

# China Tax Weekly Update

ISSUE 34 | September 2016



Reference: N/A  
Issuance date: N/A  
Effective date: N/A

Relevant industries: N/A  
Relevant companies: Apple  
Relevant taxes: N/A

Potential impacts on businesses:

- Apple is challenged by EU for abuse of tax benefits and shall be subject to unpaid tax
- Uncertainties of international tax between the U.S. and Europe increased
- Risks of being challenged due to cross-border tax anti-avoidance arrangements of MNEs increased

You may click [here](#) to access full content of the circular.

## EU concluded Ireland granted undue tax benefits of up to €13 billion to Apple

Based on the news from European (EU) Commission website, the European Commission has concluded that Ireland granted undue tax benefits of up to €13 billion to Apple. This is considered by the Commission to be illegal under EU state aid rules, because it allowed Apple to pay substantially less tax than other businesses. Ireland must now recover the illegal aid.

Following an in-depth state aid investigation [launched in June 2014](#), the European Commission concluded that two tax rulings issued by Ireland to Apple substantially and artificially lowered the tax paid by Apple in Ireland since 1991. The rulings are considered to have endorsed a way to establish the taxable profits for two Irish incorporated companies of the Apple group (Apple Sales International and Apple Operations Europe), which did not correspond to economic reality: almost all sales profits recorded by the two companies were internally attributed to a "head office". The Commission's assessment took the position that these "head offices" existed only on paper and could not have generated such profits. These profits allocated to the "head offices" were not subject to tax in any country under specific provisions of the Irish tax law, which are no longer in force. As a result of the allocation method endorsed in the tax rulings, the Commission estimates that Apple only paid an effective corporate tax rate that declined from 1% in 2003 to 0.005% in 2014 on the profits of Apple Sales International.

This selective tax treatment of Apple in Ireland is treated as illegal under EU state aid rules, because it is considered to have given Apple a significant advantage over other businesses that are subject to the same national taxation rules. The Commission can order recovery of illegal state aid for a ten-year period preceding the Commission's first request for information in 2013. Ireland must now recover the unpaid taxes in Ireland from Apple for the years 2003 to 2014 of up to EUR13 billion, plus interest. Commentators believe this could bring the total imposition to EUR19 billion.

The Commission notes that if other countries were to require Apple to pay more tax on profits of the two companies over the same period under their national taxation rules, this would reduce the amount to be recovered by Ireland (e.g. the EU jurisdictions of sale into which the Apple companies sold Apple products)

All Commission decisions are subject to scrutiny by the European Court of Justice (ECJ). If a Member State decides to appeal a Commission decision, it must still recover the illegal state aid but could, for example, place the recovered amount in an escrow account pending the outcome of the EU court procedures. The Irish government has since resolved to appeal to the ECJ.

Tim Cook, the CEO of Apple, also delivered a [message](#) on the official website of Ireland Apple noted that “*Ireland has said they plan to appeal the Commission’s ruling and Apple will do the same. We are confident that the Commission’s order will be reversed.*”

In the US Treasury’s recent [White Paper](#) named “*The European Commission’s recent state aid investigations of transfer pricing rulings*” the Treasury takes the position that that the EU Commission’s approach is new and departs from prior EU case law and commission decisions. The US considers that the Commission should not seek retroactive recoveries under its new approach and regards the Commission’s new approach to be inconsistent with international norms and undermines the international tax system.

It might be noted that certain US Senate Finance Committee has suggested that responsive action might be taken against the EU in relation to the Apple decision. This included a proposal to double the taxes imposed on large EU companies with subsidiaries in the US in retaliation. While no action has been taken so far, such a measure by the US could potentially undermine US – EU collaboration on tax, and the international tax initiatives, such as BEPS, currently underway.

The Commission also has state aid tax cases underway against Luxembourg in relation to McDonalds and Amazon, on which decisions are expected in the near future, having already decided against Luxembourg on Fiat Finance and against the Netherlands on Starbucks. The Commission is known to be reviewing over 1,000 rulings requested from EU member states, so many more cases may be yet to follow.

Clearly, Chinese companies investing in Europe should be aware of the uncertainty surrounding many EU tax structuring arrangements, and should bear this in mind when acquiring EU groups or establishing new EU structures.

\* The Judgement has yet to be released by the Commission and we will follow up.

Reference: N/A  
 Issuance date: N/A  
 Effective date: N/A

Relevant industries: All  
 Relevant companies:  
 Enterprises that are subject to pollutant discharge fee  
 Relevant taxes:  
 Environmental protection tax

Potential impacts on businesses:  
 • Need to be prepared for implementation of environmental protection tax  
 • Tax burden not increased after the conversion

You may click [here](#) to access full content of the circular.

