



Newsletter

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September 30, 2026

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Update

SAMR Issues General Rules on Qualification Licensing for Certification Bodies

On September 21, 2026, the State Administration for Market Regulation (SAMR) issued the *General Rules for the Review of Qualification Licensing for Certification Bodies* (the “General Rules”), which took effect upon issuance.

The General Rules establish a unified procedure for qualification licensing and ongoing administration of certification bodies, covering establishment, scope expansion, modification, renewal, and deregistration. They clarify three types of review methods: document review, on-site inspection, and expert evaluation. A

decision on acceptance shall be made within 5 days from the date of receipt of the application materials, the time limit for supplementing and correcting application materials is 30 days, and a licensing decision shall in principle be made within 45 days from the date of acceptance. The document also specifies in greater detail the general requirements concerning office premises, registered capital, management systems, full-time certification personnel, inspection and testing resources, and other matters, and provides that the approval certificate shall be valid for 6 years. Where serious illegal conduct or dishonesty, false materials, or obtaining evidence by deception or bribery exists, the license shall not be granted or shall be revoked, and Announcement No. 28 of 2022 is repealed.

Shanghai Municipal People's Congress Standing Committee Issues Decision on Further Developing an International Consumption Center City

On September 18, 2026, the Standing Committee of the Shanghai Municipal People's Congress released the *Decision of the Standing Committee of the Shanghai Municipal People's Congress on Deepening the Development of an International Consumption Center City* (the "Decision"), which will take effect on October 1, 2026.

The Decision contains a total of 27 articles and will come into force on October 1, 2026. It expressly provides for the establishment of a municipal-district coordinated advancement mechanism, and sets out provisions concerning high-level opening-up, cultivation of consumer brands, integration of culture, commerce, tourism, sports, and exhibitions, inbound consumption, the debut economy, digital consumption and artificial intelligence applications, green consumption, the night-time economy, the youth economy, the silver economy, life services, and goods consumption; it proposes the formulation of a special plan for the layout of commercial spaces, the advancement of the renewal of terms for commercial-office land use and the upgrading of existing commercial facilities, and the improvement of the development of key commercial districts and 15-minute community living circles; and it also makes arrangements regarding the governance of the consumption environment, inclusive and prudent regulation, optimization of approvals for performances, sporting events, and outdoor stall markets, Yangtze River Delta coordination, fiscal and financial support, and the consumer statistics system.

Ministry of Ecology and Environment Announces Decision to Amend and Repeal Certain Regulations, Effective Immediately

On September 20, 2026, the Ministry of Ecology and Environment issued the *Decision on Amending and Repealing Certain Regulations* (the "Decision"), which took effect upon issuance.

The Decision amends 11 regulations and repeals 17 regulations, taking effect on the date of promulgation. Where other regulations conflict with the Environmental Code, the Code shall prevail in accordance with law. The amendments involve the tiered approval of ecological and environmental impact assessment documents for construction projects, qualification permits for the treatment of waste electrical and electronic products, daily continuous penalties, sealing up and seizure, application of automatic monitoring data from municipal solid waste incineration power plants, transfer of hazardous waste, disclosure of enterprises' ecological and environmental information, administrative penalties, voluntary

greenhouse gas emission reduction trading, pollutant discharge permits, and other matters, with a focus on adjusting legal basis, descriptions of competent authorities, approval authority, application of penalties, and scope of disclosure.

Shanghai Issues Implementing Rules for the 2026 Special Fund for Foreign Economic and Trade Development to Attract Foreign Investment

On September 20, 2026, the Shanghai Municipal Commission of Commerce and the Shanghai Municipal Finance Bureau issued the *Detailed Implementing Rules for the 2026 National Special Fund for Foreign Economic and Trade Development (Attracting Foreign Investment)* (the “Detailed Implementing Rules”). The Detailed Implementing Rules support projects such as public services for industrial transfer, and the deadline for submission of hard-copy application materials is September 25, 2026.

The Detailed Implementing Rules make clear that the special fund shall be jointly administered by the Shanghai Municipal Commission of Commerce and the Shanghai Municipal Finance Bureau, with key support directed toward broadening channels for foreign investment promotion, optimizing service platforms for foreign investment promotion, providing investment guidance and publicity and promotion, strengthening the attraction and cultivation of regional headquarters of multinational corporations and foreign-funded research and development centers, carrying out comprehensive service coordination for foreign-invested enterprises, and public services for industrial transfer, among others. Eligible applicants shall be lawfully registered and established, possess the corresponding qualifications or filings, and have already commenced business operations, and must have had no instances in the past three years of fraudulently obtaining funds, duplicate applications, withholding, intercepting, or misappropriating funds. For public service projects for industrial transfer, the maximum supported amount is RMB 800,000; other public services shall be supported through government procurement of services. The same project may not be submitted for funding or receive subsidies more than once.

