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**COVID-19 OUTBREAK IN CHINA:  
STATE-LEVEL AND LOCAL-LEVEL  
GOVERNMENT MEASURES  
SUPPORTING AFFECTED  
FOREIGN INVESTED ENTERPRISES**



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A multitude of State- and Local-level policies has been issued to emphasise the PRC government's efforts to tackle the COVID-19 outbreak and to support Foreign Invested Enterprises ("FIEs").

While the State-level measures are mostly of a more general nature and mostly target supply and works directly related to managing the COVID-19 outbreak (e.g. with regard to medical supplies, medical staff, etc.) and have a rather limited direct effect on FIEs, Local-level measures offer more direct and specific preferential treatments/subsidies FIEs may take advantage of in order to soften the impact of the COVID-19 outbreak on their business operations. This varied approach of measures can be seen as a reflection of the different levels of impact the COVID-19 outbreak has had on different regions in the PRC: while some have experienced no to very little impact, others were moderately impacted and yet others again severely affected.

It goes without saying that in the current fluid and dynamic environment surrounding the COVID-19 outbreak, additional measures and amendments to existent measures will be published on a regular basis and hence FIEs must continuously monitor the issuance of potential preferential treatments they may be entitled to.

Mostly, the preferential measures listed below address the economic impact for companies, e.g. by granting companies the right to defer tax filings and tax payments as well as social insurance payments or certain entitlements to refunds or discounts concerning certain social insurance contributions.

In the following we will list some of the currently known preferential measures, summarise in brief their key items as well as the expected duration thereof:

## State-Level Measures

The policies issued on State-level stress the urgency the central government attributes to the resumption of business operations and the steady flow of Foreign Direct Investments ("FDI") into the PRC amidst the COVID-19 outbreak. In general, the majority of such policies are not novel pieces of legislation but rather stress the importance of a swift and resolute implementation of existing laws and regulations – in particular in regards to promoting FDI. FIEs may therefore expect expedited handling of their applications for e.g. business licenses, customs clearances or cross-border bank transfers. Further, such policies expressly encourage local government to take further action, e.g. by providing financial support to small and medium sized enterprises ("SMEs") and big corporate companies.

Governmental Body	Policy/Date of Issuance	Key Points
General Office of the PRC Ministry of Commerce	Circular on Improving Services for FIEs and Strengthening the Attraction of Investment to Actively Respond COVID-19, 7 February 2020	<ul style="list-style-type: none"> <li>■ Actively assist FIEs in the resumption of their production and business operation and in the supply of protective materials</li> <li>■ Follow-up and continuously speed-up on-going foreign-invested projects, establish a “green channel” for administration processes</li> <li>■ Develop new measures to attract investments (e. g. through the provision of online meetings <i>in lieu</i> of on-site meetings, online signing processes, etc.)</li> </ul>
Ministry of Industry and Information Technology of the PRC	Notice on Assisting the Work and Production Resumption of SMEs in Response to COVID-19, 9 February 2020	<ul style="list-style-type: none"> <li>■ Encourage local governments to introduce relevant governmental financial support policies for companies</li> <li>■ Encourage local governments and banks to strengthen financing support for SMEs</li> </ul>
Ministry of Human Resources and Social Security, Ministry of Finance and State Taxation Administration	Notice on Periodic Reduction and Exemption of Enterprises' Social Insurance Contributions, 21 February 2020	<ul style="list-style-type: none"> <li>■ As of 1 February 2020: SMEs and companies located in Hubei province may enjoy an exemption of contributions to their employees' pension, unemployment and work-related injury insurances (“<b>Three Insurances</b>”) for up to 5 months. Large scale companies may enjoy a 50% reduction of the contribution to their employees' Three Insurances for up to 3 months</li> <li>■ Companies seriously affected by the COVID-19 outbreak may enjoy a postponement of the contributions to their employees' Three Insurances for up to 6 months</li> </ul>
State Medical Insurance Administration, Ministry of Finance and State Taxation Administration	Guiding Opinions on the Periodic Reduction of Basic Medical Insurance Premiums for Employees, 21 February 2020	<ul style="list-style-type: none"> <li>■ As of 1 February 2020 companies may enjoy a 50% reduction of the contribution to their employees' medical insurance for up to 5 months</li> </ul>
State Taxation Administration	Notice on Matters Concerning the Further Extension of the Tax Declaration Period for February 2020, 17 February 2020	<ul style="list-style-type: none"> <li>■ Extension of tax declaration deadline for February 2020 to 28 February 2020</li> <li>■ Further extension upon submission of written explanation letter to the competent tax authority possible</li> <li>■ Encourage province level tax bureau to introduce further specific rules</li> </ul>
State Medical Insurance Administration, Ministry of Finance and State Taxation Administration	Guiding Opinions on the Periodic Reduction of Basic Medical Insurance Premiums for Employees, 21 February 2020	<ul style="list-style-type: none"> <li>■ As of 1 February 2020 companies may enjoy a 50% reduction of the contribution to their employees' medical insurance for up to 5 months</li> </ul>

