



M&T Lawyers 2013

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M&T LAWYERS

Our focus and unparalleled experiences in the Chinese tax related service field distinguish ourselves with other full scale law service firms and boutique law firms. As a rising star, M&T Lawyers is dedicated to provide professional tax advices and solutions to enterprises and individuals, and to provide recommendations and decision support to government agencies.

Our professionals are mainly from Peking University, other reputable academies and research institutions, more than 80% of whom have the master degree or above. The main professionals of M&T Lawyers also hold the qualification certificate of lawyer, Certified Taxation Agent or other related qualification.

Our value is to render the clients the optimized tax advices and solutions. Backed up by the scholars in Peking University and other academic institutions, as well as the former tax officials employed to be the senior consultant, it will enable us to provide accurate, detailed and pragmatic advices and solutions for enterprises, individuals and government agencies.

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CORPORATE TAX

In recent years, responding to the dramatic changes in domestic and international economic situation, the Chinese tax law system has undergone profound transformation. On one hand, the Chinese tax law framework and system are more rigorous and transparent. On the other hand, the tax authorities are continuously enhancing the tax collection administration and anti-avoidance investigation. In the face of increasing complexity of the tax laws and collection environment, it is undoubtedly a great challenge for the taxpayers and has become more and more important on how to ensure the compliance of the company's tax affairs, effectively reducing the company's tax burden, and taking reasonable tax planning to reduce the tax cost of the transaction.

M&T Lawyers, as a professional tax consulting service provider, will render the Chinese and foreign clients the following services:

- **Tax consulting**
- **Tax planning**
- **Assessment and application of the tax incentive/ fiscal subsidies**
- **Tax due diligence**
- **Tax health check**
- **Self-assessment of the tax risk**
- **Annual retainer tax service**
- **Tax training**

1 | **M&T Lawyers: Provider of Optimized China Tax Solutions!**

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TAX IN FINANCING AND M & A

The development of the capital markets and the innovation of the financial tool greatly expand the company's investment and financing channels. And the company may also need to raise capitals from time to time through various ways. M&T Lawyers has robust experiences in advising the investors and the investees in their various investing and financing activities, including listing financing, credit financing, private investment, trust investment, financial lease and collateral etc.

M&A is one of the important means for an enterprise to expand its business. The investors, on one hand, need to conduct full due diligence (including legal and tax due diligence) to the target company, and on the other hand, need to analyze and select reasonable M&A approaches to reduce the tax cost of the transaction. These works can only be completed with the assistance of the tax professionals. In addition, the target company and its shareholders may also need to self-assess and verify the target company's financial and tax situation prior to the transaction negotiation, with the assistance of the external legal and tax professionals, so that they can "know themselves and the other side" and to seize the initiative in the negotiations.

Our tax professionals in Financing and M & A team can deliver the following services:

- **Legal and Tax due diligence to the target company**
- **Tax planning in the IPO**
- **Tax training for a pre-IPO enterprise**
- **Tax advice and planning in the M & A**
- **Draft and review of the M & A transaction documents**
- **Support in transaction negotiation**
- **Assist in applying to the available tax incentives**
- **Other tax related consulting services**

INDIVIDUAL TAX

China takes a scheduled income tax system, under which different types of the income shall be subject to different tax rate and calculation approach. Resident individual shall be subject to the individual income tax (“IIT”) for his/her worldwide income, and non-resident individual shall be only subject to the PRC IIT for his/her China sourced income.

M&T Lawyers can provide both of the resident and non-resident individuals the following professional tax-related services:

- **Tax advisor for individual investment**
- **Foreign personal tax advisor.** The extent of the tax liability of the foreign individuals normally depends on their length of the stay in China and the nature of the income. Meanwhile, the SAT issues some tax incentive policies applicable to foreigners. Our professionals in individual tax team can advise the foreign companies and individuals in the following aspects: (1) personal salary planning to alleviate the personal’s tax liability; (2) IIT declaration of the foreigner.
- **Partner’s IIT.** The Chinese PE fund is growing very quickly since 2008. Many PEs are established in the form of limited partnership. The professionals in our individual tax team can advise the clients in the following aspects: (1) the partner’s IIT implication; (2) local IIT incentive policies analysis in different regions; (3) the choice of the establishment place of the PE.
- **Employee salary and incentive program planning.** Due to the economic growth and the shortage of the senior technical personnel, professionals and management personnel, many companies are facing growing challenges for their human resource management. M&T Lawyers will assist the clients to optimize their human resource management by advising reasonable employee incentive program, with a view to retain employee and stimulate the employee’s creativity and reduce their tax liability.

