

Tax

Our Pathfinder Service

Finding your way in China



We recognise that foreign-based businesses wishing to establish themselves in China for the first time have special needs. Pathfinder meets these requirements.

Pathfinder provides a personal, pro-active and comprehensive service. We use our expertise and experience to enable you to minimise your time, efforts and costs.

As such, you can focus on your business; confident in the knowledge that we can set up both a commercially sensible and tax efficient structure. On-going support is always available to assist with compliance issues.

Why Should You Use Our Pathfinder Service?

Time saving — our service allows you to gain a competitive advantage. You can spend your time on your business safe in the knowledge that our experts are taking care of the complications of establishing a business.

One point of contact — one of our advisors will become your one point of contact. They will project manage all aspects of the delivery or co-ordinate various parts of the service. This ensures you always deal with someone who has intimate knowledge of your business.

Specialists — our specialists are dedicated to helping businesses set up in China.

Business advisors — our team advise on a wide variety of business issues covering all aspects of doing business.

Wide ranging experience — we have wide ranging experience across all industries.

Foreign-based businesses establishing in China for the first time have specific questions to address. For instance:

- What structure meets my business needs in China?
- Will there be more than one possible structure to choose from?
- Will there still be operating restrictions?
- What are the start-up issues to watch for?
- How do I form that entity?
- How do I take over an existing business from my Chinese partner?
- Given WTO market opening timetables, what structure will I migrate to in the future?
- Can I open branches later?
- What should I do with my existing representative office?

Pathfinder Service™ has been designed to meet your needs by becoming a personal, proactive, and comprehensive service. Utilising our experience, you minimise your time, effort, and cost of setting-up in China leaving you free to focus on your core competency – your business.

Pathfinder Provides You With Introductions

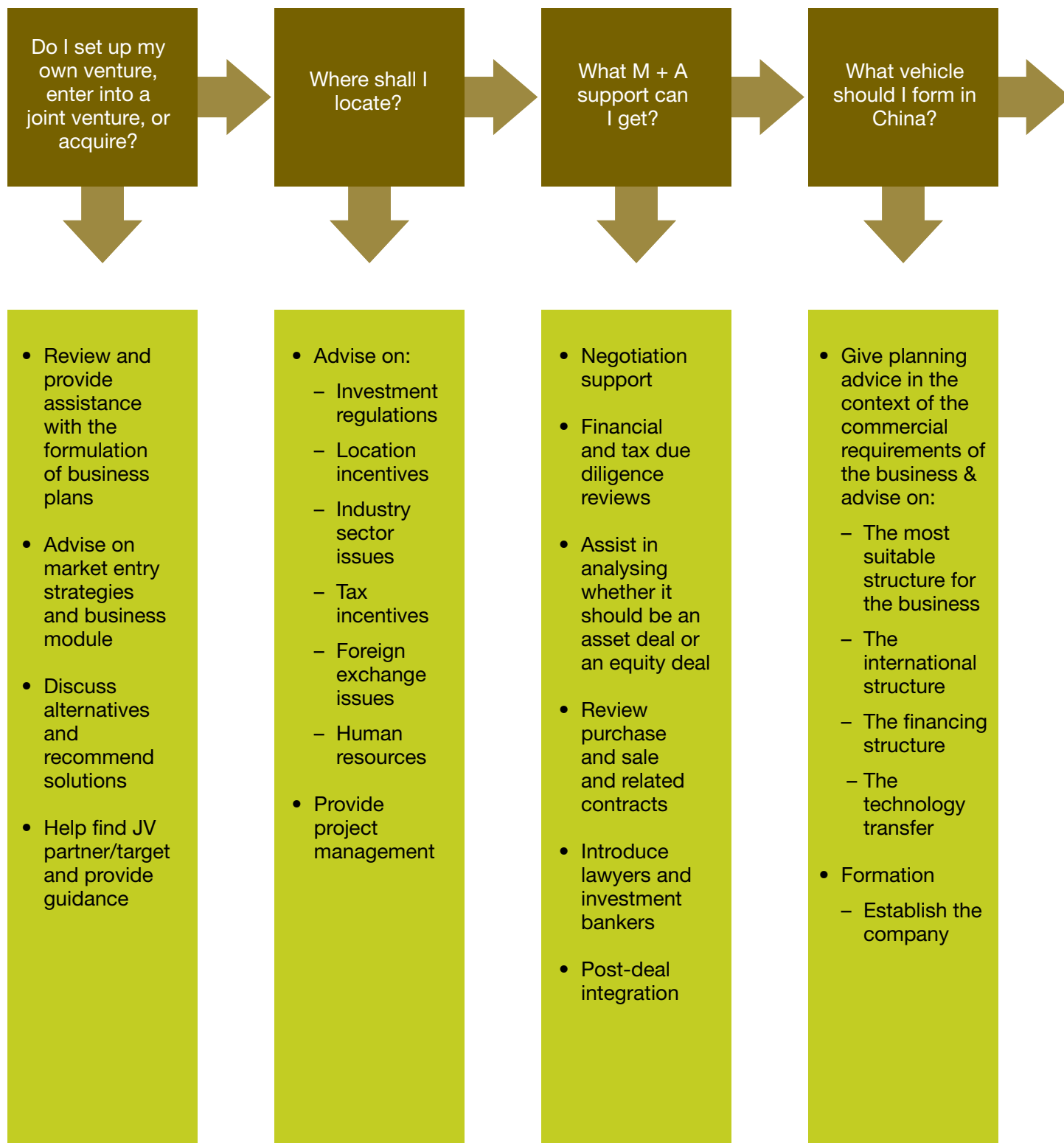
Pathfinder is specifically designed to meet your every need during your first months in China. If necessary, we will introduce you to appropriate professionals or institutions able to provide you with any other services you may need. They include:

