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Regulations of the State Council on Outbound Investment

Issued by:	State Council
Issue No.:	Decree No. 837 of the State Council
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Links:	https://www.gov.cn/zhengce/content/202606/content_7070755.htm

The current regulatory framework for outbound investment in China is primarily composed of the Administrative Measures for Outbound Investment by Enterprises (Decree No.11) issued by the National Development and Reform Commission (NDRC), the Administrative Measures for Overseas Investment (Decree No.3) issued by the Ministry of Commerce (MOFCOM), and the relevant normative documents on outbound investment registration issued by the State Administration of Foreign Exchange (SAFE). These Regulations are the first administrative regulation in this area. The main contents are summarized as follows:

- Elevation of the Legal Effect Level

  As an administrative regulation, these Regulations have a higher legal status than existing departmental measures, establishing a unified superior legal basis for full-process compliance regulation of outbound investment.

- Expanded Scope of Application

  "Investors" are defined as enterprises, other organizations and individual residents within the territory of China. This marks the first recognition of individual natural persons as eligible outbound investment entities at the administrative regulation level. It is further clarified that specific administrative measures governing outbound investment by individual residents shall be separately formulated by the investment competent department and commerce competent department of the State Council.

  In addition, the Regulations incorporate investment in overseas financial markets and reinvestment made abroad using existing overseas equity interests into the regulatory framework.

- Strengthened Control over Cross-border Factor Transfer

  In alignment with relevant regimes such as export control, technology export, and cross-border data transfer, the Regulations strictly prohibit investors from transferring, by means of dispatched personnel, overseas technical guidance, cross-border training, or otherwise, any goods, technologies, services, and related data that are prohibited from export or restricted from export without prior authorization.

- Improved Overseas Investment Security Review Regime

  The investment competent department and commerce competent department of the State Council shall, together with other relevant authorities, conduct security reviews on outbound investments posing national security risks, as well as the transfer and disposal of overseas assets and equity interests. Investors shall cooperate with reviews and comply with review decisions.

- Establishment of an Investment Rights Protection Mechanism

Where investors encounter investment barriers overseas, the commerce authorities may initiate investigations and formulate policy responses. In response to discriminatory investment measures imposed by other countries, China has the right to take reciprocal countermeasures in accordance with law. Against overseas entities that harm China's interests or discriminate against Chinese investors, restrictive measures may be taken in multiple aspects, including trade, investment, and entry and residence.

- Strengthened Legal Liabilities

  The Regulations replace the previous relatively lenient enforcement model mainly based on warnings and revocation of filings, and establish administrative penalties such as orders to cease investment activities, disposal of shares and assets, confiscation of illegal gains, fines, and prohibition from engaging in outbound investment activities for a certain period. They also concurrently link to civil and criminal liabilities. A "dual-penalty system" is adopted, under which not only the investing entity is penalized, but also the directly responsible persons are subject to individual fines.

Opinions of the General Office of the State Council on Deepening the Reform of the Investment Approval System

Issued by:	General Office of the State Council
Issue No.:	Guo Ban Fa [2026] No. 13
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The General Office of the State Council has issued the Opinions on Deepening the Reform of the Investment Approval System. Following the overarching principle of "decentralization, efficiency enhancement, strengthened oversight, and coordination," the Opinions set forth systematic arrangements in such areas as approval authority, project management, service efficiency, and whole-process supervision, marking a new stage of in-depth advancement in China's investment approval system reform. The key reform measures are as follows:

- Standardizing the Approval Management of Government-Invested Projects

  The approval authority for government-invested projects is divided among the provincial, municipal, and county levels, with enhanced review and appraisal management applied to key regions and key sectors to mitigate the risk of hidden debt of local governments. Government-invested projects must strictly undergo the full approval process, including project proposals, feasibility study reports, preliminary design, and investment estimates. It is strictly prohibited to circumvent government approval procedures through state-owned enterprises under the guise of enterprise investment.

