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Seahonor Express

Issue 31 July 2026

Contents

Legal

Tax

Foreign Exchange

Recent Hot Topics

Legal

Guiding Opinions on Strengthening Supervision, Mitigating Risks and Promoting the High-Quality Development of Private Investment Funds

Issued by:	General Office of the State Council
Issue No.:	Guobanhan [2026] No. 54
Release Date:	June 5, 2026
Links:	https://www.gov.cn/zhengce/content/202606/content_7071204.htm

This Guiding Opinion, centering on "strengthening supervision, mitigating risks, and promoting development," sets out a systemic institutional arrangement for strengthening the supervision of private investment funds, preventing and mitigating industry risks, and promoting the high-quality development of the private fund industry. The specifics are as follows:

- Strengthening source prevention and control:

  1) Establish a pre-approval review and assessment mechanism for private funds. Entities intending to apply for record-filing of private fund must first pass a "comprehensive review and consultation" jointly conducted by the financial regulatory authorities of provinces and cities specifically designated in the state plan and the local offices of the CSRC, before they may complete entity registration with the local Administration for Market Regulation. The CSRC shall uniformly specify the scope and standards for such comprehensive review and consultation.

  2) Strictly control the establishment of new government investment funds; county and district-level authorities shall in principle not launch new ones.

- Comprehensively strengthening supervision:

  1) At the top-level institutional level, push forward the revision of the Securities Investment Fund Law. Formulate special regulatory rules governing valuation adjustment mechanisms (VAMs). Establish a regulatory framework featuring "administrative supervision as the mainstay and self-regulatory governance as the supplement".

  2) Implement differentiated supervision over different private fund managers: increase on-site inspections targeting key managers; strengthen standardized guidance for cases including off-site operation, illegal nominee shareholding and channel-based businesses; ramp up monitoring of private securities investment funds.

  3) Severely crack down on illegal fundraising, embezzlement and misappropriation, self-financing and self-use, tunnelling of interests, illegal cross-border flow of funds, and participation in illegal fund-raising activities.

- Prudently manage and resolve risks:

  1) Implement a tiered clean-up and disposal mechanism for existing non-compliant fund managers: Resolutely deregister managers that have committed major violations; and deregister within a specified time limit managers with abnormal operations, those that have not conducted substantive business, or those that have been out of contact for a long period and fail to make rectifications.

2) Comprehensively rectify "pseudo-private funds" that lack compliant record-filing: First, guide institutions whose names or business scopes contain the term "private fund" but have not completed fund record-filing to complete record-filing in accordance with regulations; second, for institutions that do not meet record-filing requirements, have been deregistered, or whose funds have been liquidated, encourage them to change their names and business scopes, or complete deregistration; third, for institutions that refuse to cooperate with rectification, market regulatory authorities shall standardize and clean them up by replacing the enterprise name with the Unified Social Credit Code, making negative notations in the National Enterprise Credit Information Publicity System, revoking business licenses, or taking other appropriate measures.

- Risk resolution shall be organized and implemented by the provincial-level government of the place where the fund manager is registered, in conjunction with the CSRC and other relevant authorities. Where risks arise from multiple private fund managers controlled by the same actual controller across different regions, the leading responsible province shall be determined in the following order: place of registration of the headquarters → place where the core corporate income tax is paid → place where the senior executives' individual income tax is paid.

Notice on Implementing the "Efficient Completion of One Thing" Initiative for Enterprise Real Estate Purchase and Transfer Registration

Issued by:	The General Offices of the Ministry of Natural Resources, the Ministry of Public Security, the State Taxation Administration, the State Administration for Market Regulation, and the National Financial Regulatory Administration
Issue No.:	Ziranzibanhan No. 919 [2026]
Release Date:	May 29, 2026
Links:	https://www.gov.cn/zhengce/zhengceku/202606/content_7071767.htm

The "Notice" aims to enhance the efficiency of transfer registration for enterprises purchasing real estate through departmental coordination and process reengineering, and to establish a regular communication and consultation mechanism to ensure the implementation of reform measures. The main initiatives are as follows:

- Strengthen integrated registration services: Incorporate transfer registration, mortgage registration, tax declaration, and loan processing into the scope of "one-stop services"; accelerate the upgrade of comprehensive windows to "one-window handling, integrated services"; and set up dedicated enterprise service windows.
- Deepen coordination between registration and taxation: Optimize the transfer registration and tax declaration process for enterprises purchasing state-owned land buildings, with unified acceptance at dedicated enterprise windows or comprehensive windows, enabling "one-window document collection and back-office circulation." After enterprises pay taxes, the tax authorities push information in real time, and the real estate registration authorities verify it in accordance with the law and complete the process within a specified time limit.
- Strengthen coordination between registration and finance: Extend real estate registration service outlets to banking and financial institutions, allowing enterprises to complete registration information inquiries and related application requests in one stop at bank branches. Encourage the use of electronic seals and electronic materials, and explore establishing a provincial-level "head-to-head" registration-finance coordination mechanism to facilitate cross-city and cross-county mortgage transactions.

