

Issue 153 • April 2015



CHINA BRIEFING

From Dezan Shira & Associates



Managing Your Accounting and Bookkeeping in China

P.04 "Accounting" for Differences in China's Financial Reporting

P.11 The Benefits of Outsourced Accounting in China

P.08 Foreign Currency Accounting in China

www.china-briefing.com

Introduction

Be it for tax filing, regulatory compliance or internal tracking purposes, accounting is an important part of any business. This is as true for a business in China as it is anywhere else.

Relative to most of the world however, China has only recently embraced the market economy, and with that the practice of accounting. For this reason, some of the accounting and bookkeeping practices that are an everyday occurrence in China may seem unusual to foreign investors new to the country.

Despite these remaining idiosyncrasies, China has come a long way in converging its accounting standards with international practice. This significantly simplifies the integration of a foreign investor's Chinese subsidiary into its multinational group of companies.

While the Chinese government is making steady progress on its way to RMB internationalization, strict capital controls continue to pose an obstacle.

As a means of controlling the currency flows into and out of the country, the Chinese government requires a special report from foreign-invested companies about their foreign currency holdings. Ultimately, foreign companies that do not comply with this requirement may lose the ability to remit foreign currency abroad. Therefore, keeping correct records of one's foreign currency transactions is crucial.

In this issue of China Briefing, we discuss the difference between the International Financial Reporting Standards, and the accounting standards mandated by China's Ministry of Finance. We also pay special attention to the role of foreign currency in accounting, both in remitting funds, and conversion. Lastly, in an interview with Jenny

Liao, Dezan Shira & Associates' Senior Manager of Corporate Accounting Services in Shanghai, we outline some of the pros and cons of outsourcing one's accounting function.



Sabrina Zhang
National Tax Partner
Dezan Shira & Associates
Beijing Office

With kind regards,

Sabrina Zhang

Reference

China Briefing and related titles are produced by Asia Briefing Ltd., a wholly owned subsidiary of Dezan Shira Group.

Content is provided by Dezan Shira & Associates.

No liability may be accepted for any of the contents of this publication. Readers are strongly advised to seek professional advice when actively looking to implement suggestions made within this publication.



This Month's Cover Art

Flower or not by Ye Lan (叶澜)

Oil on canvas, 150x100cm

YELAN Art Gallery

yelan12@hotmail.com | +86 180 1609 3520

www.yelan.jimdo.com

For queries regarding the content of this magazine, please contact: editor@asiabriefing.com

All materials and contents © 2015 Asia Briefing Ltd.

Table of Contents

P.04 "Accounting" for Differences in China's Financial Reporting

P.08 Foreign Currency Accounting in China

P.11 The Benefits of Outsourced Accounting in China



Topic This Issue

Managing Your Accounting and Bookkeeping in China

Annual Subscription



China Briefing Magazine is published as 6 Issues and 4 Special Editions per year. To subscribe, please [Click Here](#)

This publication is available as an interactive PDF and ePublication with additional clickable resource icons below:



[Strategic Advisory & Commentary](#)



[Professional Services](#)



[Regulatory Framework & Updates](#)



[Legal, Tax, Accounting News](#)



[Cross Region Comparisons](#)



[Industry Studies](#)



[Magazines, Guides, Reports](#)



[Podcast & Webinar](#)

Online Resources from China Briefing



[Hong Kong's Advance Pricing Arrangement Program](#)



[US Gathering FATCA Non-Compliance Data in HK](#)



[Catalogue for Foreign Invested Industries Released](#)



[Understanding China's 'Fapiao' Invoice System](#)

Online Resources on Emerging Asia



[What is the Chinese equivalent of the US GAAP?](#)



[Analysis of Asia Corporate Tax Rates](#)



[Cambodian Government Standardizing Tax Reports](#)



[Preparing for India's End of Year Audit](#)



[VAT Calculation Methods in Vietnam](#)

Credits

Publisher / Chris Devonshire-Ellis

Editors / Steven Elsinga & Zhou Qian

Design / Jessica Huang & Estela Mi



DEZAN SHIRA & ASSOCIATES

Your Partner for Growth in Asia

Our China Practice

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 Practice

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 Office, Germany

germandesk@dezshira.com

Liaison Office, Italy

italiandesk@dezshira.com

Liaison Office, United States

usa@dezshira.com

* Dezan Shira Asian Alliance Member

Our Services

Pre-Investment and Entry Strategy Advisory

Accounting and Reporting

Corporate Compliance

ERP and Financial Systems Advisory

Corporate Establishment

Treasury Administration

Payroll and Human Resource Services

International Tax Planning

Legal & Financial Due Diligence

Tax and Compliance

Audit and Financial Review

Pan-Asia Corporate Integration

23 Years of Excellence 1992-2015

www.dezshira.com