2021

White Paper on Shanghai’s Tax Doing-Business Environment

Shanghai Municipal Tax Service, State Taxation Administration
Introduction

In 2021, under the visionary leadership of the State Taxation Administration (STA), the CPC Shanghai Committee and Shanghai Municipal People’s Government, and guided by Xi Jinping thought on socialism with Chinese characteristics for a new era, Shanghai Municipal Tax Service of the State Taxation Administration (hereinafter referred to as Shanghai Municipal Tax Service) fully implemented the decisions of the 19th CPC National Congress and plenary sessions of the 19th CPC Central Committee and the key mandates from the STA, the CPC Shanghai Committee and Shanghai Municipal People’s Government, and strove to be a pioneer in tax reform and innovation according to Opinions on Further Deepening the Reform of Tax Collection and Administration, the Implementation Plan for Further Deepening the Reform of Tax Collection and Administration in Shanghai, Opinions on Carrying out Pilot Program for Improving the Tax Doing-Business Environment, and the Implementation Plan for Carrying out Pilot Program for Improving the Tax Doing-Business Environment in Shanghai issued by the General Office of the CPC Central Committee, the General Office of the State Council, and Shanghai Municipal Government respectively, as well as national and local development initiatives such as “three major tasks”, “five centers” and “four brands”. As a result, Shanghai Municipal Tax Service has mobilized tax revenues while realizing tax and fee cuts to support major development strategies. Shanghai Municipal Tax Service has provided targeted and considerate taxpayer services and implemented proper and favorable tax regulations at the same time to improve the integrated tax governance and overall business environment, thus facilitating the sustainable, stable and healthy economic and social development in Shanghai’s, and boosting the city’s competitiveness on multiple fronts.

In 2022, Shanghai Municipal Tax Service will continue to implement Xi Jinping thought on socialism with Chinese characteristics for a new era, follow the spirit of General Secretary Xi Jinping’s important speech during his visit to Shanghai and the spirit of the 19th CPC Central Committee’s Sixth Plenary Session and the Central Economic Work Conference, improve its performance in tax reform and innovation, strictly enforce tax-related laws and regulations, systematically mobilize tax revenues, fully exploit the role of taxation in achieving a more equitable distribution of income and finally common prosperity, and ensure “stability in six areas” and “security in six areas”. Based on continuous and further implementation of pilot programs for tax reform and innovation , Shanghai Municipal Tax Service will advance major reforms such as electronic invoices, dynamic credit and risk-based tax supervision, and all round taxpayer services, with the aim of optimizing the tax doing-business environment, improving the efficiency of taxation governance, and playing the role of taxation in higher-level reform and opening up in Pudong New Area and making Pudong into a pioneer and pilot area for socialist modernization and in transforming Shanghai into a central hub of “internal circulation” and a key link in “dual circulation”, and stimulating Shanghai’s potential for high-quality economic and social development. Shanghai Municipal Tax Service is sure to realize all its goals and get Shanghai ready for the 20th CPC National Congress later this year.

Director-General of Shanghai Municipal Tax Service,
State Taxation Administration
April 2022
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The 30th Tax Awareness Month was launched, and the 2020 White Paper on Tax Doing-Business Environment was released.

Shanghai Shibei High-tech Park opened the city’s first smart “tax + urban governance” (“co-governance”) center.

Shanghai Municipal Tax Service, along with 16 other government departments, issued a joint circular entitled Measures for Promoting Tax and Fee Payment Facilitation and Optimizing the Tax Doing-Business Environment.

Special action “Nature Works on Seeds” was taken in collaboration with Shanghai Federation of Industry and Commerce to help small and micro businesses grow, with 12 convenience services offered in five areas.

Pre-filled tax returns for exports in goods and technology were first used in Shanghai.

Distribution of information sheets such as export declarations and invoices changed from manual distribution to smart distribution.

2021 convenience initiative for taxpayers were started.

Party Day activity “Optimizing Tax Law Enforcement and Tax Facilitation Services” was organized.

“Quarterly Declaration” mechanism was launched for corporate income tax prepayment.

Opinions on Further Restoring Public Credit Information in Shanghai (Trial Version) were released by Shanghai Municipal People’s Government.

Eleven taxes and fees were consolidated into one comprehensive declaration, including corporate income tax and 10 property and behavior taxes.

The CPC Central Committee and the State Council issued Opinions on Supporting High-Level Reform and Opening-Up of Pudong New Area and Making Pudong a Pioneer Area for Socialist Modernization.

Channels for ten taxes, including property and behavior taxes, were opened for comprehensive (consolidated) declaration.
• The first Shanghai (International) Taxpayer Service Center as a physical service facility for STA service hotline 12366 was opened in Nanhui New Town, the Shanghai Pilot Free Trade Zone’s Lin-gang Special Area.
• Seventeen taxes and fees were combined into a single comprehensive declaration, including VAT, consumption tax, urban maintenance and construction tax, education surtax, local education surtax, and car purchase tax.
• Shanghai Municipal Tax Service developed a pilot program for providing targeted taxpayer services.

• Implementation Plan for Further Deepening the Reform of Tax Collection and Administration in Shanghai was released by the CPC Shanghai Municipal Committee and Shanghai Municipal People’s Government.
• VAT and consumption tax declarations were combined with declarations for urban maintenance and construction tax, education surtax, and local education surtax.

• The first de-registration pre-check service in China was launched in collaboration with Shanghai Municipal Administration for Market Regulation and Shanghai Human Resources and Social Security Bureau.
• A special exhibition was held entitled Review of CPC’s History and Spring Breeze Campaign for Taxpayer Services.

• Opinions on Carrying out Pilot Program for Improving the Tax Doing-Business Environment were released by the State Council, and Shanghai was selected as one of the first six pilot cities.
• A taxpayer service center for Shanghai tax service hotline 12345 was opened, which gives tax payment advice 7 days a week and 24 hours a day.
• The first 5G-based “co-governance” center in a business district was launched in Shanghai.
• Announcement on Implementing the Pilot Program for Rolling Out E-Invoices in All Areas was published.

• Shanghai Municipal People’s Government published the Implementation Plan for Carrying out Pilot Program for Improving the Tax Doing-Business Environment in Shanghai, which includes 172 measures in 10 categories.
• Shanghai Municipal Tax Service developed its Measures to Implement the Pilot Program for Improving the Tax Doing-Business Environment in Shanghai while it has worked to improve Shanghai’s tax doing-business environment.
Shanghai strives to be a pioneer of China in tax reform and innovation.

In 2021, guided by Xi Jinping thought on socialism with Chinese characteristics for a new era and the CPC central committee’s strategic planning for Shanghai’s development, focusing on Shanghai’s “three major tasks” and “one major platform” and the great initiative to accelerate Pudong New Area’s high-level reform and opening up, and closely aligning with Shanghai’s “14th Five-year Plan” goals, Shanghai Municipal Tax Service further deepened its tax collection and administration reforms, conducted appropriate, realistic and targeted taxpayer support measures, and significantly increased its tax administration and taxpayer service capacity, thus playing a positive role in the development of an influential modern socialist international metropolis.
Deepening the tax collection and administration reform is an important effort to modernize China’s tax regime, and it has exerted an obvious positive effect on the socialist market economy. In 2021, Shanghai Municipal Tax Service made every effort to implement the Opinions on further Deepening the Reform of Tax Collection and Administration issued by the General Office of the CPC Central Committee and the General Office of the State Council as well as the local Implementation Plan for Further Deepening the Reform of Tax Collection and Administration in Shanghai issued by the CPC Shanghai Committee and Shanghai Municipal People’s Government, and strived to complete a world-class smart tax system by 2025 in which tax law enforcement, taxpayer services, and supervisory capabilities significantly improve, and the reform of the tax collecting and administration system bear more fruits.

### Main tasks prescribed in the Implementation Plan for Further Deepening the Reform of Tax Collection and Administration in Shanghai

#### Advancing the digitalization of tax collection and administration

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#### Continuing to optimize methods of tax enforcement

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#### Implementing high-quality, cost-efficient and smart tax services

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#### Implementing efficient and targeted tax supervision

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#### Strengthening organizational support for tax administration

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Implementing the pilot program for improving the tax doing-business environment

The State Council issued Opinions on Carrying out Pilot Program for Improving the Tax Doing-Business Environment in November 2021, and Shanghai was chosen as one of the first six pilot cities. Shanghai Municipal People’s Government issued the Implementation Plan for Carrying out Pilot Program for Improving the Tax Doing-Business Environment in Shanghai, with the goal of making Shanghai’s tax doing-business environment one of the best in the world within three to five years. Shanghai Municipal Tax Service has studied the main tasks of this national initiative and developed a series of tax and fee-related innovation measures, and striving to implement these measures at higher standards.

Shanghai’s innovative measures to improve the tax doing-business environment

1. Cross-provincial coordination on tax issues
2. CIIE-related tax policies regularized
3. Advanced science literacy education
4. Advanced skills training
5. Online car booking
6. Electronic invoicing for individuals’ house transactions
7. Integrated Online Government Services for property registration, transaction, and tax payment
8. Contactless issuing of tax UKeys, a software for VAT invoicing
9. Comprehensive declaration of multiple taxes
10. Online inquiry and verification of nationwide vehicle and vessel tax payments
11. Expanded corporate taxation data openness
12. Electronic tax compliance certificates for real-time electronic tax payment
13. Interactive taxpayer services
14. Smart tax compliance services
15. Expanded scope of the Integrated Online Government Services
16. Facilitation for businesses to open bank accounts
17. Combined corporate annual statements
18. Optimized assets unsealing and disposal mechanism in bankruptcy cases
19. Easy access for bankruptcy administrators to information about corporate assets
20. Improved credit repair mechanism during business reorganization
21. Credit and risk-based tax supervision
22. A list of areas where administrative coercion isn’t effective
23. A system in which tax enforcement officials working on duty are not held accountable
24. Third-party monitoring and evaluation of corporate tax compliance
“Three major tasks” and “one major platform” of Shanghai

Upgrading the tax governance system in the Shanghai Pilot Free Trade Zone (FTZ)

Shanghai Municipal Tax Service committed itself to the FTZ, benchmarked against international best tax environment standards, conducted trials to optimize the tax collection and administration model and service measures and thus help businesses to benefit from the preferential policies in the FTZ and help the FTZ achieve high-quality development.