- Standardizing the Approval and Filing Management of Enterprise-Invested Projects

  The government-approved investment project catalog will be dynamically revised, with approval management applied only to projects concerning national security, major productivity layouts, strategic resource development, and major public interests. Enterprise-invested projects such as theme parks, large-scale cultural venues, and other cultural tourism projects, as well as public sports venues and exhibition centers, shall be subject to approval by local governments at the prefecture level or above.

Projects requiring State Council approval in accordance with the law shall be reviewed by the National Development and Reform Commission and submitted to the State Council for approval.

- Strengthen coordinated linkage between enterprise investment administration, industrial policies and factor allocation policies.

  For projects prohibited by the state, no guarantees shall be provided in terms of land, energy consumption, or environmental impact assessment. Where project approval authority is elevated, the corresponding factor approval authority shall be elevated concurrently. For industries with prominent disorderly competition, temporary regulatory measures such as suspension of approvals and filings may be implemented with the consent of the State Council.

- Enhancing the Efficiency of Investment Approval

  The "one-stop approval" for fixed asset investment projects will be further advanced, progressively incorporating matters such as land use, sea use, forest use, grassland use, and cultural relic protection into the scope of unified acceptance and coordinated processing. Parallel approval items handled by the same department shall be consolidated. Relying on the fixed asset investment project code, information sharing across approval, construction, funding, and credit will be realized, promoting "one-stop online processing" and "one-code access".

- Tap the potential of private investment through multiple measures

  Advance the fair opening of competitive infrastructure sectors to all types of market entities, and support private enterprises to participate in the construction of national major projects. Build a national comprehensive investment and financing service platform based on the online approval platform, support the issuance of infrastructure REITs to revitalize stock assets, and further stimulate the vitality of private investment.

Implementation Regulations of the Administrative Reconsideration Law of the People's Republic of China

Issued by:	State Council
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Links:	https://www.gov.cn/gongbao/2026/issue_12746/202605/content_7069433.html

As a key supporting administrative regulation under the Administrative Reconsideration Law, these Regulations refine the scope of acceptances, participants, application procedures, and jurisdictional rules, providing clearer relief channels for citizens, legal persons, and other organizations. The core highlights include:

- Expansion and refinement of the scope of administrative reconsideration acceptances

  1) Detailed interpretation of the catch-all provision of the Administrative Reconsideration Law, adding specific circumstances under which reconsideration may be sought, such as credit punishment, handling of student status and academic degrees, and civil servant recruitment decisions.

2) Expansion of the types of administrative agreements subject to reconsideration, now including affordable housing lease/purchase agreements and medical security service agreements, in addition to existing categories such as franchising and expropriation compensation agreements.

- Refined rules on participants in reconsideration

1) Clarification of criteria for determining the qualification of applicants, including sole proprietorships and rural collective economic organizations.

2) Definition of rules for identifying the respondent in cases where an administrative act is jointly taken by multiple authorities.

- Clearer acceptance criteria and boundaries

1) Enumeration of five specific scenarios under which an applicant may be deemed to have an interest in the administrative act in question.

2) Clarification of five types of conduct for which reconsideration applications will not be accepted.

3) Addition of three new circumstances under which a reconsideration application may be directly dismissed.

- Improvement of the reconsideration hearing system

1) Enhanced organizational structure and operational rules for administrative reconsideration committees.

2) Detailed procedures for respondents' self-correction to facilitate early dispute resolution.

3) Refined conditions and processes for escalated hearings, introduction of consolidated hearing mechanisms, and improved rules on investigation and evidence collection.

4) Detailed ancillary review mechanism for normative documents, strengthening oversight of "red-head" documents.

5) Optimised decision-making rules, specifying conditions for applying modification, revocation, confirmation of illegality, and other types of decisions.

