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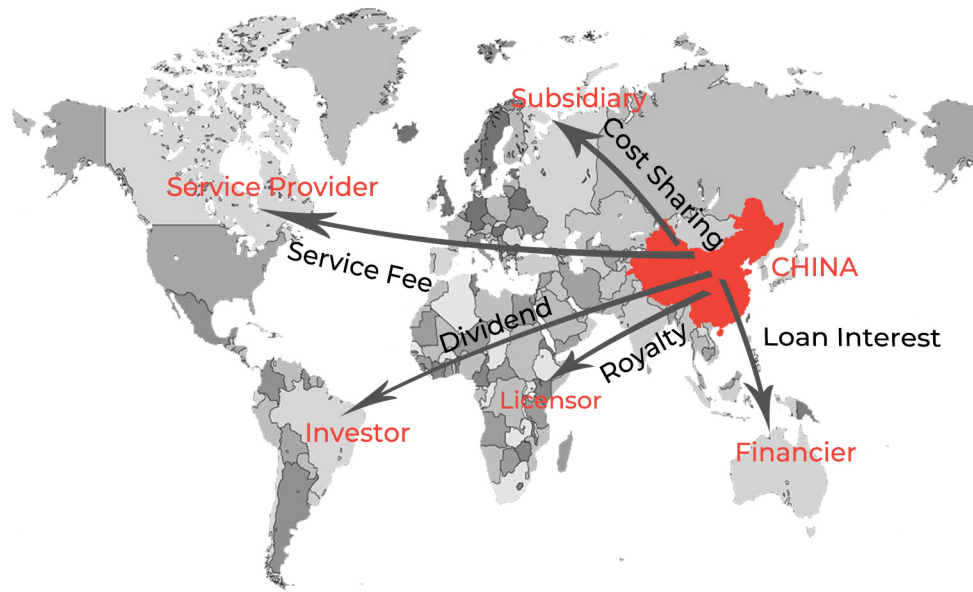


CASH REPATRIATION FROM CHINA

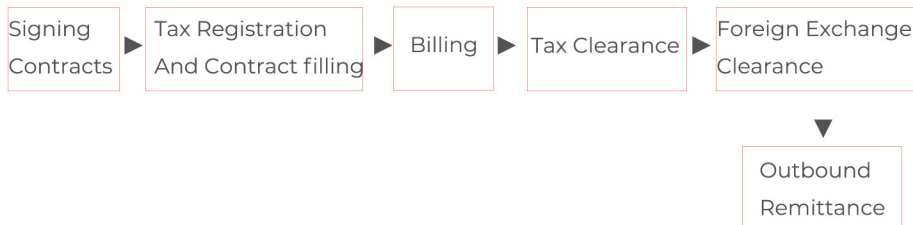


## 4 Ways to Repatriate Cash Out of China

Common strategies multinational companies may use to improve cash flow from China



### General Remittance Procedures



## 4 Ways to Repatriate Cash Out of China

### 1. IDEND

**Key restriction:** Repatriation is allowed only with respect to profit made in previous years.  
**Key caution:** Obtain tax resident certificate on a timely basis.

### 2. ROYALTY

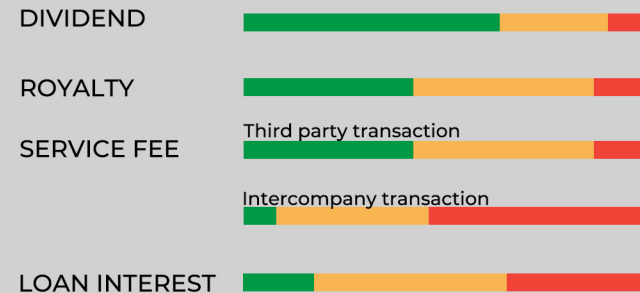
**Key restriction:** Intercompany transactions must follow "arms-length principle", and royalty price must be determined based on local practice.  
**Key caution:** Plan and study documents on the reasonableness of the royalty rate being charged.

### 3. SERVICE FEE

**Key restriction:** If service fee to be remitted overseas is over 50,000USD, the remitter will be subject to tax assessment from the in-charge tax authority in China.  
**Key caution:** Be prepared to prove the reasonableness of the service fee being charged and keep cost sharing appropriate, in case of intercompany transactions.

### LEVEL OF DIFFICULTY

Low Risk ■ Moderate Risk ■ High Risk ■



### 4. LOAN INTEREST

**Key restriction:** Inter-company loan must be registered with the Chinese authority, and the borrowing capacity is limited to a certain proportion of the total investment in China.  
**Key caution:** Keep interest rates at par with the commercial lending rates in China and the interest payable may be tax deductible.