01 Tax incentives to boost key industries

Shanghai Municipal Tax Service has actively developed and implemented tax incentives to boost the development of the FTZ, aiming at the growth of key industries and the access to supporting resources, particularly the Lin-gang Special Area.

- **Special tax arrangements for commerce and transportation businesses:** In the Lin-gang Special Area of the FTZ, the VAT exemption policy in special customs supervision area for goods transactions was extended to cover qualified transportation, loading, unloading, and warehousing services.

- **Corporate income tax incentives for key industries:** For companies engaged in production, research and development in key industries such as integrated circuits, artificial intelligence, biomedicine, and civil aviation in the FTZ, their taxable income would be taxed at a discounted rate of 15% within 5 years of its incorporation.

- **Income tax break for corporate venture capital (CVC):** For CVC investing in certain zones in the FTZ, where the transfer of shares meets certain criteria, individual shareholders’ corporate income tax will be halved or exempted as per their shares for the year.

2021

- Compared to the previous year, the total industrial output of the Lin-gang Special Area of the FTZ increased by 72.7%.

- Fixed asset investments increased by 62.0%.

As of November 2021, the total amount of VAT exemption was RMB 859,000.

As of October 2021, the total corporate income tax exemption was RMB 119.522 million.
In 2021, with a focus on “17+10” measures of taxpayer service optimization, Shanghai Municipal Tax Service continued to develop innovative taxpayer service methods and deepen collaboration with other government departments, which helps improve service quality and efficiency and increase taxpayers’ tax compliance and boost growth in the FTZ.

- **First pre-assessment mechanism before tax payment launched**
  Shanghai Municipal Tax Service directed the taxation service of the FTZ Lin-gang Special Area and worked with the FTZ to launch a pre-assessment before tax payment in order to help companies make good use of R&D tax credits. The mechanism can determine if a company qualifies for this incentive by looking at its R&D investment ratio.

  **Before 2021 final payment**

  The Lin-gang Special Area taxation administration processed **400** related data requests from more than **100** high-tech companies, and sent the analysis and evaluation report to each of them.
China’s first 12366 taxpayer service center opened in Lin-gang Smart Tax Service Center
On September 29, 2021, the first Shanghai (International) Taxpayer Service Center was opened in Nanhui New Town, the FTZ Lin-gang Special Area, as a physical service facility for STA service hotline 12366, providing differentiated and targeted services including but not limited to tax payment advice, communication advice, and risk warnings to global investors, especially Chinese and foreign companies operating in the FTZ, empowering cross-border business development with smart taxation.

Targets

- Domestic and overseas investors seeking to invest in Lin-gang Special Area, to whom Shanghai Municipal Tax Service needs to provide information on tax incentives and services to improve the business environment, and answer tax and fee questions prior to investment.
- Taxpayers who have already invested in the Lin-gang Special Area and may have any tax and fee issues that require coordination and resolution.

Services

- The Taxpayer Service Center assists the Lin-gang Investment Promotion Center in providing tax advice to domestic and overseas investors through live broadcast, Internet platform promotion, taxpayer education, WeChat, and other channels.
- The Taxpayer Service Center provides hotline inquiry and response services to address tax and fee problems of taxpayers.
- The Taxpayer Service Center works in the cyber space to release information on the most recent tax policies and links to advisory services on the Lin-gang Special Area’s website and other platforms.
Accelerating tax coordination and collaboration in the Yangtze River Delta

As per the STA’s strategic deployment, Shanghai Municipal Tax Service is now working as the pioneer and leader of taxpayer support and services in the Yangtze River Delta region to promote mutual support and collaboration among tax administrators of provinces and cities in this region and implement the “16+10” tax collection and administration measures announced in 2021.

01 Companies enabled to transfer data seamlessly across provinces and cities

- Companies in this region with an A or B-level tax credit rating and cohering with relevant conditions can apply for cross-provincial data transfer, and some of their data, credentials, and rights and interests can be inherited without any need to de-register and re-register.

02 Cross-provincial online declaration and verification

- Taxpayers operating in this region may have their tax-related requests processed online through the e-Tax Office of the province or city where their businesses are located, such as opening accounts, declaration and verification, declaring prepayments, paying taxes, and information feedback.

03 Cross-provincial online property and land tax administration

- Taxpayers from other provinces or cities in this region who have cross-provincial property tax and urban land-use tax obligations in Shanghai can achieve their compliance through the Shanghai e-Tax Office like registering their property and urban land-use information, and making property tax and urban land-use tax declarations and payments. In 2021, Shanghai Municipal Tax Service expanded the coverage of this data sharing measure from taxpayers in this region to the entire country.

Case | Cross-provincial tax payments no longer an issue

Nanjing Guma Arts & Crafts Products Limited Company bought a property in Songjiang District, Shanghai in 2018. According to the tax policy at the time, the company’s financial officer, Zhao Zilin, had to travel from Nanjing to Shanghai from time to time to pay the property and urban land-use taxes, which took a lot of time and labor. Since Shanghai Municipal Tax Service’s online tax platform offered the new service of cross-provincial collection and registration of the property and urban land-use information, taxpayers can register their information, make tax declarations and payments with a click of mouse.” It is very easy to complete the cross-provincial declaration and payment of property and land-use tax online,” said Zhao Zilin, who had just successfully declared and paid the cross-provincial property and urban land-use tax.

Zhao Zilin was at first unfamiliar with the online cross-provincial property and urban land-use tax registration and declaration system. Shanghai Songjiang State Administration of Taxation communicated with him via WeChat and directed him through the process on the e-Tax Office, finally helped Zhao complete the online declaration and payment of property and urban land-use taxes, which took less than 10 minutes in total.
At the opening ceremony of the first China International Import Expo (CIIE) in November 2018, President Xi Jinping announced a Nasdaq-like sci-tech companies board, officially known as the STAR Market, which will be launched and managed by Shanghai Stock Exchange (SSE), and operate a registration-based initial public offering (IPO) system. In June 2019, the SSE officially launched the STAR market, which attracted a large number of high-tech companies seeking capital and further development. By the end of 2021, the financing scale and capitalization value of companies listed on the STAR market have reached 151.77 billion yuan and 1.5 trillion yuan, respectively.

In order to support the growth of high-tech companies and address their difficulties in the tax/fee aspect, Shanghai Municipal Tax Service sent technology professionals to companies and industrial parks to answer their tax-related questions, and assist companies in completing tax obligations. In response to their needs, Shanghai Municipal Tax Service organized experts to conduct research, trying to use tax incentives to drive business innovation and bring more enterprises to the STAR market.
CIIE is a major initiative of China to promote high-level and higher-quality opening-up. So far, four CIIEs have been held successfully in Shanghai. Based on the experience of the previous CIIEs, Shanghai Municipal Tax Service understands clearly the needs of companies and has provided considerate and targeted taxpayer services, thus contributing to the success of CIIEs.

## Improving tax services at CIIEs

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<td>Shanghai Municipal Tax Service has opened a dedicated service under hotline 12366 for the Expo that provides bilingual Chinese-English human translation service and voice broadcasting in other languages.</td>
<td>A pocket book entitled CIIE Bilingual Service Manual (Version 4.0) has been released, which includes major tax innovations such as e-invoices tailored to the needs of buyers and sellers at the CIIE.</td>
<td>Smart review is performed at the NECC volunteer service station to ensure that the tax-related issues of participating companies can be resolved in time during the CIIE.</td>
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<td>Taxpayer service providers were sent to provide on-site services at the information desk of the venue (NECC), such as on-site consultation, policy communication, and complaint handling.</td>
<td>The all-in-one interactive query platform adds an intelligent and simple-to-use interface and language features, which would facilitate access to tax incentives and their interpretations.</td>
<td>The CPC Member Volunteer Service Station, located on the main pedestrian passage from Hongqiao transportation hub to the NECC, is staffed by 27 young tax administrators who provide professional translation services as well as direction to foreign participants and visitors.</td>
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Making Pudong into a pioneer area for socialist modernization

On July 15, 2021, the CPC Central Committee and the State Council issued Opinions on Supporting High-Level Reform and Opening-Up of Pudong New Area and Making Pudong a Pioneer Area for Socialist Modernization, giving Pudong New Area a new task for further reform and opening up. In this spirit, Shanghai Municipal Tax Service has developed new tax policies to support the goal of making Pudong New Area a pioneer area for socialist modernization as follows.

01 Expanding the corporate income tax incentives offered in the FTZ Lingang Special Area

Shanghai Municipal Tax Service has studied the possibility and ways of expanding the corporate income tax incentives, including a lower rate of 15% for companies engaged in production, research and development in key industries such as integrated circuits, artificial intelligence, biomedicine, and civil aviation in the Lingang Special Area, to other parts of Pudong New Area.

02 Developing VAT incentives to support service exports

On the condition that risks are under control, Shanghai Municipal Tax Service is developing VAT incentives to support service exports by companies based in Pudong New Area.

