

➤ **Q: When and where to pay the foreign enterprise income tax?**

A: the enterprise income tax and local income tax payable by the enterprises with foreign investment and foreign enterprises shall be computed on annual basis and paid in advance to the local competent tax offices in quarterly installments. The taxpayers should file the quarterly tax returns for prepayment of tax and pre-pay the tax to the local competent tax offices within fifteen days from the end of each quarter. The annual tax returns and accounting statements (regardless of gain or loss) shall be filed within four months from the end of each tax year and the final settlement shall be made within five months from the end of each tax year. Any excessive payment shall be refunded and any deficiency shall be paid.

The quarterly prepayment of the enterprise income tax should be based on the actual amount of profits in each quarter. In case of having difficulty to do so, the taxpayers may prepay the tax equal to one quarter of the taxable income of the previous tax year or by use of other method agreed by the local competent tax offices.

An enterprise which is merged, spun off or terminated in middle of the tax year shall, within sixty days after the cease of production or business operation, settle the income tax liability for that period with the local competent tax offices, with the excess payment refunded or deficiency made good.

For the foreign enterprises having no establishment or places in China and having income of profits, interest, rentals, royalties and/or other income from China and for the foreign enterprises having establishment or places in China but with the above income being not effectively connected with the establishment or places the real beneficiaries shall be the taxpayers and the payers of the income shall be the withholding agents when paying the enterprise income tax. The tax shall be the withholding agents when paying the enterprise income tax. The tax shall be withheld from each payment made by the payers. The withholding agents should, within five days, turn the taxes withheld on each payment over to the state treasury and submit a withholding income tax return to the local competent tax offices.

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