- Commercial / Industrial / Residential property consultants
- Office designers and space planners
- Consulting engineers
- International movers
- Corporate and residential insurers
- Lawyers
- Bankers
- Hotel and conference agencies
- Recruitment agencies
- Private healthcare plans
- International schools

Roadmap For Those Setting Up in China

This is an indication of many of the issues with which those seeking to do business in China will most commonly be concerned, together with our role in providing support.

Issues



What other trading aspects do I need to consider?



- Advice on:
 - Transfer pricing
 - Customs duties and VAT planning
 - Foreign exchange issues
 - Cash repatriation
- Introductions to
 - Banks
 - Insurers
 - Recruitment agencies
 - Other service suppliers

What are the employee issues?



- Advise on international tax aspects and help structure an efficient tax package
- Review employment contracts
- Employment visa applications
- Advise on employment regulations and related issues
- Provide other human resources functions
- Complete China and overseas tax returns

Who can look after my payroll functions?



- Payroll Services
 - Payroll processing and associated advice
 - Preparation of employee returns
 - Compliance with and advice on social security legislation and other regulatory requirements for employer and employees



What support functions can I outsource?



- Assist in writing up the books & preparing annual unaudited accounts for audit and tax filing purposes
- Providing training to your staff on how to set up an accounting system in China
- Tax registration and preparation of tax returns

Our Traditional Services

These services are designed to provide advice and support during the early stage of doing business in China. The range of our services can be tailored to your own needs and is designed so that you can select those which are appropriate to your situation. Much depends on what you will be capable of dealing with in-house.