## China moves toward taxation on pollutants

Based on the news published on the website of the National People's Congress (NPC), the central government rendered a draft environmental protection tax law to the NPC, as the supreme legislative body in China, for initial discussion on 29 August 2016. Mr. Lou Jiwei, Minister of Finance, was entrusted to explain the draft law.

China began levying pollutant discharge fees in 2003. From 2003 to 2015, more than 211.6 billion yuan (\$31.69 billion) was collected from about 5 million enterprises and other business operators. The principle of this conversion from pollutant discharge fee to tax is that tax burden not increased after the conversion, Mr. Lou said. The draft law adopts the current standards for pollutant discharge fees as a lower range, and provincial level governments now have the authority to raise tax fees based on the environmental situation in their jurisdictions. The draft law made clear on the following:

<b>Taxpayers</b>	<ul style="list-style-type: none"> <li>• Enterprises, public institutions and other producers and business operators that discharge taxable pollutants into the environment directly in the territory of the People's Republic of China as well as the sea waters under its jurisdiction are the taxpayers of the environmental protection tax and should pay the environmental protection tax</li> </ul>
<b>Taxable pollutants</b>	<ul style="list-style-type: none"> <li>• Airborne pollutants, water pollutants, solid wastes and noise pollution</li> </ul>
<b>Tax exemption</b>	<ul style="list-style-type: none"> <li>• Taxable pollutants discharged from agricultural production (excluding large-scale breeding)</li> <li>• Taxable pollutants discharged by mobile pollution sources such as motor vehicles, ships and aircrafts</li> <li>• Pollutants discharged by the lawful urban wastewater treatment plants and urban domestic waste treatment plants to the environment that do not exceed the discharge standards set by the State (excluding industrial sewage treatment plants)</li> <li>• Solid wastes comprehensively and up-to-standard used by taxpayers</li> <li>• Other circumstances approved by the State Council</li> </ul>

Reference: SAT  
Announcement [2016] No. 53  
and No. 54

Issuance date: 19 August  
2016

Effective date: 19 August  
2016 / 1 September 2016

Relevant industries: All  
Relevant companies: All  
Relevant taxes: VAT /  
Business Tax

Potential impacts on  
businesses:

- Compliance risks due to  
regulatory uncertainties  
reduced

You may click the circular  
titles to access full content  
of the circulars.

## Further VAT implementation rules

In order to help better implement the new VAT rules Measures for Implementation of the Pilot Program of VAT Reform (Cai Shui [2016] No. 36, "Circular 36"), the State Administration of Taxation (SAT) further issued Announcement [2016] No. 53 and No. 54. These two announcements clarify the VAT collection and calculation for the specific businesses under the VAT reform.

□ [SAT clarifies certain tax collection issues for VAT reform \(SAT  
Announcement \[2016\] No. 53, "Announcement 53"\)](#)

- Announcement 53 further provides the clarification on the uncertainties since the full implementation of VAT reform. Announcement 53 shall be implemented from 1 September 2016. Pending matters which have yet to be dealt with as at the effective date of Announcement 53 shall be handled pursuant to the provisions of Announcement 53.
- Announcement 53 clarifies that the following taxable activities occurring before 1 May 2016 but not yet settled, shall be subject to business tax in accordance with the provisions stipulated in Announcement 53: (i). Lease of immovable properties by other individuals; (ii). Transfer of unlocked restricted shares by entity; (iii). Loan services provided by bank
- Announcement 53 mainly clarifies the following:

<b>Circumstances that are not be deemed as sale of services or intangible assets in China</b>	<ul style="list-style-type: none"> <li>• The following circumstances shall not be deemed as sale of services or intangible assets by overseas entities or individuals in China:           <ul style="list-style-type: none"> <li>❖ Postal, collection and delivery services provided outside of China for outbound letters and parcels</li> <li>❖ Construction and project supervision services provided to domestic entities or individuals for overseas projects</li> <li>❖ Engineering survey and exploration services provided to domestic entities or individuals for overseas engineering and mineral resources</li> <li>❖ Conference and exhibition services provided to domestic entities or individuals for overseas conference and exhibition venues</li> </ul> </li> </ul>
<b>VAT issues for commercial prepaid card</b>	<ul style="list-style-type: none"> <li>• Businesses of single-purpose commercial prepaid card ("Single-purpose cards") and prepaid card issued by payment institution ("Multi-purposes cards") shall be carried out in accordance with the following provisions:           <ul style="list-style-type: none"> <li>❖ When card-seller/payment institution sales single-purpose card/Multi-purposes card, or receives the top-up from the cardholders, the card-seller/payment institution shall not be subject to VAT. Such activities shall be deemed as non-taxable activities, and the card-seller/payment institution may issue ordinary VAT invoice, special VAT invoice shall not be issued</li> <li>❖ Car-seller/payment institution shall pay VAT for income (including handling charges, clearing fees service fees and management fees etc.) derived from issuance or sale of single-purpose card/multi-purposes card</li> </ul> </li> </ul>