- Deepen the reform of "property transfer with mortgage": By consolidating transfer registration and mortgage registration, achieve a seamless transition between new loans and old loan repayments, reducing the burden of bridge funds on enterprises. Under the premise of controllable risks, realize inter-bank mortgage rights transfer and changes, and shorten processing time limits. Promote "property transfer with mortgage" across banking and financial institutions, and encourage the introduction of advance notice registration to prevent the risk of mortgage rights becoming unsecured.
- Vigorously promote information sharing: Rely on the integrated government service platform to promote information sharing among market regulation, public security, real estate registration, and other departments, giving priority to real-time sharing through the verification of electronic business licenses to reduce document submissions. Promote the application of real estate unit codes in relevant contracts and certificates.
- Advance "full-process online handling" and "inter-provincial universal handling": Open up the entire online processing path, promote the use of enterprise electronic seals and cross-domain mutual recognition, and promote the application of electronic certificates. Explore the application of technologies such as AI and big data to provide intelligent guidance and auxiliary review services.

Tax

Announcement on Comprehensive Promotion of "Invoice Issuance Upon Transaction" in the Refined Oil Retail Sector

Issued by:	State Taxation Administration
Issue No.:	Announcement No. 11 of 2026 of the State Taxation Administration
Release Date:	June 8, 2026
Effective Date:	June 8, 2026
Links:	https://fgk.chinatax.gov.cn/zcfgk/c100012/c5250347/content.html

To implement the Opinions of the General Office of the State Council on Promoting High-Quality Development of Refined Oil Circulation and strengthen tax supervision over the refined oil retail sector, the State Taxation Administration has issued this Announcement, mandating all refined oil retail gas stations nationwide to fully issue digital electronic invoices via the Leqi Platform to realize "invoice issuance upon transaction". Key provisions of the Announcement are set forth below:

- Applicable Parties

  All taxpayers engaged in refined oil retail business shall immediately issue digital electronic invoices to purchasers based on transaction data via the Leqi Platform upon completion of refined oil sales.

- Two Optional Access Modes to the Leqi Platform

  Taxpayers may select either mode to connect to the Leqi Platform based on their capacity for information system renovation: Leqi Self-operation (Independently develop and connect interfaces) or Leqi Co-operation (Indirect access via third-party platforms).

- Core Rules for "Invoice Issuance Upon Transaction"

1) Where payment for refined oil sales is collected through third-party payment platforms or internet platforms, real-time invoice issuance after transactions can be realized under the "invoice issuance upon payment" mechanism.

2) Where payment is collected via refueling card top-ups, invoices shall be issued through the Leqi Platform. Purchasers may either obtain non-tax ordinary invoices upon top-up, or ordinary invoices or special VAT invoices upon refueling. Only one of the two options is available.

3) Where payment is collected via cash, credit sales, corporate account transfers or other methods, invoices shall be issued through the Leqi Platform immediately after transaction completion.

- Specifications for Invoice Reissuance and Consolidated Invoicing

1) The invoice title may be revised online only once.

2) Conversion of ordinary invoices to special VAT invoices shall be processed offline.

3) Where the purchaser is an individual or an individual refueling card user who sets the invoice title as an enterprise, special VAT invoices shall not be issued.

4) Consolidated invoicing is permitted only if the purchaser is an enterprise and payment is made via corporate accounts; consolidated invoicing is prohibited under all other circumstances.

- Transition Period Arrangements

All refined oil retail gas stations shall fully implement "invoice issuance upon transaction" by November 1, 2026. Failure to comply by the deadline will result in legal penalties imposed by tax authorities.

Announcement of the State Taxation Administration on Relevant Tax Administration Matters Concerning Individual Income Tax

Issued by:	State Taxation Administration
Issue No.:	Announcement No. 12 of 2026 of the State Taxation Administration
Release Date:	May 29, 2026
Effective Date:	July 1, 2026
Links:	https://fgk.chinatax.gov.cn/zcfgk/c100012/c5250556/content.html

The implementation framework for Individual Income Tax (IIT) collection and administration remains unchanged, with further clarifications issued on two specific matters: reverse invoicing in resource recycling and IIT treatment for residential home replacement.

- Reverse Invoicing

Under the previous rules, where natural person sellers sold scrap/recyclable materials through reverse invoicing, IIT on business income was subject to provisional collection at 0.5%.

Effective July 1, 2026, for transactions under the three-flow-consistent reverse invoicing mechanism, the portion of annual sales revenue (excluding VAT) up to RMB 600,000 shall be subject to a 0.25% provisional collection rate, while the portion exceeding RMB 600,000 shall remain subject to the 0.5% rate. A 0.5% rate shall continue to apply to other reverse invoicing scenarios.