Tax

Notice on Import Tax Preferential Policies for Foreign-funded R&D Centers for the Period 2026-2030

Issued by:	Jiangsu Provincial Department of Commerce, Jiangsu Provincial Department of Finance, Nanjing Customs, State Taxation Administration Jiangsu Provincial Tax Service
Release Date:	May 8, 2026
Links:	https://doc.jiangsu.gov.cn/art/2026/5/8/art_78712_11766991.html

In accordance with Caiguanshui [2026] No.7 and No.8, qualified foreign-funded R&D centers shall be exempted from import duties, import value-added tax and consumption tax when importing articles for scientific research, technological development and teaching that cannot be domestically produced or fail to meet performance standards. Imported books and materials for scientific research and teaching shall be exempted from import value-added tax. This notice specifies the implementation rules for Jiangsu Province to carry out the aforesaid preferential policies. The main contents are as follows:

- Application Requirements:
  1. Applicants shall be foreign-funded enterprises established within Jiangsu Province, including independent legal person foreign-funded R&D centers, independent internal R&D departments or branches of foreign-funded enterprises.
  2. Quantitative Standards (in accordance with Caiguanshui [2026] No.8): 1) The total investment of an independent legal person shall be no less than 8 million US dollars; for non-independent legal persons such as internal departments or branches of enterprises, the total R&D investment shall be no less than 8 million US dollars; 2) The number of full-time research and development staff shall be no less than 80; 3) The original value of equipment purchased cumulatively since establishment shall be no less than 20 million RMB.
- Application Arrangements:
  1. Applications are accepted in two batches every year, with the deadlines falling on June 30 and October 20 respectively.
  2. Local commerce bureaus shall collect application materials and submit them to the Jiangsu Provincial Department of Commerce. The provincial Department of Commerce, provincial Department of Finance, Nanjing Customs and provincial Tax Service will conduct joint review, publicize and confirm the accreditation results.
- Qualification Review:
  1. Entities that have obtained the preferential qualification shall complete the annual review before June 30 each year. Those who fail to do so on time will have their qualifications revoked.
  2. In case of changes to key information such as enterprise nature, name and business scope, the entity shall report to the Jiangsu Provincial Department of Commerce for re-review within 30 days upon completion of change registration.
- Valid Period of Implementation: The policy shall take effect from April 30, 2026 to December 31, 2030. For foreign-funded R&D centers newly accredited in 2026, tax payments already made between January 1, 2026 and 30 days after the release of the accreditation list for items eligible for tax exemption may apply for tax refund.

Announcement of the Zhejiang Provincial Taxation Bureau on Issues Concerning the Issuance of VAT Ordinary Invoices for Export Businesses

Issued by:	Zhejiang Provincial Tax Service, State Taxation Administration
Issue No.:	Announcement No. 1 of 2026
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Effective Date:	July 1, 2026
Links:	https://zhejiang.chinatax.gov.cn/art/2026/5/29/art_8414_84531.html

This Announcement is issued to regulate the tax collection and administration of export business (including the export of goods, cross-border sales of services and intangible assets, collectively referred to as "export business") in Zhejiang Province (excluding Ningbo), and to clarify the rules for issuing ordinary VAT invoices for export business. The main contents are as follows:

- Taxpayers who conduct eligible export businesses may issue ordinary VAT invoices based on actual circumstances, unless otherwise stipulated by the State.
- Standards for Invoice Filing
  1. "Tax Rate" column: For VAT refund (exemption) businesses, select "0%"; for tax-exempt businesses, select "Tax-exempt"; for taxable businesses, fill in the applicable tax rate or levy rate.
  2. Purchaser Information: For overseas purchasers, the "Name" field is mandatory, while the "Unified Social Credit Code/Taxpayer Identification Number" may be left blank; for domestic purchasers, all information shall be completed in full.
  3. "Unit price" and "Amount" column: Fill in the amounts converted into RMB.
  4. "Remarks" column: State "Export Business" and fill in the total foreign currency sales amount and the corresponding currency.
- Special Business Invoicing: For processing with supplied materials, the Amount column shall be filled with the processing fee income converted into Renminbi (RMB); for taxable processing with imported materials, the invoice shall be issued in two separate lines, separately specifying the tax-exempt bonded imported materials and the corresponding content for differential taxation.