<p><b>VAT issues for commercial prepaid card (Cont'd)</b></p>	<ul style="list-style-type: none"> <li>❖ When cardholder purchases goods or services from goods (services)-seller/designated merchant that has signed cooperative agreements with payment institution by using single-purpose card/multi-purposes card, the seller/designated merchant shall pay VAT and VAT invoice shall not be issued</li> <li>❖ If goods (services)-seller and card-seller are not the same taxpayer, when goods (services)-seller/designated merchant receiving sales amount from card-seller/payment institution, the goods (services)-seller/designated merchant shall issue the ordinary VAT invoice to card-seller/payment institution, special VAT invoice shall not be issued</li> </ul> <p>* Single-purpose prepaid cards refer to prepaid certificates issued by an enterprise which are limited to be used as payment for goods or services by the enterprise or within the group to which the enterprise belongs or within the franchise system of the same brand.</p> <p>** Multi-purpose prepaid cards refer to prepaid value that is issued in a specific form by card issuers and can be used to purchase goods or services outside card issuers</p> <p>*** Payment institutions refer to the card issuers that obtain the Payment Business License that approved and issued by the People's Bank of China and are approved to conduct the "prepaid cards issuance and acceptance" business and the acceptance institutions which are approved to conduct the "prepaid cards acceptance" business.</p>
<p><b>Determination of sales amount for transfer of restricted shares</b></p>	<ul style="list-style-type: none"> <li>• Where an enterprise transfers out its restricted shares that are unlocked, the purchase price shall be determined based on the following provisions: <ul style="list-style-type: none"> <li>❖ When a listed company implements share-trading reforms, the original non-circulating shares issued before resumption of listing of shares, and bonus shares and converted shares derived from the aforesaid shares during the period from the day of resumption of listing of shares up to the day of lifting of restrictions on restricted shares, the purchase price shall be the opening price on the first day of resumption of listing after the listed company completing the share-trading reform</li> <li>❖ Restricted shares formed after the initial public offering (IPO) and listing of shares, and bonus shares and converted shares derived from the aforesaid shares during the period from the fist day of listing up to the day of lifting of restricted shares, the purchase price shall be the issue price of the IPO</li> <li>❖ Restricted shares formed by significant assets restructuring of a listed company, and bonus shares and converted shares derived from the aforesaid shares during the period from the day of resumption of listing of shares up to the day of lifting of restricted shares, the purchase price shall be the closing price on the last trading day before shares suspension for the assets restructuring</li> </ul> </li> </ul>
<p><b>Bank loan services</b></p>	<ul style="list-style-type: none"> <li>• Where a bank provides loan services and the interests are calculated based on the loan period, interests received on the date of the settlement of the interests shall be included into the sales amount for that period and be subject to VAT</li> </ul>

[SAT clarifies the VAT treatment of running water charges in the property management services \(SAT Announcement \[2016\] No. 54\)](#)

- Where a taxpayer providing the property management services collects running water charges from the service receiver, the sales amount shall be the balance of the running water charges deducting the running water charges paid by the taxpayer and be subject to the 3% simplified VAT method. Taxpayer may issue special VAT invoice to the service receiver
- Announcement 54 shall take effect from 19 August 2016, for matters that occurred after 1 May 2016 and have been handled, no adjustment shall be made; matters that are pending shall be handled in accordance with the provisions of the Announcement

[Beijing State Tax Bureau clarifies the usage of invoices for fee-collecting services provided by banks](#)

- Invoices printed for fee-collecting services provided by banks in Beijing may still be used from 1 September 2016, which shall be supervised by state tax authorities

Meanwhile, local tax bureaus and relevant departments also issued several interpretation to further clarify implementation issues for the VAT reform, mainly including the following:

