



Tax Analysis

China

Deloitte Tohmatsu Tax Co.

February 6, 2015

SAT Issues New Rules on Indirect Transfers of Assets by Nonresident Enterprises

On 6 February 2015, China's State Administration of Taxation (SAT) issued new guidance (Bulletin [2015] No. 7, "Bulletin 7") on the PRC tax treatment of an indirect transfer of assets by a nonresident enterprise. Bulletin 7 is the latest regulatory instrument on indirect transfers and follows two previous sets of guidance issued in 2009 and 2011: the "Notice on Strengthening the Administration of Enterprise Income Tax on Income from the Transfer of Shares by Nonresident Enterprises" (Guoshuihan [2009] Circular No. 698, "Circular 698") and the "Bulletin on Several Issues Concerning the Administration of Income Tax on Nonresident Enterprises" (Bulletin of SAT [2011] No. 24, "Bulletin 24").

Bulletin 7 does not replace Circular 698 and Bulletin 24 in their entirety. Instead, it abolishes certain provisions and provides more comprehensive guidelines on a number of issues, as explained in the Tax Analysis. While Bulletin 7 is effective from the date of issuance, it also applies to transactions that took place before the date of issuance but for which the relevant PRC tax treatment has not been decided upon by the Chinese tax authorities. Thus, Bulletin 7 will affect both future and past transactions. Please open the attachment to view the latest issue of Tax Analysis.

Newsletter Archives

To see past newsletters, please visit our website.

www.deloitte.com/jp/tax/nl/ao

Contacts

Leonard Khaw, Partner lkhaw@deloitte.com.cn

Julie Zhang, Partner juliezhang@deloitte.com.cn

Issued by

Deloitte Tohmatsu Tax Co.

HQ • Tokyo Office

Shin-Tokyo Building 5F, 3-3-1, Marunouchi, Chiyoda-ku, Tokyo 100-8305, Japan

T E L : +81-3-6213-3800

email : tax.cs@tohmatu.co.jp

U R L : www.deloitte.com/jp/en/tax

All of the contents of these materials are copyrighted by Deloitte Touche Tohmatsu Limited, its member firms, or their related entities including, but not limited to, Deloitte Tohmatsu Tax Co. (collectively, the "Deloitte Network") and may not be reprinted, duplicated, etc., without the prior written permission of the Deloitte Network under relevant copyright laws.

These materials describe only our general and current observations about a sample case in accordance with relevant tax laws and other effective authorities, and none of Deloitte Network is, by means of this publication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. The opinions expressed in the materials represent the personal views of individual writers and do not represent the official views of Deloitte Network. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this publication.

Deloitte Touche Tohmatsu (Japan Group) is the name of the group consisting of member firms in Japan of Deloitte Touche Tohmatsu Limited (DTTL), a UK private company limited by guarantee. Deloitte Touche Tohmatsu (Japan Group) provides services in Japan through Deloitte Touche Tohmatsu LLC, Deloitte Tohmatsu Consulting Co., Ltd., Deloitte Tohmatsu Financial Advisory Co., Ltd., Deloitte Tohmatsu Tax Co., and all of their respective subsidiaries and affiliates. Deloitte Touche Tohmatsu (Japan Group) is among the nation's leading professional services firms and each entity in Deloitte Touche Tohmatsu (Japan Group) provides services in accordance with applicable laws and regulations. The services include audit, tax, consulting, and financial advisory services which are delivered to many clients including multi-national enterprises and major Japanese business entities through nearly 7,900 professionals in almost 40 cities of Japan. For more information, please visit Deloitte Touche Tohmatsu (Japan Group)'s website at www.deloitte.com/jp/en

Deloitte provides audit, consulting, financial advisory, risk management, tax and related services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries and territories, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte's more than 210,000 professionals are committed to becoming the standard of excellence.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.