Human Resources

Interim Provisions on the Protection of Basic Rights and Interests of Over-age Workers

Issued by:	Ministry of Human Resources and Social Security, National Health Commission, Ministry of Emergency Management, State Taxation Administration, National Healthcare Security Administration
Issue No.:	Order No. 56 of the National Healthcare Security Administration
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The number of over-age workers in China has been increasing year by year. Previously, such workers were mostly deemed to have established a civil (service) relationship rather than an employment relationship, and thus were not protected by labour law, leaving their labour rights and interests inadequately safeguarded. This Provisions is the first special rule in China that explicitly sets forth the rights and interests of over-age workers. It is introduced alongside the policy of gradually raising the statutory retirement age and aims to fill gaps in the current labour protection system. The main contents are as follows:

- Scope of Application:

  1. Applicable subjects: workers who have exceeded the statutory retirement age and are under the management of an employer and receive remuneration; as well as workers who, after having taken early retirement in accordance with the relevant provisions, are re-employed.

  2. Excluded subjects: workers who, in accordance with the relevant provisions, are on flexible delayed retirement. During the period of flexible delayed retirement, the provisions of the Labour Contract Law and the Regulations on the Management of Personnel in Public Institutions shall apply.

- Four Core Rights and Interests：

  1. Labour remuneration: Shall not be lower than the local minimum wage standard, and the employer shall pay it in full, in monetary form, on a monthly basis.

  2. Rest and leave: The employer shall comply with the provisions on statutory working hours and generally shall not arrange overtime work for over-age workers. If overtime is truly necessary, it shall be implemented in accordance with the Labour Contract Law.

  3. Occupational safety and health: The employer shall, based on the physical condition of over-age workers, assign suitable posts and work intensity, prohibit arranging work involving high-risk or hazardous operations, and conduct safety and occupational health training in accordance with regulations.

  4. Work-related injury protection: The employer is mandatorily required to cover over-age workers under work-related injury insurance (individuals do not pay contributions). The determination of work-related injuries, assessment of capacity for work, and work-related injury benefits for over-age workers shall be handled with reference to the existing provisions on work-related injury insurance.

- Social Insurance Coordination: For over-age workers who are already receiving retirement benefits for pension and medical insurance, their existing benefits shall remain unchanged. Those not receiving such benefits may continue to participate in insurance in their personal capacity, or, through consultation, the employer may pay the contributions on their behalf, with the individual's share withheld and remitted by the employer.

- Employment Agreement: The employer shall enter into a written employment agreement with over-age workers, stipulating matters such as work content, remuneration, social insurance, and other relevant items.

- Dispute Resolution: Disputes arising from the "Four Core Rights and Interests" shall be governed by the Law on Mediation and Arbitration of Labour Disputes and shall be subject to mandatory prior labour arbitration. Disputes arising from other matters shall be handled in accordance with ordinary civil litigation procedures, and the parties concerned may directly file a lawsuit with the people's court.

Recent Hot Topics

- Recently, several listed companies have had their equity transfers between parent and subsidiary companies (conducted without consideration) denied eligibility for special tax treatment by tax authorities due to improper accounting treatment, resulting in substantial tax arrears and late payment penalties. What warnings does this hold for enterprises seeking to apply for special tax treatment benefits in the future?
- Effective May 1, 2026, registration authorities nationwide have listed the Register of Shareholders as a statutory submission document for multiple registration matters, thereby elevating the legal status of the Register of Shareholders from an "internal management document" to a "statutorily required document." Has your company duly prepared the Register of Shareholders and Capital Contribution Certificates in accordance with the law? Is the information recorded therein complete and accurate?
- For sales revenue adjusted upward as a result of tax authority audits and assessments, should such amount be included in the sales revenue of the tax period to which the tax liability relates, or in the sales revenue of the period in which the subsequent tax supplementation occurs?

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

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