- [Beijing upgrades and renames its platform for authenticating VAT Invoices](#)
- [Shanghai upgrades and renames its platform for authenticating VAT invoices](#)
- [Q&A on hot issues for VAT reform by Shandong 12366 \(30 August 2016\)](#)
- [Q&A on hot issues for VAT reform by Jiangxi 12366 \(29 August 2016\)](#)
- [Q&A on hot issues for VAT reform by Yunnan 12366 \(Issue 22\)](#)

The State Council, the MOF and the SAT have recently issued many circulars for the implementation of Circular 36. You may click KPMG *China Tax Weekly Update* [Issue 13](#), [Issue 14](#), [Issue 15](#), [Issue 16](#), [Issue 17](#), [Issue 18](#), [Issue 19](#), [Issue 20](#), [Issue 21](#), [Issue 22](#), [Issue 23](#), [Issue 24](#), [Issue 25](#), [Issue 26](#), [Issue 27](#), [Issue 28](#), [Issue 29](#), [Issue 30](#), [Issue 31](#), [Issue 32](#) and [Issue 33](#) to understand the details.

\* On the occurrence of Circular 36 announcement, KPMG immediately issued a series of China Tax Alerts to provide an overview of the high level policies and general impacts across all industries. Focusing on construction, real estate, finance and lifestyle services, at the same time, we also issued specific alerts for each of the three major industries affected by these changes. You may click the following links to read:

- [China Tax Alert: China's new VAT rates & rules –high level policies and general impacts across all industries \(Issue 9, March 2016\)](#)
- [China Tax Alert: China's new VAT rates & rules –Financial Services impacts \(Issue 10, March 2016\)](#)
- [China Tax Alert: China's new VAT rates & rules –Lifestyle Services impacts \(Issue 11, March 2016\)](#)
- [China Tax Alert: China's new VAT rates & rules -Real Estate & Construction industry impacts \(Issue 12, March 2016\)](#)

\*\* In addition, the MOF and SAT issued Circular 68 to further clarify VAT treatment of services in regard of reinsurance arrangements, lease of immovable properties and non-academic education. Also, Circular 70 was issued to further clarify the VAT reform policies on financial industry. KPMG has issued two China Tax Alerts to detail the tax impact to reinsurance, insurance and financial services, you may click the following links to read:

- [China Tax Alert: New Circular clarifies China's VAT treatment of reinsurance arrangements \(Issue 17, June 2016\)](#)
- [China Tax Alert: New Circular expands upon China's VAT exemptions for financial services industry \(Issue 20, July 2016\)](#)

Reference: MOFCOM and GAC Announcement [2016] No. 45 / GAC Announcement [2016] No. 46  
 Issuance date: 25 / 26 August 2016  
 Effective date: 1 September 2016

Relevant industries: All  
 Relevant companies: Enterprises engaged in processing trade business  
 Relevant taxes: N/A

Potential impacts on businesses:

- Operational costs reduced

You may click the circular titles to access full content of the circulars.

Reference: N/A  
 Issuance date: N/A  
 Effective date: N/A

Relevant industries: All  
 Relevant companies: Enterprises are located in the 7 new FTZs  
 Relevant taxes: N/A

Potential impacts on businesses:

- Operational costs reduced

You may click [here](#) to access full content of the circulars.

## China to facilitate processing trade business

On 25 and 26 August 2016, the Ministry of Commerce (MOFCOM) and the General Administration of Customs (GAC) issued two circulars. These circulars clarify certain issues for cancellation of administrative pre-approval for processing trade business.

□ [MOFCOM and GAC cancel the pre-approval for processing trade business \(MOFCOM and GAC Announcement \[2016\] No. 45, "Announcement 45"\)](#)

- The following processing trade business will not be subject to approval by administration of commerce from 1 September 2016 across the country:
  - ❖ Contracts for processing trade businesses
  - ❖ Imported bonded materials and finished products for processing trade which are to be sold to domestic market
- Announcement 45 also clarified that imported materials and finished products for processing trade outside of special customs supervision zones which are to be sold to domestic markets, taxes as well as interest on the delayed payment will be levied. If the imported materials are under licensing administration, the enterprise shall provide the license to the Customs

□ [GAC clarifies the issues for filling in processing trade manual \(GAC Announcement \[2016\] No. 46\)](#)

- Local customs authorities are requested to update their information systems to ensure Announcement 45 can be smoothly implemented from 1 September. Announcement 46 clarifies certain issues for filling in the processing trade manual during the transitional period before completion of the information system adjustment. After that, paper manual will be abolished

\* With regard to the details of Announcement 45 and the impacts to enterprises, you may click to access KPMG [China Tax Alert: Measures favorable to foreign trade introduced: Examination and approval procedures for processing trade operations to be abolished nationwide \(Issue 25, September 2016\)](#) for more.

