



02/06/2022

[SHANGHAI] Post-Lockdown - Shanghai Expands Its Support Measures for Businesses

Shanghai has made several announcements in the past few days with the effect that the two-month lockdown of the city should be lifted up from June 1st. A return to normal business operation can be expected.

Aiming to quickly recover from the pandemic influences and get back onto the track of economic growth, the Shanghai Municipal Government has released, on May 29th, the <Action Plan for Accelerating Economic Recovery and Revitalization> (the “Action Plan”) (click [here](#) for the original text). It expanded the 21 Measures (click [here](#) to check our summary) that Shanghai government issued at the end of March to help the business side.

We have summarized below some key points in the Action Plan:

Further Tax Filing and Payment Deferment, Tax Reductions and VAT Credits Refund

- The deadline for filing monthly or quarterly tax returns of the period of April to June has been postponed to June 30th, and the same for the corporate income tax annual declaration. Taxpayers who still have difficulties in filing or paying taxes due to the impact of epidemic, can apply for a further extension of declaration, or a deferral of tax payment up to 3 months.
- The government targets to include more industries in the scope of historical and incremental VAT credits refund, and requires to refund, in advance, the historical VAT credits to medium-sized and large companies by June 30th, 2022.
- Taxpayers who have difficulties in paying real estate tax and urban land use tax on the self-used property and land, can apply for the reduction or waiver of such taxes in terms of the second and third quarters of 2022.

Deferment of Social Insurance and Housing Funds Payment

- For companies in the industries of catering, retail, tourism, aviation and road, waterway and rail transportation:
 - Deferment of payment of pension and medical insurance to the end of 2022
 - Deferment of payment of unemployment and work-related injury insurance for a period up to one year
- For medium, small and micro-sized companies or self-employed entrepreneurs in other industries facing difficulties and whose businesses are seriously impacted by the epidemic, the deferment of social insurance could be implemented according to the national rules.

- Employers impacted by the epidemic can apply to defer the payment of housing funds for the period from April to December 2022, without affecting the employees' rights on the application of housing funds loan nor normal withdrawal of the payments.

Expand the Rental Deduction or Exemption Range

- For small enterprises and self-employed people renting real estate from State-owned enterprises for production and business activities, they will be exempted from rent for 6 months in 2022, without having to prove the influence of the pandemic.
- The government also encourages commercial buildings, shopping malls, parks and other market operators to exempt rent for 6 months for tenants operating in entities. For eligible non-state-owned house owners or business management entities, the government will subsidize 30% of the total rent reduction and exemption, with a maximum of RMB 3 million.

Reduce Bill

- Non-residential users will be given a 10% financial subsidy for 3 months of water charges (including sewage treatment charges), electricity charges, and natural gas charges (excluding gas used by gas-fired power generating enterprises). Domestic waste disposal fee will also be exempted for 3 months.
- For non-residential users who fail to pay in time during the period affected by the epidemic, the water, electricity and gas will not be cut off, and the default fee will be exempted.

Employment-Related Subsidies

- Job stabilization subsidy:
 - For industries seriously affected by the epidemic (e.g. catering, retail, tourism, transportation, culture, sports and entertainment, accommodation and exhibitions), if there are no layoffs or fewer layoffs, the employer will be given a one-time job stabilization subsidy of RMB 600 per person, with a cap of RMB 3 million/company.
 - If the employer signs labor contracts for more than one year with individuals, who have registered as unemployed for over three months or 2022 Shanghai graduates, and pays social insurance for them, the employer will be given a one-time employment subsidy of RMB 2,000 per person.
- Training subsidy: enterprises affected by the epidemic that carry out online occupational training related to their main operation business are eligible to a subsidy of RMB 600 per employee, up to 3 times in the year of 2022.

Stabilize the Expectations and Confidence of Foreign Enterprises

- Strengthen face-to-face communication with senior executives of foreign-invested enterprises (“FIE”). Help FIEs solve practical problems through video conferences or online round-table meetings with senior management of multinational companies.
- Assist foreign trade enterprises to deliver orders, implement customs clearance facilitation measures, support enterprises to handle customs clearance business online, establish green channels for key enterprises' clearance, and improve the efficiency of customs clearance.
- Provide convenience to apply for invitation letters and entry-exit procedures in China for foreign employees and their families working in FIEs in Shanghai, global executives and professional carrying out important business activities, and important overseas customers of FIEs.

Support Foreign-Invested Enterprises to Resume Operation

- Establish a service mechanism for the resumption of operation of key FIEs, and implement dedicated tracking services to help key FIEs solve outstanding problems such as resumption of work and logistics and transportation, and effectively stabilize the development expectations of FIEs.
- Ensure the smooth progress of major foreign-invested projects. Launch an online service system for major foreign-invested projects to ensure that the projects resume operation as soon as possible. Implement tracking services by special personnel. Support multinational companies to set up regional headquarters and foreign R&D centers in Shanghai.