Governmental Body	Policy/Date of Issuance	Key Points
Ministry of Finance and State Taxation Administration	Announcement on Relevant Tax Policies to Support the Prevention and Control of COVID-19, 6 February 2020	<ul style="list-style-type: none"> <li>■ As of 1 January 2020: Extension of the maximum carry-over period for losses incurred by companies in industries heavily affected by the COVID-19 outbreak (transportation, catering, accommodation, tourism) in 2020 from 5 to 8 years</li> <li>■ Exemption of taxpayers' income derived from the provision of public transport services, services supporting the daily life, and provision of courier delivery services for essential living materials from VAT</li> </ul>
People's Bank of China, Ministry of Commerce, China Banking and Insurance Regulatory Commission, China Securities Regulatory Commission	Notice on Further Strengthening the Financial Support for the Prevention and Control of COVID-19, 31 January 2020	<ul style="list-style-type: none"> <li>■ Strengthen credit support in key areas such as manufacturing, small and micro companies and private companies</li> <li>■ Increase the provision of medium and long-term loans to companies in the manufacturing industry</li> </ul>

Except for those State-level preferential measures for donations, essential medical and living supporting industries and individuals like medical staff, the State-level measures for general enterprises in the PRC affected by COVID-19 are to some extent abstract and most of them require further implementation of rules to be formulated by the province level government. However these measures indeed reflect the trend advocated by the state government and can be deemed as instructions for local government to move further. With the issuance of these measures, the state government requires easier and faster administrative procedures for business operations and encourages the relief of enterprises' burden by local governments in tax declaration, social insurance contributions and customs aspects, etc.

## Local-Level Measures

Many local governments have already moved further and have undertaken to issue implementing rules in light of the State-level encouragement to support FIEs and it is expected to see further fine tuning of such local policies as the specific effects of the COVID-19 outbreak on FDI emerge.

## Beijing Municipality

Governmental Body	Policy /Date of Issuance	Key Points
Beijing Municipal Human Resources and Social Security Bureau (“BHRSS”)	Announcement on Issuing Specific Measures for the Extension of Social Insurance Contributions by Participating Units (Individuals), 7 February 2020	<ul style="list-style-type: none"> <li>■ Extension of the contribution term for payments to the employees’ social security premium for January and February 2020 for a maximum period until the end of March 2020 (in special industries: for a maximum period until the end of July 2020)</li> </ul>
Beijing Customs Bureau (“BCB”)	Beijing Customs Announcement on Measures to Support COVID-19 Prevention and Control and to Assist Enterprises in Resuming Work and Resuming Production, 12 February 2020	<ul style="list-style-type: none"> <li>■ Extension of customs payment term until 24 February 2020</li> <li>■ Exemption from import custom fees and import-related taxes for imported goods that are used to prevent and control the COVID-19 outbreak</li> </ul>
General Office of the Beijing Municipal People’s Government (“BGO”)	Several Measures of the General Office of the Beijing Municipal People’s Government in Response to the Impact of the COVID-19 Infections to Promote the Sustainable and Healthy Development of Medium, Small and Micro Scale Enterprises, 5 February 2020	<ul style="list-style-type: none"> <li>■ Suspension of several administrative charges &amp; levies (fees for inspection of special equipment, sewage treatment and roadside stall businesses)</li> <li>■ Exemption of rental payments for SMEs in February 2020 for premises rented from State-Owned Enterprises (“SOEs”)</li> <li>■ Subsidiaries to landlords other than SOEs that reduce or exempt the rental of their tenants</li> <li>■ Extension of the tax payment term for up to 3 months</li> <li>■ Refund of 50% of a company’s contribution to its employees’ unemployment insurance for 2019, in case it does not or only lays off few staff</li> </ul>

