It refers to an enterprise established in accordance with the law in China, or established in accordance with the laws of a foreign count Resident Enterprise ry (region) but the actual management organization is in China Enterprises established institutions or premises in China: mainly the branches, permanent representative offices or offices of forei It refers to an enterprise established in accordance with the laws of a foreign gn companies in China, and enterprises contracting engineering operations and providing labor services, etc. country (region) and the actual management organization is not in China, bu Definition t has established institutions or premises in China, or has not established inst Enterprises that do not have institutions or premises in China, but have income derived from China: income from property transfe itutions or premises in China, but has income derived from China. r, equity investments such as dividends and bonuses, interest, rent, royalties, and other income Income from transfer of property: refers to the income obtained from the transfer of fixed assets, biological assets, intangible assets, equity, creditor's rights and other properties by enterprises Determination of the source of income: The location of the real estate transfer is determined by the location of the real estate, the inc ome from the transfer of movable property is determined by the location of the enterprise or institution or place that transfers the m ovable property, and the income from the transfer of equity investment assets is determined by the location of the invested enterpris Tax payable = (full income - net worth) × actual tax rate (currently 10%), or the lower tax rate stipulated in the tax treaty Income from Transfer of Property Special tax treatment: If a non-resident enterprise obtains equity transfer income, meets the special reorganization conditions specifi ed in the document and chooses special tax treatment, it should submit written filing materials to the competent tax authority Indirect transfer of Chinese taxable property refers to the transfer of equity and other similar rights (hereinafter referred to as equity) of overseas enterprises (excluding overseas registered Chinese resident enterprises, hereinafter referred to as overseas enterprises) th at directly or indirectly hold Chinese taxable properties by non-resident enterprises. Transactions that produce the same or similar sub Indirect Transfer of Property stantive results as the direct transfer of taxable property in China, including changes in the shareholders of overseas enterprises cause d by the restructuring of non-resident enterprises For specific regulations, please refer to Announcement No. 7 [2015] of the SAT It refers to the income obtained by the enterprise from the investee due to equity investment Dividends, bonuses and other Determination of the source of income: Determined according to the location of the enterprise where the income is distributed equity investment income Tax payable = full amount of income × actual tax rate (currently 10%), or the lower tax rate stipulated in the tax treaty Paying corporate income ta x by withholding at source It refers to the income that an enterprise provides funds for others to use but does not constitute equity investment, or the income of btained by others occupying the funds of the enterprise, including deposit interest, loan interest, debt interest, arrears interest and ot her income Interest Income Determination of source of income: Determined according to the location of the enterprise or institution or place where the burden o r payment is made, or the residence of the individual who bears or pays the income Tax payable = full amount of income × actual tax rate (currently 10%), or the lower tax rate stipulated in the tax treaty It refers to the income obtained by the enterprise providing the right to use fixed assets, packaging or other tangible assets Determination of source of income: Determined according to the location of the enterprise or institution or place where the burden o Rental Income r payment is made, or the residence of the individual who bears or pays the income Tax payable = full amount of income × actual tax rate (currently 10%), or the lower tax rate stipulated in the tax treaty It refers to the income obtained by enterprises providing the right to use patents, non-patented technologies, trademarks, copyrights and other franchises. The provisions on royalties in the tax treaties between China and some countries or regions also include "payme nts for the use or the right to use industrial, commercial and scientific equipment", that is, the use (renting) of the other party's machi nery and equipment to pay fees Royalties Income Determination of source of income: Determined according to the location of the enterprise or institution or place where the burden o r payment is made, or the residence of the individual who bears or pays the income Specific types of inco me and tax treatment Tax payable = full amount of income × actual tax rate (currently 10%), or the lower tax rate stipulated in the tax treaty It refers to the contracting of construction, installation, assembly, repair, decoration, exploration and other Tax-related Matt engineering operations in China ers of "Bringing Determination of source of income: Determined according to the place where the labor service occurs Income from contracting engineering operations In" Enterprise Non-resident Enterprise According to the facts Collection method Verification: Refer to "Administrative Measures for Verification Collection of Non-resident Enterprise Income Tax" Profit Margin: Contract Engineering Operations 15%-30% It refers to enterprises engaged in building installation, repair, transportation, storage leasing, financial insurance, post and telecomm Income from contracting engi unications, consulting brokerage, culture and sports, scientific research, technical services, education and training, catering and accom neering operations and provi modation, intermediary agents, health care, community services, tourism, entertainment, processing and other labor service activities ding labor services in China Determination of source of income: Determined according to the place where the labor service occurs According to the facts Income from providing labor services Profit Margin: Design and consulting labor 15%-30% Collection method Verification: Refer to "Administrative Measures for Verification Collection of Non-resident Enterprise Income Tax" Profit Margin: Managed Services 30%-50% Profit Margin: Others not less than 15% The business activities of leasing ships and aircraft by way of voyage charter, time charter and wet charter to obtain income belong to It refers to the business activities of non-resident enterprises that use their o international transportation business wn or leased ships, aircraft, and space to carry passengers, goods or mail to and from ports in China, as well as related loading, unloading, warehousing The rental income obtained by leasing ships and planes, or leasing containers and other loading tools to domestic institutions and other ancillary businesses or individuals by means of bare lease, dry lease, etc., does not belong to the income of international transportation business Income from interna Determination of the source of income: If one of the origin or destination of international tional transport transportation services is in China, it belongs to the provision of labor services in China According to the facts Collection method Verification: Refer to "Administrative Measures for Verification Collection of Non-resident Enterprise Income Tax" It refers to the resident representative offices of foreign enterprises (including Hong Kong, Macao and Taiwan enterprises) and other organizations established in China in accordance with the relevant regulations of the State Council, registered with the administrative department for industry and commerce or approved by the relevant departments. According to the facts Resident representative of fices of foreign companies Tax payable = amount of expenditure in the current period / (1-appr Converting income by expenditure oved profit rate) × approved profit rate × corporate income tax rate Collection method Profit margin should not be less than 15% Verification Tax payable = total income × approved profit rate × corporate i Taxable income based on gross income ncome tax rate Interest income from treasury bonds: treasury bonds issued by the finance department of the State Council Tax-exempt income Equity income such as dividends, bonuses, etc. obtained by a non-resident enterprise with an institutional establishment from a reside nt enterprise that is actually related to the establishment: excluding investment income from continuous holding of publicly issued an d listed stocks of a resident enterprise for less than 12 months . Interest on loans from foreign governments to the Chinese government Interest income from concessional loans provided by international financial organizations to the Chinese government and resident en Tax exemption Tax incentives terprises: International financial organizations include the International Monetary Fund, the World Bank, the Asian Development Bank, the International Development Association, the International Fund for Agricultural Development, the European Investment Bank, the I nternational Finance Corporation, etc. 10% tax rate for unorganized establishments Tax reduction Deferred tax Foreign investors are not subject to withholding tax on direct investment with distributed profits for the moment **Reminder**: If the tax treaty is more favorable than the provisions of the d

omestic tax law, the tax treaty treatment can be preferentially applied

Preferential treatment under tax treaties