

Macro & Financial

Notice on corporate income tax, VAT policies for overseas institutions investing in domestic bond market

Market News

To further open up the bond market, we hereby make the following notice on relevant tax policies:

From November 7, 2018 to November 6, 2021, interest income made by overseas institutions by investing in the domestic bond market will be exempt from corporate income tax and VAT.

The scope of corporate income tax exemption doesn't include bond interests made by and associated with institutions and premises set up by the overseas institution in China.

[\(MOF News\)](#) (Currently Available in Chinese)

CBIRC approves multiple access applications of foreign banks and insurance institutions

In strict accordance with the law and firmly safeguarding the risk bottom line, CBIRC is implementing various opening-up measures for the banking and insurance industries and has accepted and approved multiple market access applications. After approving ten applications, including Fubon Bank's application to set up the Chongqing Branch, ICBC-AXA Life's application to form the ICBC-AXA Asset Management Co., Ltd., and Korean Reinsurance Company's application to form a branch, CBIRC recently approved the application of Hong Kong's Chiyu Bank to set up the Shenzhen Branch and the application of German insurance group Allianz to form the Allianz (China) Insurance Holding Co., Ltd. Allianz (China) Insurance Holding Co., Ltd. will be the first foreign insurance holding company in China.

[\(CBIRC News\)](#) (Currently Available in Chinese)

NAFMII Related

Bulletin on market evaluation of prospective underwriter members (trust company) engaging in underwriting business

According to market needs, we hereby make the following bulletin on increasing underwriters (trust company) of debt financing instruments of non-financial enterprises, which was adopted at the 4th meeting of the 5th NAFMII Governing Council and approved by PBC.

I. Six trust company members (list is attached), including Guangdong UTrust, are qualified to underwrite debt financing instruments of non-financial enterprises.

II. According to the Regulations on Debt Financing Instruments of Non-financial Enterprises in Interbank Bond Market, Rules on Agency Services for Debt Financing

Instruments of Non-financial Enterprises in Interbank Bond Market, and other self-regulatory rules, trust company underwriters should set up the underwriting department staffed with specialized personnel, establish complete operating procedures, risk control and internal control systems for the underwriting business, and underwrite debt financing instruments of non-financial enterprises in a standard way.

III. If a trust company underwriter carries out underwriting business of debt financing instruments of non-financial enterprises and trusteeship business at the same time, it should formulate separate internal control systems, establish the firewall mechanism, separate the two businesses and their personnel, and prevent conflict of interests.

IV. If a trust company underwriter is subject to criminal penalty or grave administrative penalty for the breach of law and regulations, NAFMII will suspend or revoke its underwriting qualification according to the Evaluation Rules for Underwriter Members of Debt Financing Instruments of Non-financial Enterprises and other self-regulatory rules.

Attachment:

1. UTrust of Guangdong
2. CCB Trust Co., Ltd.
3. AVIC Trust Co., Ltd.
4. China Foreign Economy and Trade Trust Co., Ltd.
5. Yingda International Trust Co., Ltd.
6. Zhongrong International Trust Co. Ltd.

[\(NAFMII News\)](#) (Currently Available in Chinese)

Disclaimer: NAFMII does not guarantee the accuracy of the information contained in the newsletter. Materials and data provided here are intended for general informational purposes only, and are not intended to provide specific investing, tax, business or legal advice to any individual or entity. Certain contents of this newsletter are copyrighted by NAFMII. You agree that information provided on this newsletter will be used solely for your own personal, noncommercial use and benefit, and this information is not to be distributed, sold, transferred or otherwise made available to third parties. You may not copy, recompile or create derivative works from the information provided on this newsletter. Readers are urged to consult with their own advisors before taking action based on any information appearing on this newsletter.