## Shanghai Municipality

Governmental Body	Policy /Date of Issuance	Key Points
Shanghai Municipal People's Government/ Shanghai Municipal Human Resources and Social Security Bureau ("SHRSS")	Notice of the Shanghai Municipal People's Government on Printing and Distributing Several Policies and Measures to Fully Protect and Control COVID-19 and Support the Stable and Healthy Development of Service Enterprises in Shanghai/Notice on Several Policies to Support the Prevention and Control of COVID-19 and Reduce the Burden on Enterprises, 4 February 2020	<ul style="list-style-type: none"> <li>■ Exemption of import customs fees and import related taxes for imported goods that are used to prevent and control the COVID-19 outbreak</li> <li>■ Exemption of rental payments for SMEs in February 2020 and March 2020 for premises rented from SOEs</li> <li>■ Exemption and reduction of house property tax and land use tax for landlords other than SOEs that reduce or exempt the rental of their tenants, specific period pending further notice</li> <li>■ Extension of the tax payment term for up to 3 months</li> <li>■ Refund of 50% of a company's contribution to its employees' unemployment insurance for 2019, in case it does not or only lays off few staff</li> <li>■ Extension of the contribution term of social security premiums for up to 3 months after the COVID-19 outbreak is announced to have come to an end</li> <li>■ Reduction of the medical insurance premium contribution rate by 0.5% for the year 2020</li> </ul>

## Hebei Province (including Shijiazhuang)

Governmental Body	Policy /Date of Issuance	Key Points
<p>General Office of the Hebei People's Government ("HGO")</p>	<p>Measures to Prevent and Control the COVID-19 Infection and Promote the Stable and Healthy Development of the Economy, 4 February 2020</p>	<ul style="list-style-type: none"> <li>■ Extension of the tax payment term for up to 3 months</li> <li>■ Exemption for import custom fees and import related taxes for imported goods that are used to prevent and control the COVID-19 outbreak</li> <li>■ Refund of 50% of a company's contribution to its employees' unemployment insurance for 2019, in case it does not or only lays off few staff</li> <li>■ Exemption of the rent to be paid by SMEs engaging in restaurants, hotels, shopping malls etc. business for February 2020 for premises rented by SOEs and 50% reduction of the monthly rent for March and April 2020</li> </ul>
<p>General Office of the Shijiazhuang Municipal People's Government ("SGO")</p>	<p>Several Measures in Response to the COVID-19 Infection and to Support the Healthy Development of Enterprises, 5 February 2020</p>	<ul style="list-style-type: none"> <li>■ Exemption and reduction of house property tax and land use tax, specific period pending further notice</li> <li>■ Extension of the tax payment term for up to 3 months</li> <li>■ Exemption of the rent to be paid by SMEs engaging in restaurants, hotels, shopping malls etc. business for February 2020 for premises rented from SOEs regulated by the Shijiazhuang municipal government or the government at district level and 50% reduction of the monthly rent for March and April 2020</li> <li>■ Extension of the contribution term of the unemployment, pension and work injury insurance premiums for up to 6 months</li> <li>■ Extension of the payment term of the medical insurance premiums to the end of the month following the declaration of the end of the COVID-19 outbreak</li> <li>■ Refund of 50% of a company's contribution to its employees' unemployment insurance for 2019, in case it does not or only lays off few staff</li> <li>■ Extension of the payment term for water, gas and electricity fees for up to 6 months</li> </ul>