“Three-flow-consistent reverse invoicing” refers to recyclable-resource transactions conducted via online payment platforms under closed-loop management of the entire process, whereby payment triggers invoicing, invoicing triggers tax collection, and tax collection triggers remittance to the state treasury, ensuring consistency of the three flows: invoice flow, transaction party flow (natural person seller and enterprise purchaser), and fund flow.

- Residential Home Replacement

From January 1, 2026 to December 31, 2027, taxpayers who sell a self-owned residential property and purchase another residential property in the same city within one year after the sale may, in accordance with relevant provisions, apply for a refund of IIT paid on the transfer of the existing residential property. The administrative handling rules shall remain consistent with existing provisions.

Announcement on Matters Related to Input Tax Deduction for VAT

Issued by:	Shanghai Municipal Tax Service, State Taxation Administration
Issue No.:	Announcement No. 1 of 2026 of Shanghai Municipal Tax Service, State Taxation Administration
Release Date:	June 5, 2026
Effective Date:	June 5, 2026
Links:	https://shanghai.chinatax.gov.cn/zcfw/zcfgk/zzs/202606/t480523.html

To implement the new VAT Law and supporting tax policies effective January 1, 2026, the State Taxation Administration has revised the VAT and Additional Tax Declaration Form (Trial Version) (the “New Form”). Shanghai, Jiangsu, Hubei, Shanxi and Hebei Provinces/Municipalities are designated as the first batch of pilot regions for completing the New Form. Key contents of the Announcement issued by Shanghai Municipal Tax Service are summarized as follows:

- Pilot Scope and Implementation Phases

1) Selected pilot taxpayers in Shanghai are required to submit the New Form additionally, with real business data adopted to verify the accuracy of the New Form; all other taxpayers shall continue to use the existing declaration forms.

2) Once verification is completed, the existing declaration forms will be gradually phased out to achieve a smooth transition from "parallel use of two sets of forms" to "full coverage of a single set of forms".

- Core Revisions to the New Form

1) Customized declaration forms for taxpayers: A new Business Information Form is introduced as a pre-declaration procedure. Taxpayers are profiled across seven dimensions including handling matters, declaration types and consolidated tax payment, and the system dynamically generates specific forms to be filled out accordingly.

2) Newly added or integrated supplementary schedules:

Supplementary Schedule I: Add Appendix 1 Details of Sales Without Invoices, integrate deduction item details into Appendix 2 Details of Deduction Items, and add Appendix 3 Details of Simplified Tax

Calculation; Supplementary Schedule II: Integrate additional deduction information into Appendix 1 Details of Current Additional Deductions.

3) Revisions to line items: Redundant line items in the original forms are streamlined, and new line items are added to address practical business needs.

Foreign Exchange

Updated Q&A on the Review and Registration of Medium- and Long-Term Foreign Loan Incurred by Enterprises

Issued by:	National Development and Reform Commission
Issue No.:	N/A
Release Date:	June 25, 2026
Effective Date:	June 25, 2026
Links:	https://services.ndrc.gov.cn/ecdomain/portal/portlets/bjweb/mobile/answerconsult/

The National Development and Reform Commission (NDRC) recently updated its Q&A on the review and registration of medium- and long-term foreign loan incurred by enterprises, removing four old Q&A entries relating to: (i) red-chip structures; (ii) borrowing through FTN accounts in pilot free trade zones; (iii) OSA offshore accounts; and (iv) offshore funds lent through free trade zone sub-branches for commercial loans with a term exceeding one year.

Notably, under the previous NDRC Q&A framework, where a domestic bank extended a loan to a domestic enterprise or to an overseas enterprise/branch controlled by such domestic enterprise, if the loan funds were sourced from offshore, such arrangements could be subject to the requirement for NDRC registration of medium- and long-term foreign debt. With the removal of these old Q&A entries, it is now highly likely that such loans will no longer be subject to NDRC registration for medium- and long-term foreign loan.

Recent Hot Topics

- Can an enterprise apply for capital reduction while it is in an accumulated loss position? How should the capital reduction amount be registered for FDI purposes?

- Where the net profit of a limited partnership mainly derives from gains or losses arising from fair value changes, is it permitted to distribute dividends to its overseas partners?

- The People's Bank of China has recently conducted spot checks on enterprises' beneficial owner filings. Has your company completed and updated its beneficial owner filings as required?

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If you are interested in the above topics, please feel free to contact us:

Jane Fan

Head of Legal Service Dept.

☎ 135-0177-7091

fanrong@seahonor.com

Lucy Huang

Head of Accounting & Tax Service Dept.

☎ 137-6193-2188

huangyi@seahonor.com

Nikko Chen

Head of Japan Desk

☎ 186-2191-6721

chenhong@seahonor.com

Cynthia Su

Tax Service Contact

☎ 138-1853-0811

suxiaofang@seahonor.com

Minnie Gu

HR Service Contact

☎ 139-1713-2663

gumin@seahonor.com

Tiffany Tian

Accounting Service Contact

☎ 138-1609-0515

tianfang@seahonor.com