## China adds 7 new free trade zones

Based on the news published on the website of the central government, Mr. Gao Hucheng, minister of MOFCOM, in an interview on 31 August 2016, said that China will set up 7 new pilot free trade zones (FTZs) in Liaoning, Zhejiang, Henan, Hubei, Chongqing, Sichuan and Shaanxi, in addition to the existing FTZs in Shanghai, Guangdong, Tianjin and Fujian, bringing the total number to 11. The 7 new pilot FTZs will focus on the following:

- Liaoning province in northeast China will focus on market-oriented reforms to transform the old industrial base into a more competitive area
- Zhejiang is expected to explore trade liberalization of commodities and improve capacity of global allocation of commodities
- Henan will tap its potential in transportation and logistics to serve "Belt and Road"
- Hubei will build high-tech bases and facilitate the development of the Yangtze River Economic Belt
- Chongqing, Sichuan and Shaanxi, all in the country's less developed west, will help open the regions to bring out their economic vitality

The new FTZs will be launched following necessary procedures. The MOFCOM will work out the overall plans for the new FTZs jointly with the authorities of relevant provinces and municipality.

Mr. Gao also said that, among the successful trials in the existing FTZs has been the introduction of a “negative list,” which specifies investment sectors off-limits to foreign investors and allows industries not on the list to follow the same new investment rules as domestic firms. China has revised the Law on Sino-foreign Equity Joint Ventures, Law on Wholly Foreign-owned Enterprises, Law on Sino-foreign Contractual Joint Ventures as well as Law on the Protection of Investment by Taiwanese Compatriots. The recordal filing will replace pre-approval for establishment and alteration of foreign-invested enterprises not on the list, which is a significant reform of management system for foreign investors in China. Ultimately, it is planned to abolish all the above three foreign-invested forms of enterprises and simply have Chinese and foreign investors use the same entities.

\* With regard to the relevant laws and regulations issued for Shanghai and Guangdong FTZs in 2016, you may click KPMG China Tax Weekly Update [Issue 22](#) and [Issue 32](#) for more.





## SAT further clarifies the collection of Vehicle Purchase Tax

On 18 August 2016, the SAT issued Announcement [2016] No. 52. This further defines the identity document of the taxpayer, proof of vehicle price, vehicle compliance certificate as well as the documentation requirements for declaration of vehicle purchase tax.

You may click [here](#) to access full content of the circular.

## SAT clarifies issuance of tax payment certificate for Vehicle and Vessel Tax collected under entrustment

In order to implement the *Notice regarding the Issuance of VAT Invoices by the Insurance Institutions for the Vehicle and Vessel Tax (VVT) Collected under Entrustment* (SAT Announcement [2016] No. 51, "Announcement 51"), the SAT further issued Shui Zong Ban Han [2016] No. 820 on 24 August 2016. This requests the tax authorities to notify the taxpayers about the documentation requirements and procedures for issuance of VVT payment certificate.

You may click [here](#) to access full content of the circular.

\* With regard to the details of Announcement 51, you may click KPMG [China Tax Weekly Update \(Issue 32, August 2016\)](#) for more.

## New form adapted for collecting the tax-related information of sole trader subject to VAT

On 23 August 2016, the SAT issued Announcement [2016] No. 56. This clarifies that the revised form for collecting the tax-related information of sole traders who are subject to VAT and their VAT are collected on regular and fixed amount basis, will be used by state tax authorities starting from 1 October 2016.

You may click [here](#) to access full content of the circular.



## "Two licenses into one" for sole traders to be piloted in four provinces (cities)

On 29 August 2016, four authorities including the State Administration for Industry and Commerce (SAIC), SAT, National Development and Reform Commission and Legislative Affairs Office of the State Council jointly issued Gong Shang Ge Zi [2016] No.167, deciding to the pilot "two licenses into one" reform for sole traders in Heilongjiang, Shanghai, Fujian and Hubei starting from 1 October 2016. That is to say, a sole trader is only required to complete the business registration with local administration of industry and commerce and it then obtains a business license with a unified social credit code. There is no need for a new sole trader, having tax registration with the local tax bureau. Sole traders who are located in other 27 provinces (autonomous regions, municipalities) and 5 cities specifically designated in the state plan (Dalian, Qingdao, Ningbo, Xiamen and Shenzhen) will be implementing the such reform from 1 December 2016. This is the equivalent of the 5-in-1 reform for corporations.