03 Offering import duty exemption for special purposes

Shanghai Municipal Tax Service is working to offer exemption of import duty for drugs used in clinical research, and allow certified R&D institutions in Pudong New Area to enjoy import duty exemption for importing equipment for self-use, as well as tax refund for purchasing equipment from Chinese makers for self-use.

The combined scale of six major industries in Pudong New Area exceeded a trillion yuan, in which

- Automotive manufacturing: Over 300 billion yuan
- Software and information service industry: Over 300 billion yuan
- Biomedicine: Over 250 billion yuan
- Integrated circuits: Over 150 billion yuan
- Complete equipment: Over 150 billion yuan
- Aerospace manufacturing: Over 10 billion yuan

Chapter 1 Aligning with Major National Strategies 15
Tax and fee cuts and targeted services.

Facing a more complex and severe economic situation, the CPC Central Committee and the State Council have introduced a series of targeted policies and measures mainly including tax and fee cuts to help companies, especially small and medium-sized enterprises (SMEs), lower costs and pursue further development. Shanghai Municipal Tax Service, guided by the strategic decisions of the CPC Central Committee and the State Council, has developed various supportive policies including tax and fee cuts and strengthened the effective and targeted implementation of such policies, which has unleashed and restored market entities’ competitiveness and helped them become more resilient in the market. All of these efforts contributed significantly to Shanghai’s steady but progressive economic growth.
Continuing to implement tax and fee cuts

Shanghai Municipal Tax Service actively implemented tax and fee cuts in 2021. In line with the strategic arrangement of the Central Government, Shanghai Municipal Tax Service continued to reduce tax and other burdens on market participants and implement incentive policies, such as reducing corporate social insurance premiums, to ensure that companies benefit from government support and contribute in turn to steady and healthy economic and social development.

Reducing tax burdens on market participants

01 Further raising the VAT threshold for SMEs

- From April 1, 2021 to December 31, 2022, small businesses reporting monthly sales of no more than 150,000 yuan are exempted from VAT obligation.

02 Keeping 1% rate for small VAT taxpayers

- The preferential VAT rate of 1% for small taxpayers was extended until the end of 2021.

03 Increasing income tax cuts for SMEs and self-employed persons

- From January 1, 2021 to December 31, 2022, SMEs and self-employed persons whose annual taxable income does not exceed 1 million yuan get an extra 50% reduction from the existing favored rates.

From January to December
Tax and fee cuts totaled **73.51** billion yuan

2021

- From January to December
  Tax and fee cuts totaled **73.51** billion yuan

2021

- From January to October 2021
  A total of **1.35** billion yuan of income tax was exempted from SMEs and self-employed persons.

2021

- From January to December
  A total of **2.45** billion yuan was exempted from small VAT taxpayers.
• In the fourth quarter of 2021, medium-sized manufacturing enterprises were allowed to defer 50% of their income tax, and small and micro manufacturing enterprises could defer 100% of their income tax for three months.

Case | Tax and fee cuts helped SMEs tide over difficulties

“So to speak, this policy gives our company a three-month interest-free loan,” said Liu Yan, legal representative of Shinewoo Container Technology (Shanghai) Co., Ltd. Not long ago, the company was happy to hear about a policy that allows medium-sized manufacturing enterprises to postpone the payment of 50% of income tax for three months, which meant the company could postpone the payment of nearly 800,000 yuan. Shanghai Municipal Tax Service actively improved and streamlined the e-Tax Office’s operation in order to help taxpayers. After declaration to the e-Tax Office, an interface for deferred payment would pop up for taxpayers who met the criteria for deferred tax payment, and taxpayers only need to check the box and enjoy deferred payment without additional review and approval or documentation requirements.

Continuing to reduce social insurance premiums

Unemployment insurance contribution of 1% shared by employers (0.5%) and employees (0.5%)

Workers’ injury compensation insurance

Benchmark contribution by employers in the first to eighth categories of industries reduced by 20%

The policy’s effective date was extended until April 30, 2022
Supporting high-tech development and innovation

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<td>Super deduction ratio:</td>
<td>75% super deduction ratio extended to</td>
<td>Eligible R&amp;D enterprises purchasing domestic equipment were granted full VAT refund until December 31, 2023</td>
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<td>Up from 75% to <strong>100%</strong></td>
<td>December 31, 2023</td>
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<td>Amortization ratio:</td>
<td>175% amortization ratio extended until</td>
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As of the end of the prepayment period in the third quarter, **18,000** enterprises benefited from the super deduction policy on R&D expenses, with the total deduction exceeding **110 billion yuan**.

**Case | Providing targeted services to support business growth**

“We enjoyed a corporate income tax reduction of 224,000 yuan in the first quarter. We used the money saved to upgrade our electrical equipment, increase R&D spending, and improve product performance,” said Han Xuefeng, financial director of Shanghai Shenchen Wire & Cable Equipment Co., Ltd.

In addition, as a manufacturer of cold-welding machines and supporting products, Shenchen Wire & Cable Equipment also benefited from super deduction of R&D expenses. “This year, our R&D expenses can be deducted 100% before tax. As a high-tech company, we expect to save another 120,000 yuan!” Han Xuefeng said.
Making sure that tax incentives are open and accessible

Shanghai Municipal Tax Service has tried to address the concerns of market entities and the general public alike, by precise prompting of preferential tax policies, self-review for pre-filling, and refund of excess VAT, and streamlining the submission of documentation for tax declaration and payment through Shanghai e-Tax Office, the Integrated Online Government Services Platform, and other government service platforms.

Precise prompting of preferential tax policies

Based on big data analysis, Shanghai Municipal Tax Service has created a label management platform with a precise prompting mechanism that puts tax-related information in 4 categories: tax collection and management, risk management, taxpayer services, and policy support, with 348 labels reflecting content characteristics. After a new tax policy is released, this mechanism can match labels with target companies, identify applicable incentives and tax service needs, and then develop a targeted policy package for taxpayers. It can accurately prompt tax incentives to target taxpayers interactively through multiple channels such as the Integrated Online Government Services Platform e, the e-Tax Office, a micro-workbench and an electronic declaration system.

Open and fast channels to distribute information on tax incentives

The taxpayer service platform has links with prompting channels that reach various taxpayers. 48 batches of preferential tax and fee policies have been released through these channels, reaching 16.46 million taxpayers.
Tax incentives self-review for pre-filing

Shanghai Municipal Tax Service has collaborated with Shanghai Big Data Center to launch a pre-filing self-review service for identifying applicable tax incentives in the Integrated Online Government Service Platform’s “Corporate Policies Pre-filing Self-review” section.

**Corporate Policies Pre-filing Self-review**

**What is Policies Pre-filing Self-review?**

Through filling out questionnaires, policy analysis, in-depth review, and income estimation, corporate taxpayers could evaluate whether they meet the criteria for incentives when they declare a tax. This service could also help companies estimate their taxable income.

**How to use Policies Pre-filing Self-review?**

For companies that are having difficulty determining whether they meet the criteria and how to prepare the declaration in advance, they only need to visit the Corporate Policies Pre-filing Self-review section where they can complete the enterprise information, fill out the questionnaire according to the instructions in the “Policy Center” module, and then click “Matching Tax Incentives.” Immediately, they will receive a report on their standing and how matched they are, as well as the improvement recommendations.

**Five major tax incentives self-review program**

By the end of 2021, the corporate self-review service has covered 90 incentives at the municipal and district levels, including 5 tax-related incentives.

- The loss-carryover period has been extended to 10 years for high-tech enterprises and small and medium-sized tech companies.
- High-tech companies are subject to a preferential corporate income tax rate of 15%.
- Technologically advanced service companies are subject to a preferential corporate income tax rate of 15%.
- R&D expenses are deducted before tax.
- Personal income tax imposed on equity awards in high-tech companies for R&D results can be paid in installments.

Chapter 2 Accurately Implementing Tax and Fee Cuts 21
Precise prompts of refund of excess VAT credits

In 2021, Shanghai Municipal Tax Service streamlined the declaration process for the refund of excess VAT credits. After making a VAT declaration, a company could follow the system’s instructions to complete the excess VAT credit refund application. The processing time was reduced further, and the pressure on the company’s cash flow was greatly alleviated.

Through the big data cloud platform, eligible taxpayers would automatically receive reminders for the refund of excess input VAT credits according to their industry, tax credits, previous declarations, and tax refund already received. The calculation was made in real time, with prompts coming in seconds.

Taxpayers could submit an application for a refund of excess input VAT credits by following instructions and complete both the declaration and tax refund process at the same time.

The Shanghai e-Tax Office has streamlined the application process for the refund of excess input VAT credits, increasing the pre-filling rate from 85% to 100%.

In 2021, the fund of excess input VAT credits benefited 2,516 businesses in Shanghai, with the total tax refunds reaching 27.47 billion yuan, up 52.4% from 2020.

**Excess input VAT credit refund for Shanghai-based businesses 2019-2021 (in 100 million yuan)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>104.9</td>
</tr>
<tr>
<td>2020</td>
<td>180.2</td>
</tr>
<tr>
<td>2021</td>
<td>274.7</td>
</tr>
</tbody>
</table>
Streamlining the application process

In recent years, through the e-Tax Office, Shanghai Municipal Tax Service has made full use of modern information technologies such as big data, cloud computing, artificial intelligence, and mobile Internet to lift the tax burden on taxpayers.

By the end of 2021

The documentation requirement has been reduced by more than 40%  
The processing steps have been reduced from an average of 3.5 to 1.4

In 2021

Shanghai Municipal Tax Service gave up 5.096 million copies of attached documentation  
Skipped 10.257 million processing steps  
Saving 50,000 processing hours for taxpayers.