## Zhejiang Province (including Hangzhou)

Governmental Body	Policy /Date of Issuance	Key Points
<p>General Office of the Zhejiang People's Government ("ZGO")</p>	<p>Several Opinions on Resolutely Winning the Battle against COVID-19 and Fully Support the Stable Development of Enterprises and Economics, 10 February 2020</p>	<ul style="list-style-type: none"> <li>■ Exemption and reduction of house property tax and land use tax</li> <li>■ Extension of the tax payment term for up to 3 months</li> <li>■ Reduction of water and gas fees by 10% for 3 months</li> <li>■ Maintain water and gas supply in case of lack of credit and defer payments due for no later than 3 months after the COVID-19 outbreak is announced to have come to an end</li> <li>■ Exemption of the rent to be paid for February and March 2020 for premises rented from SOEs</li> <li>■ Exemption and reduction of interests and default interests for overdue bank loans and liquidated damages, specific period pending further provisions and notices issued by the respective financial institutions</li> <li>■ Refund of 50% of a company's contribution to its employees' unemployment insurance for 2019, in case it does not or only lays off few staff</li> <li>■ Extension of the contribution term of social security premiums for up to 3 months after the COVID-19 outbreak is announced to have come to an end</li> </ul>
<p>General Office of the Hangzhou Municipal People's Government ("HGO")</p>	<p>Several Policies of Hangzhou Municipal People's Government on Strictly Preventing and Controlling COVID-19 and Assisting Enterprises to Resume Operation and Production, 9 February 2020</p>	<ul style="list-style-type: none"> <li>■ Reduction of medical insurance premiums by 25% for February and March 2020</li> <li>■ Reduction of contributions to the housing fund to a minimum of 3% or extension of the payment term for contributions to the housing fund for up to 3 months after the COVID-19 outbreak is announced to have come to an end</li> <li>■ Exemption of the rent to be paid for February and March 2020 for premises rented from SOEs</li> <li>■ Exemption and reduction of house property tax and land use tax of landlords other than SOEs that exempt the rent of their tenants for more than 2 months</li> <li>■ Subsidiaries to minor trading and service enterprises for 2 months</li> </ul>



## Liaoning Province (including Dalian)

Governmental Body	Policy /Date of Issuance	Key Points
Liaoning Province People's Government	Policy Opinions on Supporting the Production and Business Operation of SMEs in Response to COVID-19, 6 February 2020	<ul style="list-style-type: none"> <li>■ Postponement of social insurance contributions for January and February 2020 until the end of March 2020 (subject to prior approval)</li> <li>■ Refund of 50% of a company's contribution to its employees' unemployment insurance for 2019, in case it does not or only lays off few staff (implementing period according to national rules)</li> <li>■ Postponement of payments for water, electricity and gas fees for SMEs affected by the COVID-19 outbreak for up to 3 months</li> <li>■ Exemption of rental payments for SMEs for premises rented from SOEs in January 2020 and 50% reduction in February 2020; preferential measures by other landlords are recommended and welcomed</li> </ul>
Liaoning Province Taxation Bureau	Important Notice on the Periodic Reduction of Enterprises' Social Insurance Contributions, 25 February 2020	<ul style="list-style-type: none"> <li>■ Refund of contributions of a company's contributions to its employees' pension, unemployment and work-related injury insurance in February 2020</li> </ul>
Dalian Customs Bureau	Fifteen Measures on Assisting Enterprises to Resume Work for Preventing and Controlling Epidemics, 11 February 2020	<ul style="list-style-type: none"> <li>■ Postponement of customs duty payments for taxpayers affected by the COVID-19 outbreak for up to 3 months after the COVID-19 outbreak is announced to have come to an end</li> </ul>

