



*cutting through complexity*

TAX

# Tax Certification Services in China

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# What is Tax Certification?

Tax certification is a process whereby a Certified Tax Advisor (CTA)<sup>1</sup> firm is engaged by a taxpayer to review the information in relation to specific tax matters, reach a conclusion or opinion in respect of the said matters and produce a certification report, with a view to increasing the degree of trust by Chinese tax authorities in the information on the said matters.

The conduct of the review in a tax certification exercise is generally governed by Chinese laws and regulations relating to the specific tax matters as well as the Provisional Measures on Administration of Certified Tax Advisors issued by the State Administration of Taxation (SAT).

There is an increasing trend for Chinese tax authorities to require tax certification reports in tax compliance matters. This trend is in line with the concerted efforts by Chinese tax authorities to improve the efficiency and effectiveness of the tax administration system, increase the tax compliance awareness among taxpayers and enhance the social value of the tax intermediaries.

<sup>1</sup> CTA is a professional qualification granted to qualified tax professionals in accordance with Provisional Measures on Administration of Certified Tax Advisors and related regulations





# Expert



# Passionate



# When is Tax Certification required?

## Examples of when tax certification reports are required:

- Year-end reconciliation and settlement of Corporate Income Tax (CIT) liability
- Deduction claims for losses on assets for CIT purposes, including the writing off of assets such as bad debts, inventories and fixed assets
- Deduction claims for allowable losses in calculating the taxable income for CIT purposes
- Claims for bonus deduction on research and development expenses for CIT purposes
- Final settlement of Land Appreciation Tax (LAT) liability of real estate projects
- Other specific situations.







# Forward Thinking





# Global Mindset



# Why KPMG?

## • Range of services

Shanghai KPMG Certified Tax Advisor Limited (KPMG CTA) has a national license to carry out, among other tax advisory and compliance services, tax certification services in relation to year-end reconciliation and settlement of CIT liability, deduction claims for allowable losses, deduction claims for losses in relation to assets and other areas as stipulated by the SAT.

## • Knowledge and experience

KPMG CTA's partners and professional staff have substantial knowledge and extensive experience in providing China tax compliance, advisory, planning and review services to domestic Chinese enterprises, foreign investment enterprises and special business organisations. We have a thorough understanding of the tax compliance procedures and related documentation requirements. We closely monitor the local requirements for each municipality, province or city in relation to the preparation of tax certification reports.

## • Industrial expertise

We have experience in providing tax advisory and compliance services to companies across a wide range of industries. These include industrial markets, consumer markets, energy and natural resources, technology, media and telecommunications, healthcare, property and infrastructure as well as financial services such as banking, insurance and funds.

## • Experience in engaging with authorities

The professionals of KPMG CTA have strong expertise and skills in dealing with the state and local tax bureaux as well as the SAT on behalf of corporate and individual clients.

## • Methods and processes

KPMG CTA applies effective in the conduct of the required review to generate the tax certification reports. We proactively communicate with our clients and provide them with regular updates during our review process. When conducting the review for tax certification report purposes, we seek to add value by identifying tax planning methodology opportunities, highlighting potential risk areas and providing relevant recommendations in areas including transfer pricing, indirect taxes, trade and customs, research and development incentives, and tax risk management.



# Add Value



# Contact us

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