submit the self-inspection work report to the provincial development and reform department, which will submit the inspection report to the NDRC upon organizing the inspection. The NDRC will determine the subjects for random inspection at random by region, broker or industry field, and the enterprises included into the scope of random inspection by NDRC may only be approved to issue bonds after passing the random inspection. For enterprises not included into the random inspection, we will decide whether they will be approved to issue bonds upon examining their self-inspection reports and the inspection reports of the provincial development and reform departments.



Circular of the China Insurance Regulatory Commission on Printing and Distributing the Interim Administrative Measures for Old-Age Security Management Operations

Bao Jian Fa [2013] No. 43

Effective as of 6th MAY 2013

DEFINITION

The old-age security management operations mentioned in these Measures refer to the old-age security services and funds management services in regard thereto provided by pension companies in the capacity of managers under the commission of such group customers as governmental organs, enterprises and institutions and other social organizations etc, and individual customers, including such service items as conceptual design, deferred compensation, benefit plan, account management, investment management, and payment of compensation etc.

OLD-AGE SECURITY MANAGEMENT OPERATION

During the old-age security management operations, pension companies shall abide by the requirements of laws and regulations and of such regulatory institutions as the CIRC, adhere to the principles of equity and impartiality, safeguard the lawful rights and interests of customers, maintain honesty and good faith, and perform their duties with assiduity. During the old-age security management operations, pension companies shall have a good understanding of customer's demands, abide by the risk matching principle, make the best use of the comprehensive advantages of pension companies in terms of account management, investment management, risk management and annuity payment, and provide customers with appropriate products and services.

REGULATORY AUTHORITY

The CIRC shall, in accordance with the requirements of laws, administrative regulations and these Measures, supervise and manage the old-age security management operations conducted by pension companies. The dispatched offices of the CIRC shall perform their regulatory duties within the scope of authorization given by the CIRC.

Announcement of the State Administration of Taxation on Issues concerning the Filing of Value-added Tax Returns by Head Offices and Branches as Pilot Taxpayers in the Pilot Collection of Value-added Tax in lieu of Business Tax

Announcement 2013 No. 22 of the State Administration of Taxation

Effective as of 1ST JUN 2013

ISSUES CONCERNING TAX FILING BY HEAD OFFICES

(1) The amount of sales revenue subject to VAT, output taxes and input taxes of a Head Office and its branches as calculated by the Head Office on a consolidated basis pursuant to relevant provisions shall be filled out under the corresponding columns of the Form for Filing Value-added Tax Returns (applicable to general VAT taxpayers) (hereinafter referred to as the "Main Filing Form") and of the accompanying documents.

(2) The amount of VAT and business tax that has been paid by the branches and is deductible according to relevant provisions from the amount of VAT payable as calculated by the Head Office on a consolidated basis shall be summed up by the Head Office and be filled out under column No. 28 "amount of tax prepayments in installments" of the Main Filing Form. The portion that is deductible but is not deducted due to insufficient amount of VAT returns filed may be carried forward to the next period for deduction. In other words, if in the current period, the amount of VAT and business tax that has been paid by the branches exceeds the amount of VAT payable as calculated by the Head Office on a consolidated basis, only the portion that can be actually deducted for the current period shall be filled out under column No.28 "amount of tax prepayments in installments".

(3) The Head Office shall set up corresponding ledger accounts to keep record of information on tax deduction for future reference.

ISSUES CONCERNING TAX FILING BY BRANCHES IN PILOT REGIONS

(1) The branches in pilot regions shall fill out the amount of sales revenue for which VAT is calculated

and payable at the prepayment rate under column No. 5 "amount of sale revenue taxable by simple methods of taxation" of the Main Filing Form, and the amount of VAT payable as calculated at the prepayment rate under column No. 21 "amount of tax payable calculated by simple methods of taxation" of the Main Filing Form.

(2) Contents of the Accompanying Documents of the Form for Filing Value-added Tax Returns (1) (Attachment) are adjusted to add an item of "Prepayment Rate (%)" in the column "taxation by simple methods of tax assessment", which item shall be used by the branches in pilot regions to fill out the amount of sales revenue subject to VAT and the amount of VAT payable in advance.

(3) As regards branches in pilot regions that sell goods or provide services of processing, repair or replacement, the amount of sales revenue subject to VAT and the amount of output tax that are required by the Provisional Regulations on Value-added Tax and relevant provisions to be declared and paid at the places where such sale occurs or such services are provided shall be filled out according to the original provisions under the corresponding columns of the Main Filing Form and of the Accompanying Documents.

(4) Relevant issues such as the transmission of tax information, tax declaration and certification for branches in pilot regions shall still be governed by the prevailing provisions. The amount of input tax for the current period shall be filled out under the corresponding column of the Main Filing Form and of the Accompanying Documents. Specifically, the amount of input tax as summed up by a Head Office shall be filled out under column No. 17 "for taxation by simple methods of tax assessment" of the Accompanying Documents of the Form for Filing Value-added Tax Returns (2).