You may click [here](#) to access full content of the circular.

## BLTB clarifies certain tax matters for Golden Tax Project Phase III go-live

On 29 August 2016, the Beijing Local Tax Bureau (BLTB) issued Announcement [2016] No. 14 to further clarify certain tax matters after the launch of Golden Tax Project Phase III (the Chinese tax administrations updated IT system).

There are 12 tax matters are covered including determination of types of taxes (fees), handling of error declaration, identification of non-normal taxpayers, rescission of non-normal taxpayers, inspection and registration for certificate of administration of tax collection for cross-region business activities, registration for cross-district business within Beijing, withholding at source of corporate income tax for non-resident enterprises etc., which take effect from the date of promulgation.

You may click [here](#) to access full content of the circular.

\* The Beijing State Tax Bureau and BLTB have clarified some work arrangements for golden tax system phase III go-live in July, you may click KPMG [China Tax Weekly Update \(Issue 26, July 2016\)](#) for more.

For any enquiries, please send to our public mailbox: [taxenquiry@kpmg.com](mailto:taxenquiry@kpmg.com) or contact our partners/directors in each China/HK offices.

<b>Khoonming Ho</b> Head of Tax, KPMG China Tel. +86 (10) 8508 7082 khoonming.ho@kpmg.com	<b>Northern China</b> <b>David Ling</b> Head of Tax, Northern Region Tel. +86 (10) 8508 7083 david.ling@kpmg.com	<b>Michael Wong</b> Tel. +86 (10) 8508 7085 michael.wong@kpmg.com	<b>Christopher Mak</b> Tel. +86 (21) 2212 3409 christopher.mak@kpmg.com	<b>Sam Fan</b> Tel. +86 (755) 2547 1071 sam.kh.fan@kpmg.com	<b>Barbara Forrest</b> Tel. +852 2978 8941 barbara.forrest@kpmg.com
<b>Beijing/Shenyang</b> <b>David Ling</b> Tel. +86 (10) 8508 7083 david.ling@kpmg.com	<b>Andy Chen</b> Tel. +86 (10) 8508 7025 andy.m.chen@kpmg.com	<b>Christopher Xing</b> Tel. +86 (10) 8508 7072 christopher.xing@kpmg.com	<b>Henry Ngai</b> Tel. +86 (21) 2212 3411 henry.ngai@kpmg.com	<b>Joe Fu</b> Tel. +86 (755) 2547 1138 joe.fu@kpmg.com	<b>Sandy Fung</b> Tel. +852 2143 8821 sandy.fung@kpmg.com
<b>Tianjin</b> <b>Eric Zhou</b> Tel. +86 (10) 8508 7610 ec.zhou@kpmg.com	<b>Yali Chen</b> Tel. +86 (10) 8508 7571 yali.chen@kpmg.com	<b>Irene Yan</b> Tel. +86 (10) 8508 7508 irene.yan@kpmg.com	<b>Yasuhiro Otani</b> Tel. +86 (21) 2212 3360 yasuhiro.otani@kpmg.com	<b>Ricky Gu</b> Tel. +86 (20) 3813 8620 ricky.gu@kpmg.com	<b>Stanley Ho</b> Tel. +852 2826 7296 stanley.ho@kpmg.com
<b>Qingdao</b> <b>Vincent Pang</b> Tel. +86 (532) 8907 1728 vincent.pang@kpmg.com	<b>Milano Fang</b> Tel. +86 (532) 8907 1724 milano.fang@kpmg.com	<b>Jessie Zhang</b> Tel. +86 (10) 8508 7625 jessie.j.zhang@kpmg.com	<b>Amy Rao</b> Tel. +86 (21) 2212 3208 amy.rao@kpmg.com	<b>Angie Ho</b> Tel. +86 (755) 2547 1276 angie.ho@kpmg.com	<b>Charles Kinsley</b> Tel. +852 2826 8070 charles.kinsley@kpmg.com
