

10 foreign-capital enterprises face tax self-examination

State Administration of Taxation (SAT) recently called for tax self-examination in 10 foreign-funded enterprises and asks them to pay the overdue amount by themselves. The self-examination period starts from December 18, 2009 to June 30, 2010, according to First Financial Daily.

These 10 foreign companies are: Nokia (China) Investment Co., Ltd., Samsung (China) Investment Co., Ltd., Motorola (China) Electronics Co., Ltd., Panasonic Electric Works China Co., Ltd., Siemens (China) Co., Ltd., McDonald's (China) Co., Ltd., HSBC Bank, Foxconn Technology Group, General Electric (China) Co., Ltd. and Wal-Mart (China) Investment Co., Ltd. Self-examination covers all members of these groups.

The tax self-examination is the second half of the tax inspection action launched in 2009. In 2009, State Administration of Taxation selected 11 state-owned companies and 10 foreign-funded enterprises to conduct tax checks.

The self-examination will cover members at all levels of the 10 foreign-funded companies, covering all taxes and tax-related matters, giving comprehensive inspection of all taxes and fees, and examining three year's tax situation from 2006 to 2008.

Liu Tianyong, founding partner of Hwuason Lawyers, China's first specialist tax law firm told the reporter that the tax self-examination is a win-win approach for the tax authorities and companies. For enterprises, if they can pass the self-examination, problems found can not only avoid the penalties, but also may be exempt from late payment penalty. For the State Administration of Taxation, because the 10 foreign companies are large with many branches, self-examination can also save a lot of manpower and material inputs. Once the examination enters the inspection phase, companies will face the burden of huge fines and late payment penalty.

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