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## Legal

### **2025 Action Plan for Stabilizing Foreign Investment**

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Links: [https://www.gov.cn/zhengce/content/202502/content\\_7004409.htm](https://www.gov.cn/zhengce/content/202502/content_7004409.htm)

The 2025 Action Plan for Stabilizing Foreign Investment outlines four strategic areas with 20 key tasks for stabilizing foreign investment in 2025, including orderly expansion of self-initiated opening-up, improvement the level of investment promotion, strengthening the functions of opening-up platforms, and redoubling efforts to enhance services. The following key highlights warrant particular attention:

- Expand pilot programs to open up the telecommunications, healthcare, and education sectors; advancing opening-up of the biomedicine sector in an orderly manner; comprehensively lift restrictions on foreign investment access in the manufacturing sector.
- Revise and expand the Catalogue of Encouraged Industries for Foreign Investment, steer foreign investment to the modern services sector, and support more foreign investment flows into China's central, western and northeastern regions.
- Research and formulate policy measures to encourage FIEs to reinvest in China and use more of their profits made in China for reinvestment.
- Amend the Provisions on the Merger and Acquisition of Domestic Companies by Foreign Investors under the framework of the Foreign Investment Law, with optimized M&A rules and transaction procedures, clarify the scope of administration and lower threshold for cross-border share swaps.
- Formulate and release guidelines for implementing the Measures for the Administration of Strategic Investment in Listed Companies by Foreign Investors, encourage more long-term foreign investment in listed Chinese companies.

### **Several Measures to Support the Upgrading of Regional Headquarters of Multinational Corporations in Shanghai**

Issued by: The General Office of the Shanghai Municipal People's Government  
Issue No.: Hufubangui (2025) No. 1  
Release Date: February 17, 2025  
Effective date: March 1, 2025  
Links: <https://www.shanghai.gov.cn/nw12344/20250227/e6ee1dc5e05540c39fd79278ffd27230.html>

The Measures outline specific initiatives to support regional headquarters of multinational corporations across key areas, including increasing financial incentives, enhancing R&D innovation capabilities, improving treasury management functions, and facilitating the entry and exit of headquarters personnel. Key highlights include:

**1. Encourage headquarters to consolidate functions and upgrade to higher-level roles.**

- Headquarters are encouraged to integrate and expand their functions, including R&D innovation, treasury management, investment decision-making, procurement and distribution, supply chain management, and shared services, with the goal of upgrading to higher-level headquarters, such as Asia-Pacific regional headquarters or global business unit headquarters.
- RMB 3 million will be granted to headquarters upgrading from a China regional headquarter to an Asia-Pacific regional headquarter, provided they incorporate two or more additional functions.
- RMB 10 million will be awarded to those recognized as global business unit headquarters.

**2. Support for new function additions and innovation platforms.**

- RMB 3 million will be rewarded to headquarters that introduce new R&D innovation and treasury management functions, subject to evaluation.
- RMB 3 million will be rewarded to headquarters recognized as open innovation platforms.

**3. Support production line upgrades and equipment modernization.**

- Headquarters and their affiliated manufacturing enterprises are encouraged to accelerate production line upgrades and equipment modernization. For eligible investment projects, a technical renovation subsidy up to 10% of the total verified project investment will be granted, capped at a maximum of RMB100 million.

**4. Facilitate travel and visa arrangements for headquarters personnel.**

- Headquarters personnel will benefit from streamlined processes for obtaining APEC Business Travel Cards and facilitated visa endorsements for travel to Hong Kong and Macau. Overseas employees of headquarters will also enjoy simplified procedures for obtaining multi-year, multi-entry visas.

## **Ten Measures for Facilitating Market Access Registration Launched in Shanghai**

Issued by: Shanghai Municipal Administration for Market Regulation

Release Date: February 6, 2025

Links: <https://www.ssme.sh.gov.cn/public/news/loadNewsDetail.do?id=2c9e8831949272af0194df121cbd21f5>

To further optimize the business environment and provide convenient registration services for enterprises, the Shanghai Municipal Administration for Market Regulation has released the Ten Measures for Facilitating Market Access Registration. The following highlights are worth attention:

**1. Full-process online registration for foreign enterprises**

- Expand the service of "Shanghai Enterprise Registration Online" to cover full-process online registration services for foreign (regional) enterprises engaged in production and business activities within China and resident representative offices of foreign enterprises.

**2. Intelligent enterprise name assistance system**

- Optimize the intelligent assistance system for enterprise names by leveraging advanced large-scale models and big data algorithms. This system intelligently analyzes the preferences of applicants and

recommend available names in real time, helping applicants quickly select the names they "want" and that are "available".

### 3. Standardized business premises database

- Replicate and promote the standardized registration information database of business premises citywide, integrating property details via a unified code linked to rental contract standards. This integration eliminates the need for submitting additional residency certification documents.

### 4. Batch signature and download functions

- Introduce the "Batch Signature" and "Batch Download" functions to streamline the online registration process. Individuals who need to electronically sign can sign all registration documents of up to fifty branches under their names with only one identity verification; For chain enterprises that appoint the same person as the head of multiple stores, the person in charge can download in bulk the electronic business licenses of all the stores under their names with only one identity verification.

### 5. One license for multiple locations cross-districts

- Eliminate regional barriers and enable cross-district business premises filing under the "one license for multiple locations" framework. Enterprises operating in multiple locations across the city can now submit a unified application to the registration authority at their registered address to file business premises for all citywide stores.

