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- Shanghai -

Measures to Fight the Epidemic, Support Enterprises and Promote Development

As reported in our Weekly Express dated April 1, 2022, Shanghai Municipal Government published, on March 28, a notice named <*Several Measures to Fight the Epidemic, Support Enterprises and Promote Development*> («21 Measures»), effective immediately.

Following this notice, different authorities at municipal and district levels have issued, progressively, their practical guides for the implementation.

In the table below, we have summarize the main measures to which businesses may access.

- **<Several Measures to Fight the Epidemic, Support Enterprises and Promote Development> (Hu Fu Ban Gui (2022) No.5)**

Issuer: Shanghai Municipal Government

Date of issuance: March 28, 2022

Full text link: <https://www.shanghai.gov.cn/nw12344/20220329/7806f1b92ad84e0e93bf895ebc533d35.html>

Practical guide issued by different authorities: [PDF link](#)

Category	Item	Main content	Notes
1. Support on epidemic prevention	Subsidy on epidemic prevention costs	Subsidy on PCR test expenses and disinfection costs for enterprises in the industries such as retailing and catering	
	Support on R&D and industrialization of innovative epidemic prevention products	Special government funding and subsidies for development of vaccines, medicines, diagnostic products	
2. Reduction of tax burden	Refund of unused VAT credits	<p>As from April 1, 2022, small and micro enterprises («SMiEs») and enterprises operating in some key sectors to be supported (such as manufacturing, scientific research and technological services, software and IT services, environmental protection services, etc.) can apply for a one-shot refund of their historical unused VAT credits (meaning the excess input VAT existing before March 31, 2019). Shanghai tax authorities are required to complete the refund before the end of this June for SMiEs and before the end of year for other qualified enterprises.</p> <p>The incremental VAT credits (meaning the ones newly added after March 31, 2019) of those enterprises can be refunded in full on a monthly basis as from April 1, 2022.</p>	As part of a new national policy but Shanghai imposes more specific deadlines for the refund
	Temporary VAT	Small-scale VAT taxpayers will be exempted from VAT from April 1, 2022	As part of a new national

exemption for small-scale taxpayer	to December 31, 2022 (standard rate: 3%, reduced to 1% as from 2020)	policy
Further reduction of enterprise income tax («EIT») rate for SLPEs	For years from 2022 to 2024, the small low profit enterprises (« SLPEs ») can enjoy a more preferential tax treatment for the portion of taxable income between RMB 1 million and 3 million, i.e. 20% reduced EIT rate assessed on only 25 % of the amount, giving rise to an effective EIT rate of 5% (compared to 10% right before)	As part of a new national policy No change so far for taxation of the portion of taxable income below RMB 1 million
Increase of the ratio of additional pre-tax deduction of R&D expenses	Ratio of the additional pre-tax deduction of R&D expenses increased from 75% to 100% for small and mid-sized science-tech enterprises	As part of a new national policy
Expansion of one-shot tax deduction for new equipment purchases	The medium, small and micro-sized enterprises (« MSMEs ») may voluntarily opt for the one-shot tax deduction at a certain percentage for the equipment newly purchased during the period from January 1, 2022 to December 31, 2022 with a unit value of RMB 5 million or above (previously the immediate tax deduction is only applicable to the equipment of lower than RMB 5 million)	As part of a new national policy
Reduction of some accessory taxes and surcharges	Reduction of «six accessory taxes and two surcharges» extended from small scale VAT taxpayers to all SLPEs; Shanghai applies the highest reduction percentage within the range permitted by central government (i.e. 50%)	As part of a new national policy but Shanghai adopts the highest reduction percentage as permitted
Extension of some tax preferential policies supposed to terminate at the end of 2021	Additional deduction of input VAT for service industries continue to apply in 2022. Tax payment deferment for Manufacturing MSMEs continue to apply for additional six months.	As part of a new national policy
Extension of deadline for tax filing and payment	Enterprises having difficulty completing tax declarations on time due to the epidemic can apply for an extension of time for tax filing.	

		Enterprises that have difficulty paying taxes due to the impact of the epidemic can apply for the extension of tax payment up to 3 months, the tax authorities shall approve their application as long as conditions are met.	
3. Rent Deduction or Exemption	Rent deduction or exemption for small business renting real estate from State-owned enterprises (SOEs)	For SMEs and self-employed people renting real estate from SOEs for production and business activities, they will be exempted from rent for 3 months in 2022. Among them, for those located in medium- or high-risk regions or those whose business activities are severely affected by epidemic control measures, they can be exempted from rent for another 3 months, which makes a total of 6 months rent exemption in 2022.	Shanghai measure only applies to SOEs owned by Shanghai city or districts at the moment. Offices rented from central government-owned lessors can also enjoy periodic rental exemption according to a national measure.
	Other renting business entities	The government encourages large-scale commercial buildings, shopping malls, parks and other market operators to appropriately reduce or exempt rents for tenants operating in entities on the basis of negotiation. Government support policies (including exemption/reduction of real estate tax and urban land use tax in case of payment difficult) will give priority to market entities that actively deduct or exempt rents.	Not compulsory. Rent deduction or exemption based on negotiation.
4. Stabilizing the employment	Unemployment insurance and work-related insurance	Continue to implement the reduced contribution rates of unemployment and work-related injury insurances. Unemployment insurance: 1%; Work-related injury insurance: 20% lower than the work-related insurance industrial base rate.	
	Training subsidies	The enterprises affected by the epidemic that carrying out various	

		online occupational training related to their main operation business for their employees are entitled to apply for the training subsidies.	
	Refund of trade union fee	Full refund of the trade union fees paid by SMEs.	
5. Financing and Bank Loan	Interest subsidies to 2022 new loan for enterprises in difficulty	For enterprises in difficulty in the retail, transportation and other industries that are greatly affected by the epidemic, the relevant competent authorities will determine the list of enterprises and give interest subsidies to their new loans in 2022 using the existing special support funds.	The government determines the list of the companies
	Support with inclusive financing	The government will guide financial institutions to increase inclusive finance loans for SMEs. The government encourages financial institutions to be more tolerant with non-performing loans of increase inclusive finance loans for SMEs, to further increase the first loan, credit loan, and renew loans without principal repayment for SMEs, and not to carelessly suppress the loan number or cut off the loan for companies affected by the epidemic.	
	Reduce financial institution fees and support anti-epidemic insurance products	The government encourages financial institutions to reduce bank account service fees, RMB transfer fees, bank card swipe fees, e-banking service fees, payment account service fees, etc. The government supports insurance companies in Shanghai to further enrich the supply of anti-epidemic insurance products, expand the coverage of COVID 19 insurance protection responsibility, expand the coverage of risk protection such as business interruption insurance due to the epidemic, and innovatively launch travel agency service quality performance guarantee insurance.	
6. Support Industries in	Supporting measures for the retail industry	For companies that are in the supporting list such as emergency supply companies, key supporting companies and convenient life construction	

Difficulty		<p>companies, the financial institutions are encouraged to increase loan support, reduce loan interest rates, and appropriately give loan discounts.</p> <p>The government will promote the sharing of information between financial institutions and the governmental departments of the retail industry, and use data such as transaction flow, leases of business premises and relevant credit information of SMEs to encourage the issuance of more credit loans.</p>	
	Supporting measures for industries such as exhibition and elderly care etc.	For companies in the industries of convention and exhibition, as well as elderly care institutions and inclusive private kindergartens, that are seriously affected by the epidemic, the relevant government department will research and formulate support measures, such as subsidy policy.	Detailed measures to be issued and implemented by the authorities in charge of relevant industries

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