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[SHANGHAI] Shanghai Government Issues the <Several Measures to Fight Epidemic, Support Enterprises and Promote Development>

On March 28th, Shanghai Municipal Government published a notice called <Several Measures to Fight the Epidemic, Support Enterprises and Promote Development> (hereinafter the «**21 Measures**»), effective immediately.

The 21 Measures lists 21 policies that cover the following 6 aspects:

1. Subsidizing the epidemic prevention expenses incurred by qualified enterprises, and supporting R&D activities of innovative epidemic prevention products;
2. Reduction of tax burden of qualified enterprises (especially for small low profit enterprises - «**SLPE**») and temporary waiver of rentals by state-owned enterprise (SOE) lessors;
3. Enhancing the financial support, especially for small and mid-sized enterprises and those operating in sectors considerably affected by the epidemic, including loan guarantee support, loan interest subsidy and reduction of bank commissions and fees etc.;
4. Stabilizing the employment of enterprises, including grant of training subsidies and continuous application of the reduction in contributions to unemployment insurance and work-related injury insurance;
5. Supporting the industries considerably impacted by the epidemic (catering, tourism, retail, transportation, exhibition, nursing home industries etc.);
6. Maintaining a smooth and orderly life and the production activities in Shanghai city.

We note that tax-related measures account for the main part of the 21 Measures. Although most of them are part of the national policies recently entering in force, Shanghai has imposed specific implementation requirements. One major policy worthy of attention relates to the refund of unused VAT credits. As from April 1st, SLPEs and enterprises operating in some key sectors to be supported can apply for one-shot refund of their historical unused VAT credits (i.e. excess input VAT existing before March 31st, 2019). Shanghai tax authorities are required to complete this refund before the end of this June for SLPEs, and before the end of year for other qualified enterprises. The incremental VAT credits of those enterprises can also be refunded in full on a monthly basis as from April 1st. Furthermore, taxpayers having difficulty declaring or paying taxes due to the epidemic can apply for extra time to the competent tax bureau.

Some other policies, such as the waiver of rentals by SOE lessors, grant of training subsidies etc., are more or less similar to the ones offered in 2020 when Covid 19 started across China.

Enterprises located in Shanghai are suggested to check carefully whether they satisfy the conditions of each supporting policy and act promptly to submit relevant applications where needed.