NMPA and GACC Launch Pilot Program for Electronic Customs Clearance of Imported Drugs at Beijing Port

On September 16, 2026, the National Medical Products Administration (NMPA) and the General Administration of Customs (GACC) issued the *Announcement of the National Medical Products Administration and the General Administration of Customs on Matters Relating to the Pilot Program for Electronic Customs Clearance of Imported Drugs at Beijing Port (No. 91 of 2026)* (the “Announcement”), which took effect upon issuance.

The Announcement makes clear that, from the date of issuance, a pilot program for electronic customs clearance of imported drugs, including medicinal materials, will be carried out at Beijing Port. The scope of the pilot covers the customs clearance procedures for imported drugs and medicinal materials, and the relevant electronic customs clearance documents shall have the same legal effect as paper documents. During the pilot period, the existing paper documents shall remain valid, and enterprises may continue to use paper documents to complete customs clearance formalities in accordance with the relevant provisions.

CNIPA And NDA Issue Opinions on Strengthen The Development And Utilization Of Intellectual Property Data Resources

On August 26, 2026, the China National Intellectual Property Administration (CNIPA) and the National Data Administration (NDA) released the *Opinions of the China National Intellectual Property Administration and the National Data Administration on Strengthening the Development and Utilization of Intellectual Property Data Resources* (the “Opinions”).

The Opinions call for improvements to the full-life-cycle management, classification and grading, security assessment, and resource catalogs for intellectual property data; advancing the development of standards systems, big data centers, regional data centers, trusted data spaces, and high-quality datasets; and prudently applying technologies such as artificial intelligence. They also call for promoting the sharing of government data, the opening of public service platforms, and the authorized operation of public data. In addition, they seek to promote the interconnection of intellectual property data with data in science and technology, finance, market regulation, justice, and administrative law enforcement for use in scenarios such as patent navigation, screening of abnormal clues, supervision of agencies, pledge financing, securitization, insurance, patent commercialization, and overseas litigation databases.

Beijing Issues Working Guidelines for Patent Pre-Examination and PPH Applications to Support Overseas Portfolio Development

On September 9, 2026, the Beijing Municipal Intellectual Property Office released the *Working Guidelines of Beijing Municipality for Patent Pre-Examination and Patent Prosecution Highway (PPH) Applications* (the “Guidelines”).

The Guidelines clarify that, at the patent pre-examination stage, the Beijing Intellectual Property Protection Center and the Zhongguancun Intellectual Property Protection Center will provide key support to innovation entities with needs for overseas patent portfolio development, conduct comprehensive patent searches, and issue pre-examination conclusions and reference opinions on patentability. After obtaining expedited examination by the China National Intellectual Property Administration for patents that have undergone pre-examination, the average examination period for invention patents is shortened to three to six months. On the basis of examination results such as opinions on the grant of Chinese patents, innovation entities may file PPH acceleration requests overseas and, upon approval, enter the overseas expedited examination channel.

Beijing Launches Capital Technology Innovation Voucher Program and Clarifies the 2026 Implementation Rules

On September 21, 2026, the Beijing Municipal Science and Technology Commission and the Administrative Commission of Zhongguancun Science Park issued the *Notice on Launching the Issuance of Capital Technology Innovation Vouchers* (the “Notice”).

The Notice makes clear that applications for this batch of innovation vouchers may be submitted and used at any time, and vouchers will be granted on a first-come, first-served basis. According to the concurrently

effective Measures for the Implementation of the Capital Science and Technology Conditions Platform and Technology Innovation Vouchers (2026 Revised Edition), innovation vouchers are to be used for purchasing analysis, testing, inspection, research and development, and computing power services, excluding mandatory testing and statutory testing. The annual quota for technology-based small, medium and micro enterprises is up to RMB 500,000 or RMB 200,000, with a maximum of RMB 50,000 per voucher; the amount paid shall not exceed 50% of the actual amount under the same contract, and no more than two subsidized projects may be supported during the same period. For computing power innovation vouchers, the payment amount may be up to 25% of the actual amount incurred under the contract, and the annual quota is up to RMB 500,000 or RMB 200,000. The Measures shall take effect as of the date of issuance, and the 2023 version and the 2025 notice of amendment shall be repealed simultaneously.

Article(s)

China Ends the Dividend Tax Exemption for Foreign Individuals:

Key Implications of Announcement No. 27 of 2026

by Jackson Liu

I. Background

On 1 September 2026, the Ministry of Finance (“MOF”) and the State Taxation Administration (“STA”) jointly issued the *Announcement on Matters Concerning the Individual Income Tax Treatment of Dividends and Bonuses Received by Foreign Individuals* (MOF and STA Announcement No. 27 of 2026, the “Announcement”), effective the same day. The Announcement ends a preferential policy that had stood since 1994: dividends and bonuses received by foreign individuals from foreign-invested enterprises (“FIEs”) are no longer exempt from individual income tax (“IIT”), and such income is instead taxed as “interest, dividends and bonus income” at the flat rate of 20 per cent.