Case | Accelerated VAT refunding for software enterprises

“Application of excess input VAT credit refund is becoming convenient for us software companies. The most recent refund took only 7 days after the application was submitted. The entire procedure was completed online, and it was completely paperless. The refund was received quickly, which increased our cash flow and lowered our operating costs. This is a highly appreciated benefit for us,” said Wang Xinkui, chief financial officer of Shanghai Manheng Digital Technology Co., Ltd.

Excess input VAT credit refund was the best example of “streamlining administration”. According to Wang Xinkui, his company has been benefited from excess input VAT credit refund for software products since 2013. The application process has been upgraded from “offline paper-based application” to “online paperless review.” “This change gives us the chance to experience the efficiency of government services, and also boost our confidence in accelerating development and market expansion,” said Wang Xinkui.
Data analytics enable smart services.

The development of smart taxpayer services is an important effort of Shanghai to further deepen the reform of tax collection and administration. In 2021, Shanghai Municipal Tax Service started with data empowerment to integrate smart taxation into the city-wide digital transformation of Shanghai, and made full use of advanced information technologies such as big data, cloud computing, artificial intelligence, and mobile Internet to accelerate the formation of a smart tax system to support national development and reflect the image of Shanghai as a modern international metropolis. The aim of this system is to embrace digitization and smart tax governance, and accumulate experience and provide clues for realizing high-quality modernization of the tax governance in the new era.
Making efforts to realize smart tax governance

In 2021, Shanghai Municipal Tax Service completed the development of Smart Tax Version 2.0, which was a comprehensive cloud-based platform.

Optimizing smart analysis

In 2021, Shanghai Municipal Tax Service continued to develop the smart analysis platform (Phase II), which is as the center or “brain” of Shanghai Municipal Tax Service’s taxpayer service system. The smart analysis platform supports coordination in the city’s tax administration and allocation of taxpayer service resources to serve taxpayers better.

Connecting smart apps and devices to improve taxpayer service

The smart analysis platform connects smart devices, smart apps, and taxpayer service directories to ensure that taxpayer services are well coordinated across all channels, and thus improve the efficiency and smartness of services.

Expanding the coverage of high-quality taxpayer services

Two smart “co-governance” centers were set up in Shibei High-tech Park in Jing’an District and Changyang Chuanggu in Yangpu District which, as well as the service hotline 12366, have been integrated into the smart analysis platform. Through real-time video review and playback, Shanghai Municipal Tax Service is able to obtain a comprehensive understanding of the current state of taxpayer services, making it possible to provide comprehensive and high-quality services to taxpayers.

Setting early warning indicators and optimizing taxpayer services

In response to problems concerning offline tax services reported by taxpayers, such as long wait times for tax compliance and unreasonable service window allocation, the smart analysis platform has developed a number of early warning indicators. Once warning is triggered, the platform will take immediate actions by allocating window resources, providing hotline services, and making cross-district audio and video calls to ensure that taxpayer services are always satisfactory.

Conducting regular data analyses and distributing taxpayer service centers reasonably around the city

The smart analysis platform has its own data system and automatically analyzes online and offline tax services, as well as the traffic of taxpayers across districts. It assists in the allocation of service windows, smart e-Tax Offices, and “co-governance” centers, which would help resolve “the last miles” tax compliance issues.
Offering smart cross-departmental taxpayer services

As said above, Shanghai’s first smart “co-governance” center was opened in Shibei High-tech Park in 2021, the city’s first 5G-based business district “co-governance” center was established in Raffles City The Bund in 2022, and the Hongkou District Smart Taxpayer Service Center and Fengxian District Smart Taxpayer Service Center were opened in 2019 and 2020 respectively. Thus, Shanghai has gradually built a smart taxpayer service “ecosystem”, including the city’s smart taxpayer service centers and “co-governance” centers in industry parks and business districts.

<table>
<thead>
<tr>
<th>Case</th>
<th>Shanghai opens the first smart “co-governance” center in an industry park</th>
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The smart “co-governance” center at Shibei High-tech Park offers many routine taxpayer services, including invoice purchase and tax-related consultation, and has built the first cloud-based taxpayer service point, the “Mao Qimin Consulting Room”, which has four innovations: online tax payment, cloud-based consultation, interaction with “model worker”, and cross-departmental taxpayer service. In short, this governance center can solve the “last mile” problem of 3,500 corporate taxpayers within the industry park of 4 square kilometers.

<table>
<thead>
<tr>
<th>Four Innovations</th>
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<tbody>
<tr>
<td><strong>Online tax payment</strong></td>
<td>Through the remote service terminal, taxpayers could use high-speed photography and other electronic devices to produce and transmit online data, and tax administrators can process tax payment online.</td>
</tr>
<tr>
<td><strong>Cloud-based consultation</strong></td>
<td>Thousands of frequently asked questions and answers in six categories and 62 subcategories are stored in the 12366 database of the STA and Shanghai Municipal Tax Service, and answers can be retrieved by speaking to or typing keywords on the holographic “screen”.</td>
</tr>
<tr>
<td><strong>Interaction with model worker</strong></td>
<td>Using the dual-screen tax compliance counseling terminal, taxpayers could video chat with the model worker in the consultation room, and get “face-to-face” remote assistance from the model worker.</td>
</tr>
<tr>
<td><strong>Cross-departmental taxpayer service</strong></td>
<td>Through the Integrated Online Government Service Platform terminal and other smart terminals that are fully connected to the municipal government’s integrated service portal, electronic tax compliance is available along with a number of government services such as document processing, employment and entrepreneurship, marriage registration, and information services such as legal information query, professional database query, and online consultation with the human resources and social security department.</td>
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</table>
Since 2020, Shanghai Municipal Tax Service has tried to integrate its own hotline call service with the citizen service hotline 12345, to serve corporate and individual taxpayers better and faster.

**July 28, 2020**

Shanghai Municipal Tax Service became the first government department of the city to transfer calls for tax services from hotline 12345. Citizens can dial the hotline 12345 and press button No. 4 to be transferred to the tax service hotline 12366 for human call service.

**November 1, 2021**

Shanghai 12345 Citizen Service Hotline Tax Sub-center was officially unveiled. 12366 was merged with 12345 hotline in the form of a sub-center, reserved numbers and telephone seats. Therefore, citizens have access to 7x24 hours of “AI-based human assisted” tax compliance consulting services.

**In 2021**

- Service hotline 12366 Responding rate: **96.31%**
- Problem solving rate: **100%**
- Satisfaction rate: **99.7%**
### Upgrading the knowledge base

- A more comprehensive and intelligent tax-related knowledge base is created, including policy and operational knowledge.

<table>
<thead>
<tr>
<th>The knowledge base covered <strong>100</strong> tax-related matters and over <strong>6,000</strong> knowledge entries in 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Its intelligent voice base has over <strong>912</strong> entries, in which <strong>318</strong> entries support multi-round interactions</td>
</tr>
<tr>
<td>While STA’s intelligent online knowledge base has a total of <strong>17,604</strong> questions and answers</td>
</tr>
</tbody>
</table>

### Extending smart tax compliance consultation

- A smart consultation feature is added on platforms that are frequently used by taxpayers, such as the e-Tax Office, the online declaration platform, and the Integrated Online Government Service Platform app.
- The smart consultation feature has gathered a large amount of real data for machine training, including phone recordings and online consultation records, in order to improve its speech recognition and semantic understanding capabilities, and added various interactive content like text, pictures, and videos.
Response consistency and coordination in the YRD region

Considering the gradual regional integration in the Yangtze River Delta and the urgent need of taxpayers for standard tax-compliance consulting services, Shanghai Municipal Tax Service has taken the initiative to build a Taxpayer Service Community, and actively promotes standard taxpayer consulting in this region.

<table>
<thead>
<tr>
<th>Regional knowledge base</th>
<th>Shanghai Municipal Tax Service has developed 3,162 entries of regional knowledge and built a general knowledge base for the YRD region.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard answers to questions concerning tax policy</td>
<td>Standard answers have been developed to 156 hot questions concerning tax policy, declaration procedures, and operational issues in key industries like technology innovation, information, and ecology preservation.</td>
</tr>
<tr>
<td>Answering and transferring phone calls</td>
<td>A regional service hotline 12366 has been built to answer and transfer phone calls. Shanghai Municipal Tax Service has received 412 incoming calls from Shanghai Taxpayer Service Center in the YRD region so far.</td>
</tr>
<tr>
<td>Coordination on tax policy publicity</td>
<td>The YRD’s e-Tax Offices and publicity channels are used to publish 134 questions in 15 chapters and answers on tax policies, tax collection and administration, and tax compliance operations, and 11 frequently asked questions and answers on 10 new tax measures to support integration in the YRD region as well as a number of tax publicity videos, which have reached and educated taxpayers in the YRD region.</td>
</tr>
<tr>
<td>Coordination on compliant handling</td>
<td>A complaint handling mechanism has been started in the YRD region to unify responses to complaints of taxpayers.</td>
</tr>
<tr>
<td>Enhanced regional personnel exchanges</td>
<td>Tax personnel have traveled to meet each other to learn about typical cases reported through the STA service hotline 12366 in the region.</td>
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</table>
Continuing to promote non-contact tax payment services

Since the launch of the Integrated Online Government Services Platform in 2018, Shanghai Municipal Tax Service has tried to provide online services according to the non-physical principle of the CPC Shanghai Committee and the Shanghai Municipal People’s Government, as well as the STA’s requirement to increase non-contact tax administration. As a result, Shanghai Municipal Tax Service has developed a service model that leverages technology and data applications to further streamline tax compliance processes, prioritizing taxpayers’ needs. Individual and corporate taxpayers may handle numerous tax-related issues with a single click on their computer or a touch on their phone.