<b>Shanghai/Nanjing</b> <b>Lewis Lu</b> Tel. +86 (21) 2212 3421 lewis.lu@kpmg.com	<b>Tony Feng</b> Tel. +86 (10) 8508 7531 tony.feng@kpmg.com	<b>Sheila Zhang</b> Tel. +86 (10) 8508 7507 sheila.zhang@kpmg.com	<b>Wayne Tan</b> Tel. +86 (28) 8673 3915 wayne.tan@kpmg.com	<b>Cloris Li</b> Tel. +86 (20) 3813 8829 cloris.li@kpmg.com	<b>John Kondos</b> Tel. +852 2685 7457 john.kondos@kpmg.com
<b>Chengdu</b> <b>Anthony Chau</b> Tel. +86 (28) 8673 3916 anthony.chau@kpmg.com	<b>John Gu</b> Tel. +86 (10) 8508 7095 john.gu@kpmg.com	<b>Tiansheng Zhang</b> Tel. +86 (10) 8508 7526 tiansheng.zhang@kpmg.com	<b>Rachel Tao</b> Tel. +86 (21) 2212 3473 rachel.tao@kpmg.com	<b>Jean Li</b> Tel. +86 (755) 2547 1128 jean.j.li@kpmg.com	<b>Kate Lai</b> Tel. +852 2978 8942 kate.lai@kpmg.com
<b>Hangzhou</b> <b>John Wang</b> Tel. +86 (571) 2803 8088 john.wang@kpmg.com	<b>Helen Han</b> Tel. +86 (10) 8508 7627 h.han@kpmg.com	<b>Naoko Hirasawa</b> Tel. +86 (10) 8508 7054 naoko.hirasawa@kpmg.com	<b>Eric Zhou</b> Tel. +86 (10) 8508 7610 ec.zhou@kpmg.com	<b>Janet Wang</b> Tel. +86 (21) 2212 3302 janet.z.wang@kpmg.com	<b>Sisi Li</b> Tel. +86 (20) 3813 8887 sisi.li@kpmg.com
<b>Guangzhou</b> <b>Lilly Li</b> Tel. +86 (20) 3813 8999 lilly.li@kpmg.com	<b>Josephine Jiang</b> Tel. +86 (10) 8508 7511 josephine.jiang@kpmg.com	<b>Central China</b> <b>Lewis Lu</b> Head of Tax, Eastern & Western Region Tel. +86 (21) 2212 3421 lewis.lu@kpmg.com	<b>John Wang</b> Tel. +86 (21) 2212 3438 john.wang@kpmg.com	<b>Mimi Wang</b> Tel. +86 (21) 2212 3250 mimi.wang@kpmg.com	<b>Grace Luo</b> Tel. +86 (20) 3813 8609 grace.luo@kpmg.com
<b>Fuzhou/Xiamen</b> <b>Maria Mei</b> Tel. +86 (592) 2150 807 maria.mei@kpmg.com	<b>Henry Kim</b> Tel. +86 (10) 8508 5000 henry.kim@kpmg.com	<b>Anthony Chau</b> Tel. +86 (21) 2212 3206 anthony.chau@kpmg.com	<b>Jennifer Weng</b> Tel. +86 (21) 2212 3431 jennifer.weng@kpmg.com	<b>Janet Wang</b> Tel. +86 (21) 2212 3302 janet.z.wang@kpmg.com	<b>Maria Mei</b> Tel. +86 (592) 2150 807 maria.mei@kpmg.com
<b>Shenzhen</b> <b>Eileen Sun</b> Tel. +86 (755) 2547 1188 eileen.gh.sun@kpmg.com	<b>Li Li</b> Tel. +86 (10) 8508 7537 li.li@kpmg.com	<b>Cheng Chi</b> Tel. +86 (21) 2212 3433 cheng.chi@kpmg.com	<b>Henry Wong</b> Tel. +86 (21) 2212 3380 henry.wong@kpmg.com	<b>Eileen Sun</b> Tel. +86 (755) 2547 1188 eileen.gh.sun@kpmg.com	<b>Steve Man</b> Tel. +852 2978 8976 steve.man@kpmg.com
<b>Hong Kong</b> <b>Karmen Yeung</b> Tel. +852 2143 8753 karmen.yeung@kpmg.com	<b>Thomas Li</b> Tel. +86 (10) 8508 7574 thomas.li@kpmg.com	<b>Cheng Dong</b> Tel. +86 (21) 2212 3410 cheng.dong@kpmg.com	<b>Bruce Xu</b> Tel. +86 (21) 2212 3396 bruce.xu@kpmg.com	<b>Bin Yang</b> Tel. +86 (20) 3813 8605 bin.yang@kpmg.com	<b>Ivor Morris</b> Tel. +852 2847 5092 ivor.morris@kpmg.com