The exemption originated in item (8) of Article 2 of the Ministry of Finance and State Taxation Administration Notice on Several Issues Concerning Individual Income Tax Policies (Cai Shui Zi [1994] No. 20, “Document 20”), adopted at the outset of China’s reform and opening-up to attract foreign direct investment. Three decades on, the calculus has changed. As commentators have noted, the exemption created an uneven playing field between foreign and domestic individual investors in the same enterprise, and it was exploited in practice by companies that converted to FIE status and then distributed profits on a largely tax-free basis. With foreign investment now drawn primarily by the rule of law, market scale and industry ecosystems rather than tax incentives, retaining an unbalanced tax preference is difficult to reconcile with the current policy direction. The Announcement repeals item (8) with effect from 1 September 2026, with no transitional period.

II. Core Provisions

The Announcement is short, and its operative rules are threefold.

First, characterization and rate. Dividends and bonuses received by a foreign individual from an FIE constitute “interest, dividends and bonus income” for IIT purposes and are subject to a 20 per cent rate.

Second, withholding and self-assessment. When an FIE pays dividends or bonuses to a foreign individual, it must withhold the tax and file the return within 15 days of the month following the payment. Where the FIE fails to withhold, the recipient foreign individual must pay the tax by 30 June of the year following the year in which the income is derived; where the tax authority issues a notice requiring payment within a specified period, the individual must comply accordingly.

Third, effective date and repeal. The Announcement applies from 1 September 2026, and item (8) of Article 2 of Document 20 is repealed as of the same date. The repeal is targeted: other preferential items for foreign individuals under Document 20 are not affected, and only dividends and bonuses from FIEs, not other categories of income, are brought within the new rule.

III. Comparative Analysis, Regulatory Logic & Practical Compliance Recommendations

Comparative position. Before the Announcement, a foreign individual shareholder of an FIE could repatriate dividends free of Chinese IIT, while a domestic individual shareholder of the same enterprise was taxed at 20 per cent; dividends from domestically owned companies were taxable to foreign individuals in any event. After the Announcement, the treatment of dividends from unlisted Chinese companies is aligned: the nationality of the individual and the ownership of the paying enterprise no longer matter, and all such income is taxed at a flat 20 per cent. As professional observers have noted, the change removes the last major nationality-based difference in the taxation of this income category under domestic law.

Regulatory logic. The Announcement should be read alongside a broader normalisation of capital-income taxation in 2026: Announcement No. 26 of 2026 on the taxation of restricted shares took effect on 28 August 2026, and rules addressing individual income tax on offshore trusts were published in July 2026. Seen together, these measures (i) enhance tax fairness and neutrality between domestic and foreign investors; (ii) close an avoidance channel built on FIE conversion and dividend distribution; (iii) extend collection mechanisms, withholding at source plus a backstop self-assessment deadline, that the tax authorities have been systematically strengthening for capital income; and (iv) reflect a fiscal environment in which preferential items of 1990s vintage are being re-examined.

Compliance recommendations. For FIEs: bring foreign-individual shareholders within the enterprise’s IIT withholding framework; update withholding procedures and shareholder communications; and be alert to the risk of liability for failure to withhold. For foreign individuals: where tax has not been withheld, self-assess by 30 June of the following year; consider the timing of dividend distributions, since the Announcement draws no express line for dividends declared before but paid after 1 September 2026; and assess eligibility for tax treaty relief. Under the Measures for the Administration of Treaty Benefits Enjoyed by Non-Resident Taxpayers (STA Announcement No. 35 of 2019), a foreign individual may claim treaty benefits on dividends under a “self-assessment, claim-on-filing, records-retained” procedure,

submitting the information report form to the withholding agent and retaining the tax residence certificate and supporting documents. Two caveats apply: “foreign individual” is not the same as “non-resident individual” for IIT purposes, and the determination of treaty residence can be complex where dual residency arises; and treaty dividend rates vary by jurisdiction, so eligibility must be assessed treaty by treaty.

IV. IV. Conclusion

Announcement No. 27 of 2026 closes a preferential policy that had survived for more than three decades. Its significance lies less in the 20 per cent rate itself, already the statutory rate for this category of income, than in the removal of a nationality-based carve-out that had come to look anomalous. For FIEs and foreign individual shareholders alike, the practical agenda is now clear: update withholding arrangements, manage the self-assessment backstop, and, where treaties permit, pursue treaty relief before dividends are paid. The Announcement is also a reminder that the 2026 reform wave extends well beyond outbound investment and cross-border regulation into the ordinary taxation of foreign individuals’ Chinese-source income.

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