Pre-establishment

Planning

- Review your international structure and objectives in China
- Consider financing options for your operations
- Recommend the most suitable tax structure
- Advise on profit repatriation and exit strategies
- Advise on transfer pricing
- Review inter-company service agreements

Company Formation/Business Registration

- Advise on choices of business vehicles
- Establish your new entity
- Register another business presence
- Advise on business location
- Advise on Chinese internet domain presence

Compensation Issues

- Advise on remuneration structures for both Chinese and non-Chinese employees
- Perform salary benchmarking
- Advise on tax-efficient bonus, incentive, and stock option schemes

Human Resources and Visa Issues

- Assistance with tax-efficient employment agreements
- Prepare work rules
- Provide executive recruitment services
- Prepare individual income tax returns (China, US and other countries) for employees
- Assist non-Chinese employees with visa and work permits

Post-establishment

Cash Administration

- Payment of invoices
- Operation and reconciliation of bank accounts
- Acting as sole bank authorised signatory
- Arranging cash repatriation

Employees

- Advise on location of payroll, social insurance and labour insurance requirements
- Registration of new China entity for social and labour insurance
- Provision of a full service comprehensive payroll
- Payment and administration of withholding tax
- Preparation of statutory employer/employee reports

Accounting and Reporting

- Maintenance of records and cash book
- Preparation of management reports at agreed intervals
- Preparation of statutory and non-statutory reports
- Preparation of financial models and projections

Tax Compliance & Consulting

- Turnover tax, e.g. VAT, planning
- Tax registrations
- Prepare corporate income tax returns
- Maintenance of records

Contacts

Northern China	
<p>Beijing</p> <p>26/F Office Tower A Beijing Fortune Plaza 7 Dongsanhuan Zhong Road Chaoyang District Beijing 100020, PRC</p> <p>Tel: +86 (10) 6561 2233</p> <p>Edwin Wong edwin.wong@cn.pwc.com</p>	<p>Qingdao</p> <p>4601 Qingdao International Finance Center 59 Hong Kong Middle Road Qingdao 266071, PRC</p> <p>Tel: +86 (532) 8089 1888</p> <p>Steven Wong steven.wong@cn.pwc.com</p>
<p>Dalian</p> <p>8/F Senmao Building 147 Zhongshan Road Xigang District Dalian 116011, PRC</p> <p>Tel: +86 (411) 8379 1888</p> <p>Edward Shum edward.shum@cn.pwc.com</p>	<p>Tianjin</p> <p>17/F The Exchange Tower One 189 Nan Jing Lu Heping District Tianjin 300051, PRC</p> <p>Tel: +86 (22) 2330 6789</p> <p>Alan Wu alan.wu@cn.pwc.com</p>
Central China	
<p>Chongqing</p> <p>Room 1905 19/F Metropolitan Tower 68 Zou Rong Road Chongqing 400010, PRC</p> <p>Tel: +86 (23) 6393 7888</p>	<p>Suzhou</p> <p>Room 1501, Genway Tower 188 Wang Dun Road Suzhou Industrial Park Suzhou 215028, PRC</p> <p>Tel: +86 (512) 6273 1888</p> <p>Billy Hsieh billy.hsieh@cn.pwc.com</p>
<p>Shanghai</p> <p>11/F PricewaterhouseCoopers Center 202 Hu Bin Road Shanghai 200021, PRC</p> <p>Tel: +86 (21) 6123 8888</p> <p>Matthew Wong matthew.mf.wong@cn.pwc.com</p>	<p>Xi'an</p> <p>Room 728 Zhongda International Mansion 30 Nan Da Street Xi'an 710002, PRC</p> <p>Tel: +86 (29) 8720 3336</p> <p>Elton Huang elton.huang@cn.pwc.com</p>
Southern China	
<p>Guangzhou</p> <p>25/F Center Plaza 161 Lin He Xi Road Guangzhou 510620, PRC</p> <p>Tel: +86 (20) 3819 2000</p> <p>Charles Leung cw.leung@cn.pwc.com</p>	<p>Shenzhen</p> <p>38/F Shun Hing Square Di Wang Commercial Centre 5002 Shennan Road East Shenzhen 518008, PRC</p> <p>Tel: +86 (755) 8261 8899</p> <p>Charles Lee charles.lee@cn.pwc.com</p>
<p>Hong Kong</p> <p>21/F Edinburgh Tower The Landmark 15 Queen's Road Central Hong Kong</p> <p>Tel: +852 2289 3669</p> <p>Anthea Wong anthea.wong@hk.pwc.com</p>	