	<b>Simon Liu</b> Tel. +86 (10) 8508 7565 simon.liu@kpmg.com	<b>Marianne Dong</b> Tel. +86 (21) 2212 3436 marianne.dong@kpmg.com	<b>Jie Xu</b> Tel. +86 (21) 2212 3678 jie.xu@kpmg.com	<b>Michelle Sun</b> Tel. +86 (20) 3813 8615 michelle.sun@kpmg.com	<b>Curtis Ng</b> Tel. +852 2143 8709 curtis.ng@kpmg.com
	<b>Alan O'Connor</b> Tel. +86 (10) 8508 7521 alan.oconnor@kpmg.com	<b>Alan Garcia</b> Tel. +86 (21) 2212 3509 alan.garcia@kpmg.com	<b>Robert Xu</b> Tel. +86 (21) 2212 3124 robert.xu@kpmg.com	<b>Grace Xie</b> Tel. +86 (21) 2212 3422 grace.xie@kpmg.com	<b>Benjamin Pong</b> Tel. +852 2143 8525 benjamin.pong@kpmg.com
	<b>Vincent Pang</b> Tel. +86 (10) 8508 7516 +86 (532) 8907 1728 vincent.pang@kpmg.com	<b>Chris Ge</b> Tel. +86 (21) 2212 3083 chris.ge@kpmg.com	<b>William Zhang</b> Tel. +86 (21) 2212 3415 william.zhang@kpmg.com	<b>Bin Yang</b> Tel. +86 (20) 3813 8605 bin.yang@kpmg.com	<b>Malcolm Prebble</b> Tel. +852 2684 7472 malcolm.j.prebble@kpmg.com
	<b>Shirley Shen</b> Tel. +86 (10) 8508 7586 yinghua.shen@kpmg.com	<b>Chris Ho</b> Tel. +86 (21) 2212 3406 chris.ho@kpmg.com	<b>Hanson Zhou</b> Tel. +86 (21) 2212 3318 hanson.zhou@kpmg.com	<b>Lixin Zeng</b> Tel. +86 (20) 3813 8812 lixin.zeng@kpmg.com	<b>Nicholas Rykers</b> Tel. +852 2143 8595 nicholas.rykers@kpmg.com
	<b>State Shi</b> Tel. +86 (10) 8508 7090 state.shi@kpmg.com	<b>Dylan Jeng</b> Tel. +86 (21) 2212 3080 dylan.jeng@kpmg.com	<b>Michelle Zhou</b> Tel. +86 (21) 2212 3458 michelle.b.zhou@kpmg.com	<b>Hong Kong</b> <b>Ayesha M. Lau</b> Head of Tax, Hong Kong Tel. +852 2826 7165 ayesha.lau@kpmg.com	<b>Murray Sarelius</b> Tel. +852 3927 5671 murray.sarelius@kpmg.com
	<b>Joseph Tam</b> Tel. +86 (10) 8508 7605 laiyu.tam@kpmg.com	<b>Jason Jiang</b> Tel. +86 (21) 2212 3527 jason.jt.jiang@kpmg.com	<b>Southern China</b> <b>Lilly Li</b> Head of Tax, Southern Region Tel. +86 (20) 3813 8999 lilly.li@kpmg.com	<b>Yvette Chan</b> Tel. +852 2847 5108 yvette.chan@kpmg.com	<b>David Siew</b> Tel. +852 2143 8785 david.siew@kpmg.com
		<b>Flame Jin</b> Tel. +86 (21) 2212 3420 flame.jin@kpmg.com		<b>Lu Chen</b> Tel. +852 2143 8777 lu.l.chen@kpmg.com	<b>John Timpany</b> Tel. +852 2143 8790 john.timpany@kpmg.com
		<b>Sunny Leung</b> Tel. +86 (21) 2212 3488 sunny.leung@kpmg.com	<b>Penny Chen</b> Tel. +86 (20) 3813 6086 penny.chen@kpmg.com	<b>Rebecca Chin</b> Tel. +852 2978 8987 rebecca.chin@kpmg.com	<b>Adam Zhong</b> Tel. +852 2685 7559 adam.zhong@kpmg.com
		<b>Michael Li</b> Tel. +86 (21) 2212 3463 michael.y.li@kpmg.com	<b>Vivian Chen</b> Tel. +86 (755) 2547 1198 vivian.w.chen@kpmg.com	<b>Matthew Fenwick</b> Tel. +852 2143 8761 matthew.fenwick@kpmg.com	<b>Lachlan Wolfers</b> Tel. +852 2685 7791 lachlan.wolfers@kpmg.com

[kpmg.com/cn](http://kpmg.com/cn)

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2016 KPMG, a Hong Kong partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. © 2016 KPMG Advisory (China) Limited, a wholly foreign owned enterprise in China and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.