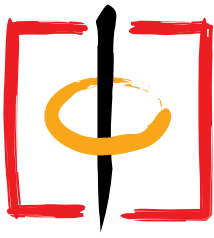


Issue 145 • June 2014



CHINA BRIEFING

From Dezan Shira & Associates



Strategies for Repatriating Profit from China

p.4 How to Remit Service Fees and Royalties

p.9 How to Remit Profits as Dividends



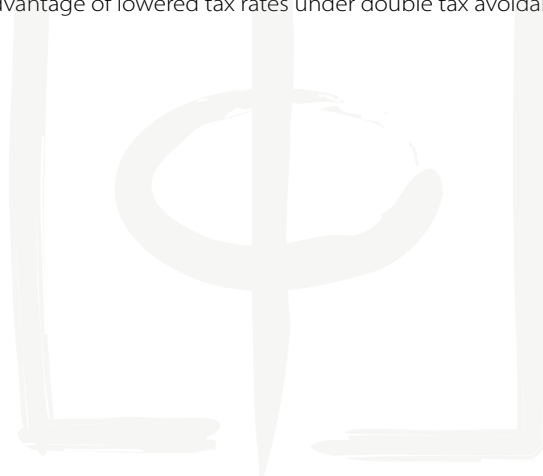
Introduction



When setting up in China, foreign investors are often confronted with complex tax compliance issues and licensing procedures, paying scant regard to one of the most important parts of overall business planning: the effective maximization and subsequent repatriation of profits.

China maintains a strictly regulated system of foreign exchange controls, meaning funds flowing into and out of China are tightly regulated. Therefore, for foreign companies with subsidiaries in China, repatriating cash from their subsidiaries has always been an important and challenging issue. It is important to incorporate a profit repatriation strategy into the set-up planning of a subsidiary in China to ensure one's ability to access the profits it earned.

In this issue of China Briefing, we guide you through the different channels for repatriating profits, including via intercompany expenses (*i.e.*, charging service fees and royalties to the Chinese subsidiary) and loans. We also cover the requirements and procedures for repatriating dividends, as well as how to take advantage of lowered tax rates under double tax avoidance treaties.



Kind regards,

Sabrina Zhang
National Tax Partner
Beijing Office
Dezan Shira & Associates
china@dezshira.com
www.dezshira.com

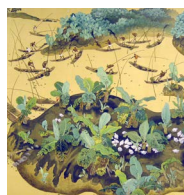
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This Month's Cover Art



Fertile Soil
(沃土)

Ye Qiqing (叶其青)

Chinese Painting, 80 x 89 cm

Wan Fung Art Gallery (雲峰畫苑)

wanfungart@126.com | www.wanfung.com.cn/eng/ | +86 21 6487 4072*107

Strategies for Repatriating Profit from China

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“It is important to incorporate a profit repatriation strategy into the set-up planning for a subsidiary in China to ensure one’s ability to access the profits earned.”


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Beijing

beijing@dezshira.com

Dalian

dalian@dezshira.com

Qingdao

qingdao@dezshira.com

Tianjin

tianjin@dezshira.com

Shanghai

shanghai@dezshira.com

Suzhou

suzhou@dezshira.com

Hangzhou

hangzhou@dezshira.com

Ningbo

ningbo@dezshira.com

Guangzhou

guangzhou@dezshira.com

Shenzhen

shenzhen@dezshira.com

Zhongshan

zhongshan@dezshira.com

Hong Kong

hongkong@dezshira.com

Our Global Presence

India

india@dezshira.com

Indonesia *

indonesia@dezshira.com

Malaysia *

malaysia@dezshira.com

Singapore

singapore@dezshira.com

The Philippines *

philippines@dezshira.com

Thailand *

thailand@dezshira.com

Vietnam

vietnam@dezshira.com

Liaison Offices, Germany

germandesk@dezshira.com

Liaison Office, Italy

italiandesk@dezshira.com

Liaison Office, United States

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