TAX DISPUTE SETTLEMENT

Nowadays, as the expected slowdown in the global and China's economic growth, and the growing pressure of public finance expenditure of the PRC government, the tax authorities continue to increase the intensity of tax audit and anti-avoidance. Meanwhile, with the continuous improvement of the tax law system in China and the taxpayer's awareness of their rights, it is foreseeable that there will be a growing number of tax disputes in the future. The new environment in tax law and tax administration practice require the taxpayer to change the old way of dealing with tax disputes with tax authorities, by seeking the support of external tax professionals and settle the disputes under the frame of legal system.

We are convinced that the solution of the disputes lies in the professional communication. Our participation is not to make for the two sides toward confrontation, but to smooth the communication in an effective way based on our expertise. M&T Lawyers will provide the taxpayer the following services in connection with the tax disputes:

- **Relationship coordination between taxpayer and the in-charge tax authorities.** M&T Lawyers and our partners have smooth channels to communicate with the tax authorities in different level and built up trusted relationship with tax officials in our practice.
- **Support in tax hearings.** We will use our expertise to assist the taxpayers to defense and express their opinions.
- **Support in tax administration reconsideration.** M&T Lawyers can assist the taxpayers in preparing the application letter for the administrative reconsideration and other materials required.
- **Tax litigation.** Our professionals have extensive experiences in tax litigation cases. The Inter-disciplinary background of our professionals will enable us to deliver our clients better services.

REAL ESTATE TAX

The development of the real estate industry in today's China is not only an economic issue, but a livelihood-related social problem. The Chinese special mechanism and situations leads to the over-reliance of the real economy and the local government on the real estate industry.

In order to promote the healthy development of the real estate market, the government launched a series of stringent control measures as of April 2010. Taxation, as an important means of the macro control, also plays a significant role in the control policy package.

In the face of the severe control policies and the escalating tax audit, it is vital to make sure the compliance of the tax treatment, taking effective tax planning programs to reduce the tax burden of the real estate enterprises. M&T Lawyers can deliver the following real estate tax related services:

- **Real estate tax consulting**
- **Real estate tax planning**
- **Land Appreciation tax reconciliation**
- **Real estate project liquidation**
- **Defense support in tax audit**

HIGH-TECH ENTERPRISE TAX

The developments of the high-tech enterprises are of great significance to promote the upgrading of industrial structure, accelerate the change of the economic growth pattern, and achieve sustainable economic development. In order to support the development of the high-tech enterprises, the state has issued a series of financial subsidies and tax incentive policies available to the high-tech enterprises, including incentive policies in corporate income tax, VAT and business tax.

As one of our core business, M&T Lawyers has robust successfully experiences in assisting the enterprises to apply for all kinds of financial subsidies and tax incentives, in particular, the application and review of the eligibility of the high and new technology enterprises (“HNTE”), super-deduction of the R&D expenses and financial subsidies for R&D activities. It will greatly reduce a company’s tax burden and enhance its market competitiveness by applying for the tax incentives.

The high-tech enterprises tax team of M&T Lawyers can render the clients the following services:

- **Qualification application of the HNTE and review.** According to Article 28 of the Enterprise Income Tax Law, the enterprise income tax rate applicable to HNTE eligible for key support from State shall be reduced to 15%.
- **“Double soft” qualification identification.** “Double soft qualification identification” refers to “software products identification” and “software enterprises identification”.
- **Identification of the technically-advanced service enterprises**
- **Super-deduction of the R&D expenses**
- **Turnover tax incentive application for technology development and transfer**
- **Other tax incentive treatment application**

TRANSFER PRICING

One of the highlights of the Enterprise Income Tax Law (“EIT Law”) effective as of 1 January 2008 is that it is the first time that the “Special Tax Adjustment Rules” is set out, under which the principles of the tax treatment of the related party transactions and the anti-avoidance are provided. It releases the signals that the state intends to strengthen the administration of the related-party transaction and anti-avoidance. The practice of the tax collection and administration of the tax authorities in recent years also demonstrate it. And tax amount collected from transfer pricing adjustment is increasing year by year.

