

PwC China's support to business affected by the

2019 novel coronavirus

(2019-nCoV)

About 2019-nCoV

The 2019 novel coronavirus (2019-nCoV), a respiratory virus first detected in the Chinese city of Wuhan, has now infected tens of thousands of Chinese citizens and spread to countries around the globe. On 31 January 2020 (Beijing time), the World Health Organization (WHO) declared a Public Health Emergency of International Concern (PHEIC) owing to the new virus.

Although the outbreak of 2019-nCoV represents a serious business challenge for corporates operating in China, the central Chinese government is making tremendous efforts and leveraging resources nationwide to battle 2019-nCoV, as well as helping organisations to stabilise and continue business through many measures. PwC China still takes a positive view of the market, and offers areas of support we can provide to corporates to alleviate current operational concerns, including: human resources gaps, uncertainties in international travel and trade, business disruption, insufficient cash flow, et al.

How PwC China Tax, Customs and Legal can help clients navigate the outbreak environment

↳ Employment Law support

Challenges

- Timely acknowledgement and practical implication of regional policies on when to return to work, whether to pay overtime salary or compensation leave for flexible working, and other benefits, etc.
- Employment-related challenges due to temporary disruption of usual business and operations

Our support

- Monitor the latest government guidance and requirements, establish leave policies unique to the outbreak, and advise on employment and compensation arrangements in various regions
- Offer legal services covering cross-regional and cross-border employee activities
- Advise policies on employment settlement, collective negotiation with trade unions, and labour-related disputes
- Plan for likely increase in demand for employee welfare services, establish policies for reducing the spread of virus at the worksite and flexible working, and register the special work hours systems with government authorities
- Update company response plan and assist in adjusting business operations, etc.

↳ Global Mobility support

Challenges

- Impact on scheduled business and personal travel, meetings, and events due to travel bans and immigration restrictions
- Personal tax implications due to unexpected changes of residing/working period in various countries/areas

Our support

- Immigration advice and suggestions on case-based reviews
- Emergency immigration support (e.g. expiry/renewal of current visa and/or work permits) via the PwC global network
- Manage tax and other mobility exposures during special work arrangements
- Set-up of protocol/guidelines/tracking system to mitigate unnecessary tax impacts

↳ PHEIC impact analysis support

Challenges

- Supply chain disruption caused by cargo flights suspension
- Restrictive trade measures possibly imposed by other countries on shipments from China (although not recommended by WHO)
- Contract disputes arising from delay in, or failure of, the fulfilment of export orders

Our support

- Help develop "restriction mapping" to identify trade restrictions, if any, from a legal and regulatory perspective
- Propose legal and/or operational solutions to overcome or mitigate the impact of restrictions
- Assist with contract review, focusing on the "force majeure" clause to assess position in potential contract disputes arising from delay in, or failure of, the fulfilment of export orders
- Act for clients in contract disputes

↳ Customs support for import of medical goods

Challenges

- Increase in companies' need to import medical goods for donation, market supply or self-use
- Donation import is entitled to be exempted from import duty/VAT, with particular criteria and procedures
- Leverage latest policy-exempt importation of US-originated medical goods for market supply or self-use from the China-US Trade Friction tariff
- More favourable interim/middle-term policies in the pipeline to support companies to mitigate the impact

Our support

- Impact analysis on the medical goods importation formalities in China, including regulatory/license requirement, supply-chain structuring, import tax scheme, etc.
- Advise on China donation formalities and relevant tax impact

↳ Support for policy initiatives with various government authorities

Challenges

- Need for special treatment for donation expenses, welfare expenses for purchasing medical goods for employees, asset and operating losses, importation of medical goods, etc.
- Need for special policies to stabilise and incentivise regions and certain industries affected by the outbreak, such as catering, leisure, transportation and logistics, etc.
- Need for local government interpretation of existing rules and regulations
- Need for involving competent authorities to resolve some issues, such as trade restrictions

Our support

- Analyse impact and lodge policy suggestion papers with the relevant policy makers in China, such as the Ministry of Finance, State Taxation Administration, General Administration of Customs, etc.
- Communicate with local governments to obtain reasonable interpretations of the existing rules and regulations that may impact business during the chaos
- Seek policy support to minimise the adverse impact resulting from supply chain disruption or contract disputes, e.g. proof of force majeure events, removal of excessive trade restrictions in other countries through bilateral or multilateral channels



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