Expanding the “Integrated Online Government Services” platform to offer taxpayer services

- The Integrated Online Government Services Platform offered taxpayer services on 310 items (including sub-items) in 2021, in which 290 require no physical presence at the tax service hall, accounting for 93.5% of all matters handled online.
- 203 do not require documentation submission
- 179 do not require human intervention.

Top 10 “non-contact” tax compliance platforms

1. E-Tax Office consisting of a web page and an APP for online taxpayer services
2. Online declaration client that handles VAT declaration and correction
3. Tax withholding app for natural persons that provides tax declaration and correction for natural persons
4. Tax withholding web page for natural persons that supports withholding declaration, income declaration and centralized declaration
5. Personal Income Tax app which handles annual tax reconciliation
6. Social security app that allows for tracking social security records and downloading payment lists
7. Integrated invoice service platform that enables users to log in, search for and download invoices
8. National VAT invoice checking platform that could be used for checking electronic invoices.
9. VAT invoicing software (UKeys) for obtaining and checking VAT electronic invoices.
10. Export duty refund system where to submit data electronically through e-tax office, Integrated Online Government Services Platform of Shanghai, or China (Shanghai) International Trade Single Window.

98% of tax compliance issues are wholly handled digitally

over 99% of taxes are paid online

over 85% of invoices are sent to taxpayers via courier delivery

98% of tax compliance issues are wholly handled digitally

over 99% of taxes are paid online

over 85% of invoices are sent to taxpayers via courier delivery
The Hongkou District Real Estate Trading Center has opened a Smart Housing Tax Center, the first smart housing tax processing facility in Shanghai. The smart facility’s human-computer interface, which includes animated case illustration, tax estimation, and electronic form filling on the self-service machine, enables “contactless” tax administration in real estate transactions.

After an analysis of tax data, the Hongkou District Tax Service produces 12 dialogue-based short movies to illustrate tax compliance procedures in real estate transactions, such as home type, transaction method, and holding time. While vividly illustrating tax procedures, it automatically retrieves housing transaction cases and places issues of the greatest concern on top based on the number of clicks on the self-service terminal at the front desk, and delivers all necessary information such as requirements, procedures, and list of documentations, as well as issues regarding “why to do it,” “how to do it,” and “where to do it.”

Ms. Hu came to the Real Estate Trading Center of Hongkou District early in the morning to remit proceeds from the sale of her house to her family in the United States. “I thought I have to wait in a long queue, but I completed the remittance within 10 minutes. It’s incredibly fast and simple. I was only asked to fill out e-forms on the self-service terminal,” Ms. Hu added.

As part of the campaign to promote “contactless” tax obligation compliance, Huangpu District Tax Service has made significant efforts to expand online and offline “non-contact” taxpayer services via QR code scanning, online processing, and a living streaming platform, all of which have significantly improved corporate taxpayer’s compliance experience.

Taxpayers can get advice and information easily by scanning a QR code, including the most up-to-date information on tax payment steps, tax incentives, and frequently asked questions and answers. In short, they can obtain the information they need through self-service.

Huangpu District Tax Service used external courier service to ensure that invoices are effectively delivered to taxpayers once they complete the online procedure. Taxpayers may take advantage of free invoice delivery and an easy payment process without traveling. In 2021, a total of 45,865 people obtained invoices, in which 31,925 (about 70%) received them through courier services.

To communicate the most current tax policy and address taxpayers’ concerns, a live streaming platform was created to improve taxpayers’ learning experience, giving them the information they may require. Regardless of time or place, taxpayers may learn about tax facts by watching livestream videos. In 2021, there were 27 live streaming sessions online, with a total of 25,059 viewers.
Promoting electronic VAT invoices

Given that Shanghai is one of three pilot cities for fully digitalizing invoices in China, Shanghai Municipal Tax Service issued the “Announcement on Implementing the Pilot Program for Rolling Out E-Invoices in All Areas” on November 30, 2021, marking Shanghai’s move to realize full digitalization of value-added tax invoices. Pilot companies can issue and check invoices online 24 hours a day.

Key benefits of e-invoices

**Digitalization of invoice information.**
Digitalized invoices will cover all industries, and contain information on all aspects of operation.

**Streamlined invoicing procedure.**
There is no need for invoice preparation or tax control equipment, and the invoice may be issued without review of the billing type and amount. A company needs only to calculate the invoiced amount, and the amount can be adjusted as necessary. Invoicing is possible as long as one has access to the Internet and can log in to a web page, client, or mobile APP to issue an invoice.

**Simpler invoice delivery.**
Taxpayers can send their electronic invoices to their client from their account on the digital service platform, or distribute them via email, QR code, or other means.

**Simplified format design.**
The new design is simplified. There is no need to fill in information of the buyer and seller. Only the taxpayer’s identity number and name must be completed. Invoice stubs are eliminated and the information of the recipient and the reviewer is removed from the billing.

**More convenience in invoice checking, reimbursement, and bookkeeping.**
Taxpayers can tag e-invoice on the service platform to prevent duplicate bookkeeping.

**Simplified negative invoicing procedures.**
For unrecorded invoices, the whole amount may be reserved directly; for recorded invoices, both the seller and the buyer may request red-ink reversal.
Outcomes of the pilot program of e-invoicing in Shanghai in 2021

Shanghai Municipal Tax Service issued 18 documents to promote e-invoice, covering grid services and administration processes.

Shanghai Municipal Tax Service has devised an interactive tax collection and payment scheme that is compatible with the electronic invoice model, and developed supporting services such as policy publicity, procedure illustration, and assistance in the tax compliance process.

Shanghai Municipal Tax Service has prepared 82 answers to questions related to e-invoices, and created a special operation model for all scenarios of invoice issuing and receipt, with 34 operation points to quickly and accurately identify taxpayer needs.

Through a “Happy Enterprise” initiative, the first batch of “1+4+7” e-invoicing pilot companies (including 7 super-large enterprises) were encouraged to connect their own finance system to the official e-invoice service platform, with all the 7 super-large enterprises successfully issuing e-invoices on December 1, 2021.

797 e-invoices had been issued by the end of 2021, and the pilot companies and scenarios are growing fast.
Shanghai Municipal Tax Service is committed to providing innovative and targeted taxpayer services.

In 2021, Shanghai was chosen as a pilot city for implementing smart and targeted taxpayer services. Seizing this great opportunity, Shanghai Municipal Tax Service developed a taxpayer-centered approach to its tax collection and administration, as well as a work plan for this pilot scheme, and continued to promote the implementation of innovative measures to support taxpayer needs, targeting specific groups, in order to create a targeted, smart and standard service model and increase taxpayer satisfaction.
Creating a responsive and interactive service model

Shanghai Municipal Tax Service initiated an interactive service model for tax payment and collection in 2021, under the guidance of STA, which features centralized management, smart response, interactive process, and integration of policy consultation, tax payment and checking, service assessment, and invoice delivery, with the goal of shifting its focus from responding to questions to truly solving problems.

Policy prompts to targeted groups

Shanghai has been working to provide tax incentives to those who truly need them, in order to ensure that market entities are fully informed of and benefit from the most recent incentives.

Smart counseling during the compliance process

Shanghai Municipal Tax Service provides 24 × 7 hours of consultation through the channels most often used by taxpayers, with answers available within seconds via smart phone and computer terminals.

Service evaluation

Shanghai Municipal Tax Service works to improve the assessment of service feedback, using both positive and negative comments on taxpayer services to improve its future operation, which has led to higher efficiency and taxpayer satisfaction.
Continuing to streamline and shorten the tax compliance process

Through a series of pioneering, innovative, and substantive measures in 2021, Shanghai Municipal Tax Service has continued to facilitate market entities in tax obligation compliance, as well as to promote electronic declaration, with the goal of reducing tax compliance time by improving the efficiency of tax declaration and payment.

Shanghai as China’s first city to implement comprehensive declaration of 17 categories of taxes (fees)

Shanghai Municipal Tax Service has pioneered comprehensive declaration of taxes and fees in order to streamline tax collection and administration and further optimize the tax doing-business environment in Shanghai. It is also a necessary step in encouraging the integration of tax filing and payment.

During the first major tax collection period (October 2021) after comprehensive declaration of tax (fees) launch

| More than 892,000 taxpayers in Shanghai have chosen to use comprehensive declaration of tax (fees) | Accounting for nearly 60% of the total taxpayers in the month | Contributing a total paid tax of 53.16 billion yuan |

Facilitating taxpayers’ tax compliance through comprehensive declaration of taxes (fees)

- Numerous taxes are filed in a single form to make tax declaration easier.
  - In one file, a taxpayer can declare 17 taxes and fees, which essentially cover all of the taxes that businesses must pay on a regular basis. After filing multiple taxes and fees in one declaration, taxpayers can make only one payment, and receive one voucher.

- Pre-filing makes filed information more accurate.
  - This method reduces the time it takes for a taxpayer to file taxes by using information technology to pre-fill the declaration form in a system with 10 high-frequency terms. Furthermore, the filing system includes features such as automated tax computation, data correlation analysis, and warning against aberrant declarations, which can help taxpayers avoid omissions and misreporting and thus ensure the quality of information supplied.

- The declaration form is simplified to increase the ease of filing.
  - All filed taxes and fees were summarized in a table which is easy to understand, and the additional tax and fee columns were consolidated into the main table, making the interface more reader friendly.
Urban maintenance and construction tax, educational surtax, and local educational surtax were merged with value-added tax and consumption tax in declaration.