### 6. Mandatory dual rejection follow-up system

- Introduce the "Mandatory Dual Rejection Follow-Up" system for online business registration. During the online application process, if an application is rejected for the second time, staff are required to proactively contact the applicant, clearly explain the reasons for rejection, and offer tailored guidance to assist in revising the application materials.

## Tax

### Announcement on Relevant Matters Concerning the "Chinese Tax Resident Identity Certificate"

Issued by: State Taxation Administration  
 Issue No.: State Taxation Administration Announcement No. 4 of 2025  
 Release Date: January 26, 2025  
 Effective date: April 1, 2025  
 Links: <https://fgk.chinatax.gov.cn/zcfgk/c100012/c5238262/content.html>

The main contents of this announcement are as follows:

- Enterprises or individuals may apply to their competent tax authority for a "Chinese Tax Resident Identity Certificate" (the "Certificate") for any calendar year in which they are considered Chinese tax residents.
- Applicants should select their application purpose based on whether they intend to enjoy treaty benefits or not.

- Full-process online application is supported.
- For institutions that do not have legal person status and cannot apply independently for the Certificate, the applicants for the Certificate are clarified as follows:
  - a) Domestic and overseas branches shall have their Chinese head office apply for the Certificate.
  - b) Individual industrial and commercial households shall have their Chinese resident owners apply for the Certificate.
  - c) Personal sole corporations shall have their Chinese resident investors apply for the Certificate.
  - d) Partnership enterprises shall have their Chinese resident partners apply for the Certificate.
- The competent tax authority should issue the Certificate within 7 working days (originally 10 working days) after accepting the application.

## Foreign Exchange

### Management Regulations on the Pilot Program of Integrated RMB and Foreign Currency Cash Pooling for Multinational Corporations in Shanghai

Issued by: The Shanghai Branch of the State Administration of Foreign Exchange

Release Date: January 23, 2025

Links: <https://www.safe.gov.cn/shanghai/2025/0123/2208.html>

The "Regulations" further upgrade the integrated RMB and foreign currency cash pooling policies for multinational corporations, improving the convenience of cross-border fund operation and management. The main contents include:

- Allowing multinational corporations to directly conduct relevant business based on payment instructions within the limits of their foreign loan and overseas lending quotas.
- Permitting the lead enterprise of a multinational corporation to handle centralized collection and payment on behalf of its overseas member enterprises in transactions with domestic member enterprises or overseas entities.
- Allowing multinational corporations to consolidate portions of their foreign loan and overseas lending quotas.
- Permitting cross-currency borrowing and lending between domestic member enterprises of a multinational corporation for cross-border payments under current account transactions.
- Delegating the handling of capital account changes not involving foreign loan and overseas lending quotas, as well as changes to the name of the lead enterprise or member enterprises, to cooperative banks.
- Pilot enterprises must complete the cleanup of funds and accounts related to other cross-border fund concentration operations or two-way RMB fund pool activities within six months after obtaining the filing. After the cleanup, they may only engage in the cash pooling operations specified in these regulations.

## Others

### Management Measures for the Compliance Audit of Personal Information Protection

Issued by: National Internet Information Office  
Issue No.: Order No. 18 of the National Internet Information Office  
Issue Date: February 12, 2025  
Effective date: May 1, 2025  
Links: [https://www.cac.gov.cn/2025-02/14/c\\_1741233507681519.htm](https://www.cac.gov.cn/2025-02/14/c_1741233507681519.htm)

The Measures clarify the relevant provisions for personal information protection compliance audits (the “Compliance Audit”). The main contents are as follows:

Compliance Audit is divided into two types: self-conducted compliance audits by personal information processors, namely self-audits; and compliance audits conducted in accordance with the requirements of the National Internet Information Office and other departments responsible for personal information protection (the “Protection Authorities”), namely regulatory audits.

#### **1. Self-audit provisions:**

- Personal information processors may choose to have their internal departments or third-party professional institutions conduct regular Compliance Audits.
- Processors processing personal information of over 10 million individuals must conduct a Compliance Audit at least once every two years. There is no mandatory requirement on frequency of Compliance Audit for other personal information processors.

#### **2. Regulatory audit provisions:**

- If serious personal information security incidents occur or significant risks are found in the processing activities of a personal information processor, the Protection Authorities may require the processor to commission a professional institution to conduct the Compliance Audit.
- Personal information processors must select professional institutions as required by the Protection Authorities, complete the Compliance Audit within the specified time, and bear the audit costs.
- Personal information processors must rectify issues identified in the Compliance Audit in accordance with the requirements of the Protection Authorities and submit a rectification report to the Protection Authorities upon completion.

#### **3. Other provisions:**

- Personal information processors processing personal information of over 1 million individuals must designate a personal information protection officer responsible for the compliance audit work.
- Personal information processors providing important internet platform services, with massive user bases and complex business types, must establish an independent department, mainly composed of external members, to supervise Compliance Audit situation.
- The same professional institution and its affiliates, as well as the same Compliance Audit head, may not conduct more than three consecutive Compliance Audits for the same audit subject.

## Recent Hot Topics

- Properties that have been continuously unused for more than half a year due to major repairs may be exempt from property tax during the period of such repairs. However, in practice, how is "major repair" defined? And what preparations must a company undertake before it can enjoy this tax exemption?
- Recently, the tax authorities responsible for export tax rebates have initiated intelligent reviews on relevant enterprises. If companies cannot promptly address the concerns raised by the tax authorities, their applications for export tax rebates may be suspended. In light of this, how should companies effectively respond?
- When a foreign-invested enterprise engages in cross-border equity transfers, if the transfer price differs substantially from the investment cost, could this raise questions from Administration for Foreign Exchange (SAFE) as well as the tax authority? In light of this, how should companies respond?

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