For enterprises with huge related party transaction amount, especially those falling with the industries that the state shall focus to make the tax audit, it is particularly important to strengthen the preventive management of the related party transaction.

The transfer pricing team of M&T Lawyers will provide the following services:

- **Risk assessment of the enterprise’s TP policies**
- **TP policies formulation and management**
- **Supply chain planning**
- **Contemporaneous documentation preparation**
- **Support for response and defense in TP audit**
- **Advance pricing arrangement (“APA**
- **Draft and review of the cost sharing agreement**
- **Support in other anti-avoidance cases**

IMPORT & EXPORT TAXES

The import and export taxes mainly cover the customs duty, import VAT and consumption tax, as well as the export VAT refund provisions. Since China's accession to the WTO, although the average tax rate of customs duty continue to reduce, the customs duty amount still significantly increases due to the growth of the import trade of goods and the strengthening of the collection management. Meanwhile, many taxpayers engaging in import trade are imposed on administrative penalty, or even be held criminally responsible because of the lack of expertise of the relevant policies.

Given the specificity and importance of the import & import tax system, M&T Lawyers puts it as one of the core business since its foundation, and establish a professional import & export tax team in order to better serve the clients in the following aspects:

Our services in import and export tax aspects mainly include the followings:

- **Retained customs matter advisor**
- **Comprehensive customs matter planning**
- **Process improvement of the import and export trade**
- **Export VAT refund**
- **Policies comparison and analysis to various special customs bonded zones**
- **Map out the strategy of optimized cost control**
- **Commodity classification**
- **Custom valuation assistance**
- **Support for response and defense in customs investigation**
- **Support in TP audit**

INBOUND INVESTMENT TAX

Over 30 years of reforming and opening up, China is at a critical stage that the sustainable growth of the China's economy can only be achieved through the transformation of the economic growth pattern. It is undoubted that tax, as one of the important tools of the micro control, will play a very important role in the promotion of the transformation of the economic growth pattern. On one hand, as for the industries with high pollution and high energy-consuming, the central and local government may further tighten the approval and reduce or even cancel the old financial subsidies and tax incentives; on other hand, it is expectable that the government may introduce new tax incentive policies to encourage the development of high-tech enterprises and advanced service providers.

The inbound investment tax team of M&T Lawyers can provide the foreign invested enterprises and its shareholders the following tax services in connection with their investment in China:

- **Advise the alternative investment structure or financial approaches**
- **Profit repatriation and investment exit approaches**
- **Tax consulting services**
- **Tax planning in M & A transaction**
- **Application for the preferential tax treatment under the applicable double tax treaty**
- **Assist the foreign transferor in transaction disclosure and tax declaration for its indirect transfer of the Chinese company's equity as requested under Circular 698**

Outbound Investment Tax

With the development of China's economic growth and the promotion of the comprehensive power of the enterprises, more and more domestic enterprises begin to go abroad and invest in the foreign market. Meanwhile, the Chinese enterprise have accelerated the pace of abroad expansion due to the constraints of the technology and resource, as well as the rising the domestic raw materials and labor cost.

Nowadays, the Chinese enterprises generally lack the experience of the outbound investment. And their outbound investment involves many complicated risks and challenges. M&T Lawyers has a lot of professionals with rich international tax knowledge and experiences, and established well cooperation relationship with some international tax service providers. These enable us to render the clients excellent advices. To be specific, our outbound investment tax team can provide the following services:

- **Advise the alternative investment structure or financial approaches**
- **Supply chain planning**
- **General tax rules research and advice to the investment destination**
- **Advise the establishment location of the SPV**
- **Profit repatriation planning**
- **Advise the investment exit approach**
- **Identification and avoidance of the overseas registered PRC tax resident**
- **Foreign tax credit**