Based on the comprehensive declaration of eleven taxes and fees, Shanghai added value-added tax, consumption tax, urban construction and maintenance tax, educational surtax, local educational surtax, and vehicle purchase tax, realizing the comprehensive declaration of 17 taxes and fees.

Shanghai became the first Chinese city to implement a pilot program that allows taxpayers to file five taxes in one form, including corporate income tax, real estate tax, urban land-use tax, land value-added tax, and stamp duty.

Shanghai allowed the comprehensive declaration of ten types of property and behavior taxes, including urban and township land-use tax, real estate tax, vehicle and vessel tax, stamp duty, farmland occupation tax, resource tax, land appreciation tax, deed tax, environmental protection tax, and tobacco tax.

Adding corporate income tax, Shanghai approved the comprehensive declaration of eleven taxes and fees.

Urban maintenance and construction tax, educational surtax, and local educational surtax were merged with value-added tax and consumption tax in declaration.

Based on the comprehensive declaration of eleven taxes and fees, Shanghai added value-added tax, consumption tax, urban construction and maintenance tax, educational surtax, local educational surtax, and vehicle purchase tax, realizing the comprehensive declaration of 17 taxes and fees.

Tsingtao Beer Shanghai Songjiang Manufacturing is a company that mainly manufactures and sells beer, which is a taxable consumer product, and is required to file and pay taxes such as VAT, consumption tax, corporate income tax, stamp duty, and environmental protection tax on a regular basis. “When comprehensive declaration of 11 taxes and fees was implemented in July, I told my colleagues that if VAT and consumption tax were also included in comprehensive declaration, we could declare all our taxes in one form. It is amazing that, just two months later, it became a reality!” According to the company’s finance officer, after comprehensive declaration was effective, all taxes that the company pays could be declared in one single form. “Some taxes payable by companies are filed monthly, while others are filed quarterly. We are always wary of missing the deadline or misreporting since late filing would not only result in penalty costs, but it may also harm our tax credit rating. The new policy of comprehensive declaration covers more tax and fee types, and you could file all our taxes in one single declaration form. We don’t have to worry about missing a tax or any deadline any more, and the risk of misstatement is considerably reduced.”
Pre-filing: Self checking before filing corporate income tax

On January 1, 2021, Shanghai Municipal Tax Service made self-check before filing quarterly corporate income tax possible in the e-Tax Office website and terminal app. Unlike previous assessment tools, which could only detect errors at the final settlement stage, this new tool can now detect errors before filing any tax. This tool compares a company’s accounting statements against its tax declaration to see if it has missed or erroneously benefited from tax incentives.

For many high-tech companies, accounting is a heavy burden, and mistakes in tax declaration are unavoidable to some extent. “Through self-checking before filing, the system will instantly warn us if the data we entered was incorrect. We may make corrections in a timely manner, if necessary,” said Xu Qin, finance director of Shanghai Yunpu Information Technology Co., Ltd. “This new tool save me thousands of yuan in excessive tax payment, as it helped me quickly and accurately identify and match with applicable incentives before filing. So, there is no longer any need to wait until the final settlement to make changes.”
Pre-filing and intelligent invoicing for export duty rebate

In 2021, Shanghai Municipal Tax Service continued to improve the export duty refund system, upgrading it further from paperless to smart refunding. Shanghai was the first Chinese city to establish a tax refund system that removes the need to manually enter data for filing goods and technology export duty. Now, information on declaration forms and invoices for export in goods may now be handled or matched automatically by the smart tax refund system.

“Previously, we had to manually match the Customs declaration with the invoices from the Tax Service, which took a lot of time and we often made mistakes. What we have to do now is click the 'Confirm' button, and the declaration will be complete,” said Fu Weidong, export duty rebate manager of Shanghai Prime Machinery Co., Ltd. He discovered that the paperless system had been upgraded to make export tax rebate declaration faster, more efficient, and smarter after using the new system. “Take the batch filing of 1,000 export tax refund declarations for example. Smart invoicing saves more than 3 working hours compared with previous manual invoicing.”
Using a new service model to address the individualized needs of market entities

Shanghai Municipal Tax Service took bold steps to support taxpayers by identifying and targeting their real concerns, and raise their satisfaction by making their tax compliance easier and facilitating their business operation.

Multiple channels to address tax issues

In 2021, Shanghai Municipal Government issued the Work Plan on Establishing Assistance Systems to Improve the Readiness and Availability of Online Government Services. The document proposed that administrative departments and decision-makers should visit service windows that deal with real demands from businesses and individual citizens, in order to better understand and address their problems, improve the readiness and availability of online government services, and create a city with superior government services and a desirable business environment. In response to the municipal government’s directive, Shanghai Municipal Tax Service launched a taxpayer assistance system that includes both online and offline channels.

**Telephone consultation**
Dial the Shanghai tax service hotline 12345 and select button No. 4 for STA service hotline 12366 human call tax consultation service.

**Online smart taxpayer service**
Answer questions using the knowledge base of the Integrated Online Government Services Platform.

**Online human assistant**
Offer guidance and instructions in text, voice, video, screenshots and recordings through PCs or smart phones.

**Leaders’ engagement**
Leaders from the Shanghai tax services at the municipal and district levels would visit government service centers to see how service requests of companies and individual residents are handled, and give assistance in the process.

**Staff assistance**
At service windows, there was a change from taxpayers requesting services to staff proactively offering services in a new model where anyone on duty can give service guidance.
Ma Zhengwen, CPC committee secretary and director of Shanghai Municipal Tax Service, acted as a “taxpayer assistant” at the Government Service Center of Minhang District on December 23, 2021. On the first floor of the Government Service Center, Ma Zhengwen assisted taxpayers in registering their business address changes, issuing e-invoices, and checking personal property tax through the Integrated Online Government Services Platform. He also assisted the taxpayers in using hotline 12345 and tax hotline 12366 to provide taxpayer services, including answering questions. Ma also gave taxpayers an overview of the online tax compliance procedure and addressed concerns about e-invoices as well as related deduction, withholding and bookkeeping issues. He also listened to taxpayers’ comments on how to optimize the online management of tax-related matters.

Seeing that a top leader of Shanghai Municipal Tax Service was helping them, one taxpayer said, “I never expected that the Integrated Online Government Service Platform could be that convenient. I was amazed to find that I could get all the things done in one visit. I deeply appreciate the tax service’s efforts to provide practical services to the public.”

Through assistance both online and offline, Shanghai Municipal Tax Service was able to identify the challenges and hurdles experienced by corporate and individual taxpayers in tax declaration and payment. Based on these findings, the taxation authorities devised a set of steps to improve the deployment of the assistance system by establishing a closed-loop service model that includes on-site counseling, follow-up services, feedback and review.

<table>
<thead>
<tr>
<th>2021</th>
<th>In which leaders gave assistance 156 times</th>
<th>Solved over 300 issues</th>
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<tr>
<td>Shanghai Municipal Tax Service provided online and offline assistance over 1,400 times</td>
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Shanghai Municipal Tax Service also offered a number of recommendations in the areas of taxation, system operation, and mechanism optimization.

“What Can I do for you?” Leaders of Shanghai Municipal Tax Service came to Minhang District to assist taxpayers in handling tax issues

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Supporting the development of SMEs

Shanghai Municipal Tax Service and Shanghai Federation of Industry and Commerce have worked together to address the tax-related concerns of technologically advanced small and medium-sized businesses by developing innovative mechanisms, providing policy support, and improving services. Shanghai Municipal Tax Service partnered with Shanghai Federation of Industry and Commerce to facilitate dialogues between policymakers and businesses. This collaboration maximized the benefits of both the Federation’s extensive experience by connecting businesses to policymakers and the tax service’s professional expertise in policy interpretation and implementation, creating a service model that improves communication between the tax authorities and taxpayers while promoting the growth of small and medium-sized businesses.

Collecting requests and responding quickly

Aiming at the tax-related concerns of SMEs, Shanghai Municipal Tax Service has established an interactive and responsive communication channel that could collect taxpayer demands and respond to their requests and inquiries in a timely manner.

The Tax Service joining hands with banks to boost the growth of SMEs

By allowing SMEs to get credits for tax compliance and use credits to obtain loans, Shanghai Municipal Tax Service continued to support them overcome financing challenges.

Providing personalized services to target groups

Professionals of the Tax Services who are knowledgeable about SMEs’ tax policies can respond quickly to SMEs’ concerns via hotline 12366. Shanghai Municipal Tax Service encourages new taxpayers to use electronic VAT invoices and gives targeted assistance to SMEs who issued or received electronic invoices for the first time.

The Federation of Industry and Commerce and its affiliate organizations have received a total of 111 requests and suggestions with responding rate at 100%.

A total of 142.5 billion yuan in loans of all forms have been provided to SMEs through this channel, saving them 780 million yuan in interest, mortgages, and guarantee costs.

Targeted services have been offered to 77,000 new invoice recipients, while 91,000 tax paying businesses have issued their first invoices.
Building a dedicated model to tackle the needs of large enterprises

In 2021, Shanghai Municipal Tax Service made tremendous efforts to enhance the digitalization and smartness of the tax compliance process. It created a dedicated smart service module for large enterprises based on the e-Tax Office, which is capable of demand collection, transfer processing, tax inquiries, and statistical analysis. This module eliminates several tax and accounting challenges, such as excessive reliance on external channels for demand survey, low efficiency in tax information entry, and data analysis difficulties, resulting in a significant improvement in the quality and efficiency of taxpayer services provided to large enterprises.

Giving enterprises direct access to services
Taxpayers can obtain services directly from Shanghai Municipal Tax Service and voice their desires and concerns at the same time. The service process would be recorded to protect taxpayers’ rights while improving service standardization and Internet security.

