

China Covid-19 Outbreak Snippets

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China Covid-19 Outbreak Snippets

Policies which you need to know to do business in China.

As businesses in China struggle to return to their normal operations, there have been more policies released to help soothe financial disruption and avoid mass layoffs, which could damage an already at-risk economy. To prevent businesses from missing out from benefiting from these policies, LehmanBrown shares some policies which may be of interest.

100% Unemployment Insurance Return Rate for SMEs

The Beijing Municipal Human Resources and Social Security Bureau has recently released a "Notice on Issues Regarding Further Improvement of the Job Relocation of Unemployment Insurance" to increase the return of unemployment insurance premiums.

During the Covid-19 epidemic prevention and control period, the unemployment insurance premium reimbursement standard for SMEs with little or no layoffs is raised to 100% of the unemployment insurance premium paid by the enterprise and its employees in the previous year.

SMEs enjoying this policy include those whose layoff rate is not higher than the national urban survey unemployment rate control target of the previous year, and those insured enterprises with less than 30 persons (inclusive) whose layoff rate does not exceed 20% of the total number of employees.

In addition, insured enterprises that are greatly affected by the epidemic which face temporary production and operation difficulties and are expected to recover while insisting on no layoffs or fewer layoffs can, based on the city 's monthly per capita unemployment insurance gold standard and the number of employees insured in the previous six months, can apply for a return of their unemployment insurance premiums.

Enterprises that can apply for this policy need to meet several conditions at the same time, including:

- 1. Participating in unemployment insurance and paying unemployment insurance premiums in full for more than 12 months;
- 2. The number of layoffs or layoffs in 2019 is lower than the national urban survey unemployment rate control target at the end of 2019;
- 3. Not included in the list of serious illegal and untrustworthy companies;
- 4. The total profit and tax in 2019 fell by more than 50% year-on-year, and it suffered losses for two consecutive quarters, and there was a loss in the first quarter of 2020;
- 5. Measures for job stabilization were formulated.

The rebate standard is determined according to the six-month 2019 monthly per capita unemployment insurance standard of the city and the number of employees participating in the enterprise.



Recommendations

For companies the policy is very positive and if they meet the required criteria such measures can aid their current financial positions, companies should apply immediately if they have not already done so.

Offering the Subsidies to Employers Who Have Employees Currently Stranded in Hubei Province Not Returning Beijing

For the employees not returning Beijing from Hubei during the epidemic, if they can provide flexibility to work at home, the employer shall pay them on time and in full. If employees are not able to work for the company from home, the employer shall pay them not less than RMB 3,080 per month and shall not unilaterally terminate the employment contract. And the employer who has already participated in the social welfare contribution in Beijing can apply for a temporary post-subsidy of RMB 1,540 per person per month until the employees stranded in Hubei legally are allowed to return Beijing.

Recommendations

This measure is aimed to try and let companies be as flexible as possible with their employees for them to be able to work still, or to ensure that there is an economic safety net for the employees who can work remotely.

Transportation Services Exempted from VAT

With effect from January 1, 2020, income derived by taxpayers who provide public transportation services and living services, as well as courier and delivery services for residents' necessities, shall be exempted from VAT.

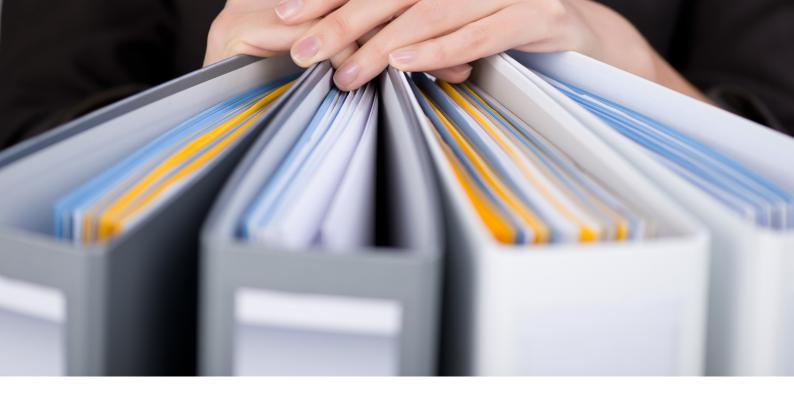
Recommendations

The specific scope of public transportation, living services, courier and delivery services are subject to authorities' regulations. It is important to make sure that your business is gualified.

Find Out More

In case you missed the last week's snippets you can find them by clicking the link here.

If you would like to find out how your business can benefit from these policies and potential others not motioned here please send your enquiries to enquiries@lehmanbrown.com.



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Accounting & Bookkeeping

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Financial Management

Interim Financial Management Finance

Manager Function

CFO Function

Treasury Management

Set-up of Bank Account

Payroll Services

Payroll Processing Setup

Expatriate Employees

Local Employees

Secondment & Temping Service

Taxation Services

Individual Tax Planning (IIT)

Tax Immigration & Investment Review

US & Overseas Personal Income Tax Planning

& Filing IIT Tax Payment Facilitation

Application for Individual Income Tax Refund

Expatriate Staff Individual Income Tax Staff

Filing Local Staff Individual Income Tax

Company Taxation (CIT)

Tax Consulting

Corporate Tax Planning

Business Restructuring

Value Chain Review

Onshore / Offshore Investment

Transfer Pricing

Tax Compliance

Tax Due Diligence

Tax Deregistration

Negotiation of Tax Penalties

Tax Refund Application

Tax Representatives for Tax Audit

VAT & Customs Duty Clearance

PRC Tax Receipt Verification

VAT Application

VAT & Sales Tax Filing

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Systems

Risk Management

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