# F-Council 10 月 19 日 企业非贸付汇实操难点解析及案例分享会
## 案例简介

**1. Company A is a U.S. headquarter company.**
Company A has 3 subsidiaries in China with 150 expatriate assignees working in China. 150 expatriate assignees are on U.S. payroll while the local 3 subsidiaries sponsored the application of Work Papers for those assignees to legally work in China.

Starting from 2009, Company A has requested the 3 subsidiaries to settle salary and welfare costs paid to those 150 expatriate assignees from 2007 to 2009, amounting to RMB100 million.

Questions: In what nature can those 3 subsidiaries settle payment request of Company A? What is the tax implications of the above arrangement.

Starting from 2010, Company A has also requested the 3 subsidiaries to settle stock option expenses granted to local employees.

Questions: In what nature can those 3 subsidiaries settle payment request of Company A? What is the tax implications of the above arrangement.

**2. Company B is a Hong Kong listed company with major operations in China.**
In 2012, Company B issued convertible bonds of RMB750M with maturity of 5 years. The annual compound interest rate is 8.18%. Total interest charge is RMB300M for 5 years. Company B has 4 subsidiaries in Beijing (registered capital RMB50M), Shanghai (registered capital RMB8M, Tianjin (registered capital RMB20M) and Hubei (registered capital RMB100M).Company B used RMB100M as shareholder loan to register foreign loan with Beijing SAFE at single interest rate of 4%. The remaining RMB650M has been paid to overseas commercial banks to repay short term loans.

The subsidiary in Beijing has RMB250M dividend payable and RMB250M service fee payable to Company B.

Questions: Whether and how the interest expense can be deducted in China at the 4 subsidiaries? If not all of them, how can we maximize the deduction?

**3. Company C is headquartered in Dubai.**
Company C established a subsidiary in Shanghai in retail industry with registered capital of RMB10M. Before the subsidiary is established, Company C arranged placing orders on various vendors in China and overseas for design and furniture of RMB15M. After the subsidiary is established, Company C continued to arrange placing orders on various vendors in China and overseas for design and furniture of RMB10M. Company C intends to ask the subsidiary to settle the inter-company payable of RMB25M.

Question: To what extent, the subsidiary can settle the inter-company payable to Company C, if yes, in what nature and tax implications?

**4.Company D is a Germany based company and has established a subsidiary in Beijing.**
The subsidiary is performing CKD assembly work in China and imports semi-finished products from Company D. Company D charges the subsidiary a technical royalty fee at 5% of the sales booked at the subsidiary.

Question: What is the procedure to settle royalty fee payable to Company D?
When declaring import price on semi-finished products, should the subsidiary include royalty payable to the Customs?

**5. Company E is a U.S. based company and has 2 subsidiaries in China.**
Company E develops a centralized database in which the 2 subsidiaries can access to add value to its clients in China. Company E intends to allocate part of the costs of the centralized database to the 2 subsidiaries in a cost sharing arrangement.

Question: Can the 2 subsidiaries remit the payment under cost sharing arrangement? What is the tax implication at the 2 subsidiaries?