Offering "one-stop" services to address all needs
Shanghai Municipal Tax Service provides a variety of online services to large corporate taxpayers to facilitate their tax compliance, such as policy consulting, tax recommendation, and feedback handling, which has been highly appreciated by large corporate taxpayers.

Taxpayer profiling
As an approach to build a more accurate, smarter, and data-based taxpayer demand system and better inform decision-making, Shanghai Municipal Tax Service has developed a data pool that contains data gathered from each large enterprise, whose tax demands are shown in a visual manner.

Community-level CPC organizations engaged in raising service awareness and improving services

On March 5, 2021, Shanghai Municipal Tax Service mobilized 622 CPC branches of Tax Services in Shanghai to celebrate a Party Theme Day, “Optimizing Law Enforcement & Fulfilling Duties to Benefit the People,” attracting over 6,200 Party member to make online and physical commitment posters and give tax law and policy advice. This activity has encouraged tax service staff to take practical actions to serve taxpayers.

Chongming District Tax Service encourages its employees to give practical and considerate taxpayer services, especially during China Flower Expo.

Changning District Tax Service uses live streaming interviews and virtual dialogues to publicize tax rules and policies.

Yangpu District Tax Service organizes thematic activities such as Party history reading, delivering proactive tax services, and communicating tax policies.
Putuo District Tax Service creates a "5S" tax service center

Putuo District Tax Service has established a “5S” taxpayer service center: SOIGNE, SMART, SAFE, SMOOTH, and SUBSTITUTE, in order to promote standard and technology-enabled services, and finally improve service quality and efficiency.

Providing standardized services throughout the tax compliance process to improve service quality and efficiency.

By tracking down sub-standard services on a daily basis, Putuo District Tax Service Office makes line charts of under-standard services to identify weak links or underperforming personnel, giving warning against any possible service failure. The Tax Service strictly adheres to the principle that a batch of tax compliance items should be addressed by a single visit. During the end-of-year peak season, tax service staff work even on weekends to deal with pressing tax issues, like the 20 tax-disks and huge invoicing quantity tasks for JD Hongwei Trading Co., Ltd., one of the enterprises that have benefited from targeted services.

Coordinating tax resources to shorten tax compliance time.

By integrating real-time data on the smart analysis platform with information gathered from the front desk and hotline calls of the service center, Putuo District Tax Service compares the daily and monthly service data, so it is able to estimate taxpayer number and distribute resources smartly across different service windows. At present, the average waiting time at the service center of Putuo District Tax Service is 1.79 minutes, and one operation takes an average of 4.17 minutes.
Qingpu District Tax Service launches “Senior Classroom”

In 2021, Qingpu District Tax Service launched a “senior classroom” initiative to help senior accountants understand and use the e-Tax Office platform. The training will educate them about high-frequency tax payment issues, and provide them with more practical and efficient guidance. In addition to the “Senior Classroom”, the Qingpu District Tax Service has launched many other special services, including a “Senior Service Area”, bilingual services in both Shanghainese and Mandarin, and a fast track for vulnerable groups such as the elderly and disabled to improve the ease and efficiency of tax compliance for these groups.

“We’re old and slow learners, but the tax service staff explains everything to us with great patience and clarity, and they even show us how to operate by hand on occasions. After one lesson, we have learnt a lot.” said Zhou Meixin, a 65-year-old accountant from Shanghai Yongjin Garment Accessories Trading Firm. He recently enrolled in the Qingpu District Tax Service’s “Senior Classroom”, hoping to overcome his difficulties with handling online tax transactions.

Minhang District Tax Service creates a problem-solving window

When taxpayers enter the tax service of Minhang District, they would see a “problem-solving” window, which handles urgent matters and difficulties that taxpayers may meet in their tax compliance process. By mid-December 2021, the problem-solving window has handled a total of 83 tax-related concerns, 76 of which has been resolved and 7 of which are pending further action. This window has greatly enhanced tax compliance efficiency.

In recent years, identity fraud has become a major problem that troubles taxpayers, making it difficult for companies whose information has been stolen to handle their own tax matters. To cope with this challenge, the problem-solving window categorizes issues that businesses might face, double-checks information with the Industry and Commerce Administration, and works with the operation departments of the Tax Service. Through interdepartmental coordination, this window has removed the need for taxpayers to visit multiple windows, allowing them to make a single filing and get everything settled through one window.

Baoshan District Tax Service sets up a judicial (arbitration) papers working group

Real estate is of great social concern and affects almost everyone’s interests. In recent years, many legal disputes have erupted over the division and inheritance of housing property. Property taxes and fees in judicial papers have become the last major issue in the settlement process.

To address this issue, Baoshan District Tax Service has established a working group for judicial (arbitration) papers that provides expert advice on tax issues resulting from judicial (arbitration) papers. The group members have done a lot of work, such as studying laws and regulations to understand difficult and complex problems concerning real estate taxes and fees, classifying typical cases, tagging key points in individual cases, and compiling a checklist of tax collection and administration issues concerning judicial papers. In addition, the Baoshan District Tax Service took the initiative to establish a communication and cooperation mechanism with the People’s Court of Baoshan District to enhance its understanding of legal provisions and their applicability and ensure that the legitimate rights and interests of taxpayers are protected. This collaborative mechanism has enabled the working group to process approximately 1,200 cases in 2021, benefiting over 3,000 taxpayers.
Shanghai Municipal Tax Service has worked hard to implement scientific tax administration to achieve win-win outcomes.

In 2021, Shanghai Municipal Tax Service promoted the digitalization of tax governance across the board and implemented the scientific tax governance concept throughout the entire process of tax law enforcement, taxpayer service and supervision, trying to cover both online and offline scenarios of the e-Tax Office, and analyzing the resources and needs of taxpayer services using data analytics, in an effort to figure out the best approach to facilitate the national tax governance reform while enhancing scientific tax governance and the efficiency of public services. It also further improved law-based administration, fully implemented the “three rules” in administrative law enforcement, and improved investigation into major tax misconducts. It has developed an innovative operational mechanism where responsibilities were assigned to specific staff who are accountable and promoted the establishment of an integrated legal guarantee system of “rights, responsibilities, posts and people”. It has also provided Advanced Tax Ruling services for large enterprises, reducing the tax risks of corporate taxpayers, and improving their efficiency of decision-making.
Empowering precise supervision with data technology

By developing a data-based supervisory model in 2021, Shanghai Municipal Tax Service managed to empower tax governance with data analytics, strengthening intelligent and accurate risk management for natural persons and self-employed individuals. It is the first credit-based mechanism, designed to reward honest and law-abiding businesses while imposing sanctions on enterprises with illegal and dishonest acts. The digital supervisory approach has enabled Shanghai Municipal Tax Service to increase its supervision efficiency during and after tax filing and payment, and the benefits of supervision have been gradually felt by all taxpayers.

Realizing all-round monitoring of risks throughout the tax compliance process of natural persons

Amidst a nationwide campaign to encourage e-Tax Offices to facilitate tax compliance, Shanghai Municipal Tax Service became China’s first taxation organization to build a smart tax settlement and return auditing platform as part of its efforts to provide a scientific and efficient tax administration system that better serves natural persons. The smart platform generates data for each individual taxpayer and then classifies it, creating an effortless tax return experience, bringing the processing time for natural persons 50% below the time limit set by the STA, and thus allowing taxpayers to reap the benefits of tax reform.

Developing an innovative model for monitoring the income and invoice risks of self-employed individuals

Shanghai Municipal Tax Service has used data to empower risk management in order to standardize the administration of corporate income tax, by analyzing problematic tax practices and implementing technology-based oversight throughout the process. It has established a risk management model for business income and invoices based on integrated analysis of invoice data and multiple tax (fee) types. In this way, Shanghai Municipal Tax Service is able to carry out category and level-specific management and risk prevention and control for taxpayers with massive corporate income, detecting and punishing tax evasion and payment behaviors. It collected 253 million yuan in taxes, fines, and outstanding penalty in 2021.

Strengthening intelligent inspection

Shanghai Municipal Tax Service implements intelligent inspection to standardize and improve the efficiency of the entire investigation process from case filing, data survey, data pooling, data analysis, risk alert, and document issuance. It has strengthened the link between investigation and management, and improved category and grade-specific investigations.
Developing a new credit-based work approach

Credit-based taxpayer services facilitating tax compliance

Credit-based contactless services

Shanghai Municipal Tax Service has created a list of high-credit companies, and marketed invoice delivery services to them. In 2021, 540 million invoices were delivered to 1.87 million companies for free using courier services.

Credit-based deregistration service

Eligible taxpayers with a class-A or class-B tax credit ratings can use an optimized deregistration service and receive clearance documents by only making a commitment, which reduces the time and cost of tax compliance for a large number of registered businesses.

Credit-based smart tax services

The e-Tax Office provides companies with a monthly credit report that informs them of any possible dishonest conducts, allowing them to be aware of and remedy them in a timely way.

Credit-based services covering a wider scope

Credit-based policy assistance

Through the exchange of credit rating information, tax services are able to help high-credit firms identify applicable tax incentives and work to qualify for them.

Credit-based financing

Thanks to credit information sharing between tax services and banks, high-credit companies are given priority in obtaining financial support. A total of 142.5 billion yuan has been granted in various loans, saving SMEs 780 million yuan in interest, mortgage, guarantee, and other costs.