## Jilin Province (including Changchun)

Governmental Body	Policy /Date of Issuance	Key Points
Jilin Human Resources and Social Security Department (“JHRSS”)	Notice on Due Arrangement of Work Related to Unemployment Insurance During the Epidemic, 5 February 2020	<ul style="list-style-type: none"> <li>■ Refund of 50% of a company's contribution to its employees' unemployment insurance for 2019 in case it does not or only lays off few staff</li> </ul>
Jilin People's Government	Notice on Several Measures on Further Winning the Battle against COVID-19 Epidemics, 7 February 2020	<ul style="list-style-type: none"> <li>■ Exemption and reduction of house property tax and land use tax until 30 June 2020; extension of payment term for reduced taxes for up to 3 months</li> <li>■ Extension of the contractual term of contracts entered into by SOEs and SMEs and postponement of contractual obligations which cannot be duly performed by the SMEs due to the COVID-19 outbreak until the COVID-19 outbreak is announced to have come to an end</li> <li>■ Postponement of contributions to a company's employees' social insurance contributions for up to 6 months</li> <li>■ Exemption or 50% reduction of the rental for SMEs for 1 to 3 months for premises rented from SOEs</li> </ul>
General Office of the Changchun Municipal People's Government (“CGO”)	Measures of Changchun City on Supporting SMEs in Response to Epidemic Conditions, 7 February 2020	<ul style="list-style-type: none"> <li>■ Refund of 50% of a company's contribution to its employees' unemployment insurance for 2019, in case it does not or only lays off few staff</li> <li>■ Extension of the contribution term for a company's contribution to its employees' pension, unemployment and work-related insurance for up to 3 months after COVID-19 is announced to have come to an end</li> <li>■ Exemption of the rent to be paid by SMEs for 1 month for premises rented from SOEs, 50% reduction of the rent to be paid by SMEs for the coming months until the COVID-19 outbreak is announced to have come to an end</li> <li>■ Exemption and reduction of house property tax and land use tax until 7 May 2020</li> <li>■ Extension of the tax payment term for up to 3 months</li> <li>■ Extension of the payment term for 50% of the water and gas fees for the first season for up to 3 months</li> </ul>

## Heilongjiang Province (including Harbin)

Governmental Body	Policy /Date of Issuance	Key Points
<p>General Office of the Heilongjiang Province People's Government</p>	<p>Policy Opinions on Supporting the Development of SMEs in Response to COVID-19, 5 February 2020</p>	<ul style="list-style-type: none"> <li>■ Postponement of tax payments for SMEs affected by the COVID-19 outbreak for up to 3 months (subject to approval)</li> <li>■ Refund of 50% for contribution to employees' unemployment insurance for 2019 to such enterprises with difficulties in business operations and that do not or only layoff few staff for up to 6 months, valid until 31 December 2020</li> <li>■ Exemption of rental payments for SMEs for premises rented from SOEs in January 2020 and 50% reduction in February 2020</li> <li>■ Preferential measures by landlords other than SOEs are recommend and welcomed</li> </ul>
<p>Heilongjiang Medical Security Bureau, Heilongjiang Finance Bureau and Heilongjiang Taxation Bureau</p>	<p>Notice on Further Clarifications of Relevant Issues regarding Medical Security in Response to COVID-19, 9 February 2020</p>	<ul style="list-style-type: none"> <li>■ Postponement of a company's contribution to its employees' medical insurance premiums for such companies with difficulties in production and business operations until 30 April 2020</li> </ul>
<p>General Office of the Harbin Municipal People's Government</p>	<p>Measures on Supporting SMEs in Response to Epidemic Conditions, 6 February 2020</p>	<ul style="list-style-type: none"> <li>■ Exemption of the rental and property management fees for SMEs for January and February 2020 for premises rented from SOEs, 50% reduction of rental for March and April 2020</li> <li>■ Extension of the tax declaration deadline in February to 24 February 2020 (further extension is possible)</li> <li>■ Extension of the payment term of water, gas and electricity fees for up to 3 months during the COVID-19 outbreak (specific starting date pending further notice)</li> <li>■ Refund of 50% of a company's contribution to its employees' unemployment insurance for 2019, in case it does not or only lays off few staff</li> </ul>



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