Credit restoration

Shanghai Municipal Tax Service has developed a refined service model embracing initial guidance, dishonesty warning, and credit recovery, in which tax credit training is offered before credit evaluation, monthly warnings are given of dishonest acts, and guidance is offered to qualified businesses on how to recover their credit through online taxpayer services. Businesses who have remedied minor dishonest acts during the review period would see their credit ratings automatically restored, so compliant market entities would be safeguarded. 70 businesses with dishonest tax practices recovered their credit in 2021.
Making concerted efforts to promote “tax + urban” governance

Deepening cross-departmental cooperation and improving the efficiency of taxpayer services

01 Deepening cross-departmental cooperation and improving the efficiency of taxpayer services

Internal coordination between multiple departments of tax services and external cooperation with the court and other government departments are both required when resolving tax and fee concerns for a company going bankrupt. In order to address the challenges in dealing with bankruptcy-related tax issues, Shanghai Municipal Tax Service implemented a number of steps in 2021 to address the issues faced by businesses seeking to file for bankruptcy.

1 It has set up a team of 218 liaison officers for tax matters related to bankruptcy in 17 tax collection departments which provide standardized and refined services for bankruptcy tax matters through “team work, project management, and full-course counseling”.

2 It has also published the Guidelines 2.0 for Handling Tax Issues in Enterprise Bankruptcy to ensure the standardization and efficiency of tax administration for bankruptcy.

3 It has prepared the “Consultation Minutes on Strengthening Cooperation in Handling Enterprise Bankruptcy and Related Tax Issues” with the Municipal Association of Bankruptcy Administrators, in order to promote “tax+judicial” governance.

Yaxin Life Plaza is located in the Changshou Road business district, at the juncture of Jing’an, Putuo, and Changning districts. It has a 25-year history and had been facing significant difficulties in business operations, renovations, and upgrade. A liaison team established by the district tax service provided the plaza operators with policy interpretation, tax counseling, and a document directory, as well as recommendations concerning bankruptcy and reorganization, including tax and fee estimation in the reorganization process and outstanding taxes, to facilitate the reorganization process.

“Debt declaration is a big problem for the financial department of enterprises going bankrupt. The tax service has provided us with tax advice and targeted service measures, offering tremendous help to enterprises who want to reorganize and revitalize their businesses,” said Ruan Chen, a bankruptcy and reorganization agent for Yaxin Life Plaza.
Individuals may handle their requests through a single window, and corporate taxpayers can complete their compliance with a single visit.

In 2021, Shanghai Municipal Tax Service strengthened cross-departmental collaboration, improved the tax compliance process, and developed a service model that completes individual taxpayers’ requests through one service window and corporate requests with one visit.

- Shanghai Municipal Tax Service has optimized and integrated the procedures of real estate registration and tax filing in accordance with the pilot requirements for streamlining personal housing property tax compliance, using the collaboration between capital planning, housing construction, and taxation authorities to provide all necessary services through one window.
- Shanghai Municipal Tax Service has managed to decrease the issuing time of property ownership certificates to 5 working days with the time needed for tax review reduced to 3 calendar days by streamlining the reviewing process and linking up related matters.
- Shanghai Municipal Tax Service has established a dedicated service window for registering real estate transfers between companies, allowing certificates to be issued within 90 minutes after payment was made.

Cross-departmental information sharing streamlines real estate transactions

In 2021, Shanghai Municipal Tax Service strengthened cross-departmental collaboration to break down data barriers. Connecting with the information systems of real estate registration and housing administration departments, Shanghai Municipal Tax Service has benefited from “unified collection of data, information sharing and consistent standards among three departments”. Shanghai Municipal Tax Service has integrated services for house sale and transfer by connecting with the Integrated Online Government Services Platform, providing online credential confirmation, image upload, price assessment, purchaser qualification inquiry, and taxable amount confirmation. After applicants confirm the taxable amount online, they can schedule an appointment for offline services, make payments, and obtain the certificate with a single visit to the service center.

Implementing simplified deregistration pre-check

Shanghai Municipal Tax Service, together with the Shanghai Municipal Administration for Market Regulation and the Shanghai Municipal Human Resources and Social Security Bureau, launched a pre-check service for simplified deregistration. Companies can request deregistration pre-check by logging into Shanghai’s “One Window” online administrative service portal and thus entering the national corporate credit information publicity interface, prior to or within the 20-day the announcement period of the simplified deregistration. The taxation, human resources and social security authorities would review the request and provide the pre-check result on the same day.

The pre-check service would warn companies of any abnormalities in their operations in a timely manner, allowing them to take appropriate measures in advance based on the pre-check result provided by government departments to eliminate potential risks and avoid having to go through a 45-day ordinary deregistration procedure.

By the end of September 2021, Shanghai Municipal Tax Service has granted simplified deregistration to more than 88,000 companies.
Promoting cross-departmental governance to meet diverse service needs

In 2021, Shanghai Municipal Tax Service implemented a new model of cross-departmental governance to deliver different taxpayer services. By connecting with banks, office building complexes, industrial parks, administrative service centers and community service centers, Shanghai Municipal Tax Service has developed integrated tax and fee services encompassing policy communication, tax inquiry, tax issue handling, rights protection and administrative services in order to address the major challenges facing taxpayers such as deprivileged groups and those who have to travel from remote areas.

By the end of 2021, Shanghai Municipal Tax Service has established 39 taxpayer service centers.

On November 18, 2021, the first 5G-based business district “co-governance” center in Shanghai was opened at Raffles City The Bund. Despite its small size (less than 5 square meters), this “capsule” service center has all the essential functions. At the door, there was a facial recognition system that can take images of visitors in one second and measure their body temperature in real time. Then, a dual-screen interactive terminal offers smart services such counseling (upper-screen), operation (lower-screen), human-computer smart tax consultation, and remote human aid. 296 high-frequency tax-related services are offered to make it an effortless task to file taxes.

Luo Qing is an accountant of Shanghai Beauty Farm Medical and Health Industry Co., Ltd. Working on the 12th floor of the Raffles City The Bund, she became the first client of the capsule service center. “It used to take half an hour at the ordinary tax service center, but now you can pay your taxes whenever you want. You just need to go downstairs, which is very easy.” Luo Qing pressed the “Video Assistance” button on the screen, and a “remote tax assistant” from the tax service appeared in one of the split screens to show her how to go through the process. Luo Qing completed the excess input VAT operation in less than five minutes.
Embracing social supervision and raising the doing-business environment to a new level

Shanghai’s tax doing-business environment reaching a higher level

The latest rating result of China tax doing-business environments

Shanghai’s tax doing environment is the Third best in China

In the time required for tax compliance:

Full score of 100

Improved social supervision mechanism

In 2020, Shanghai Municipal Tax Service recruited a team to review and assess the tax doing-business environment and engaged taxpayers to improve tax service, enabling tax authorities to respond to taxpayer feedback. In 2021, Shanghai Municipal Tax Service further improved the mechanism:

The team of assessors was enlarged and special observers were recruited through online and offline channels. Assessors include tax and fee payers and employees of tax service agents.

Observers include researchers, media reporters, and managers of tax service agents.

By analyzing the challenges in the tax compliance process reported by the assessors, Shanghai Municipal Tax Service continued to improve service models, implemented various tax and fee innovations, and further upgraded Shanghai’s tax doing-business environment.
Shanghai’s tax service received nearly 100% positive comments by taxpayers.

- Positive comments rate: 99.97%
- Responding rate: 100%
- Remedy rate: 100%

In 2021, Shanghai Municipal Tax Service organized activities in 9238 times, collecting 2752 feedbacks with a responding rate at 100%.

Continuously raises taxpayers’ satisfaction.
Summary and Outlook

2021 was a crucial year on China’s road to realize two centenary goals. In this year, Shanghai Municipal Tax Service was committed to implementing innovations to help Shanghai fulfill three major tasks, grow as an international center for economy, finance, trade, shipping, and scientific and technological innovation (“five centers”), and promote the brand image of Shanghai in services, manufacturing, shopping and culture (“four brands”). In 2021, Shanghai Municipal Tax Service made great efforts to fulfill its tax collection and administration responsibilities, deliver the benefits of tax and fee cuts, and thus support major national and municipal strategies. It continued to optimize taxpayer services, promote targeted law enforcement and supervision, and further promote cross-departmental joint governance, in order to speed up the tax modernization process in the new era, promote the sustainable, stable, and healthy development of Shanghai, and enhance the city’s competitive advantage.

Looking ahead, 2022 will be another extraordinary year. Shanghai will keep a strong faith in the original purpose, and continue its efforts to reach its ambitious goals. Shanghai Municipal Tax Service will work to help the city capture opportunities in the new era. Aligning with Shanghai’s key tasks such as strengthening “four functions”, deepening the development of “five centers”, and developing “five-thronged economy”, Shanghai Municipal Tax Service will continue to deepen the tax collection and administration reform and tax environment improvement by promoting electronic invoices, offering targeted taxpayer services, and implementing dynamic credit and risk-based tax supervision. These efforts will help boost regional economic development and raise Shanghai’s influence and competitiveness. We believe we’ll reap great results and be proud to welcome the Party’s 20th National Congress.
In 2022, the Shanghai Municipal Tax Service released the White Paper on Tax Doing-Business Environment in Shanghai for the fourth consecutive year, aiming to comprehensively tease out and update the initiatives to optimize the tax doing-business environment in Shanghai, so that taxpayers could better grasp the taxpayer service actions close at their hands. It also intends to fathom the effectiveness of the taxpayer service measures in the previous year by obtaining feedback from taxpayers and to make further improvement accordingly in the coming years.

While preparing the White Paper on Tax Doing-Business Environment in Shanghai, Shanghai Municipal Tax Service received strong support from third-party organizations and corporate taxpayers. We would like to express our gratitude to the relevant organizations, departments, and enterprises for their efforts and contributions in data provision, data collection and program research, and we welcome valuable comments and suggestions from readers.