

## Tannet Group Limited

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## Beijing Company Registration (WFOE)

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### **ONE: OVERVIEW OF BEIJING**

Beijing, the Capital city of China, is the political and cultural centre. The area is 16,808 square kilometers. There is a population of over 10 million in Beijing which means the huge potential market. It plays significant role in the high-level economic, science and technological and cultural exchanges. Beijing is well on its way to becoming a modern metropolis. In 2008, the Beijing GDP growth is 9% which has exceeded 1,000 billion. The currently level of economic development in Beijing takes up the leading position in domestic. With its transformation led by the Zhongguancun Science Park (China's "Silicon Valley"), CBD (Central Business District), Finance Street, the Beijing Economic and Technological Development Zone, There are more than 160 countries have set up embassies in Beijing so that can provide you the most convenient business liaison with your country. In Beijing you can enjoy the great economic achievements and commercial atmosphere. You can take lots of advantages and opportunities leading you to success.

### **TWO. THE CONCEPT OF BEIJING COMPANY REGISTRATION (WFOE)**

WFOE stands for wholly foreign owned enterprise, which is a limited liability company wholly owned by either a foreign legal entity or a foreign natural person. The foreign investors may be foreign enterprises or individuals from Hong Kong, Macau, Taiwan or overseas.

### **THREE. COMPANY NAME BEIJING COMPANY REGISTRATION (WFOE)**

In Beijing China, only Chinese company names are officially used, while English company names are for reference only. Not every name will be accepted by the ICAB (Company Registry). For some sectors such as education, logistics, medicine and food industries, a special pre-approved license is needed. It is important that you know the wording of a company name should conform to the registered capital and business activities. Such as with the words "international" or "investment" or "industrial" or "group" within a company name. The registered capital should be more than RMB 50 million with "incorporated", more than RMB 100 million with "industrial", at least USD 30 million with "investment", more than RMB 50 million with "group" which also needs at least 5 foreign legal entities as shareholder, moreover the smallest invested capital of each investor should be RMB 5 million. (The detailed information depends on the local stipulation). Your company name must be distinguished from the other registered names. If the word "China" is within the company name, it is required to be pre-approved by ICAB at national level in Beijing.

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#### **FOUR. SHAREHOLDER, DIRECTOR, MONITOR & LEGAL REPRESENTATIVE**

Shareholders, directors, monitor and legal representative should be considered and arranged before the business setup.

1. A shareholder could be a legal person (foreign company) or a natural person (individual).
2. A director could be acted by a foreign person or a Chinese person.
3. A monitor should be appointed to supervise the company's operation and management. A monitor could be acted by a foreign person or a Chinese person.
4. A legal representative is a person in charge of corporate operation, management and development, responsible for all the legal affairs arising from the running of the business. The position could also be held by non-shareholder or non-director.

#### **FIVE. BUSINESS SCOPE OF BEIJING COMPANY REGISTRATION (WFOE)**

The WFOE can conduct business within its approved business activities described on the business license. TANNET will help you for more business activities during the application. Amending the business scope requires further application and approval. Generally speaking, different business activities are confined according to different business sectors

#### **SIX. REGISTERED AND PAID-UP CAPITALS OF BEIJING COMPANY REGISTRATION (WFOE)**

In Beijing China, the registered capital could be as low as RMB 30,000. Different business sectors are subject to different requirements. In Beijing, the registered capital is equal to the paid-up capital. For the trading enterprise, the registered capital is usually required RMB 500,000 or above. For the manufacturing enterprise, the registered capital is usually required RMB 1 million or above. For the service sector, such as consultancy, technology, market research and development, the registered capital is usually required RMB 100,000 or above. All of the registered capital can be paid in one time (within 6 months after the date of the issuance of the Company's business license) or be paid for many times within two years (In the first 3 months, 15% of the registered capital is mandatory which is at least RMB 100,000). The terms of payment is determined by the volume of registered capital. If the registered capital is paid in one time, the fee of paid-up capital verification can be reduced.

#### **SEVEN. PREFERENTIAL POLICIES FOR WFOE IN BEIJING**

Although most of the preferential policies have been abrogated since January 1st, 2008, for some sectors within some free trade zone or hi-tech development zone, they are still enjoy tax holidays. For more information, you are welcome to contact TANNET at 86-10-58674909.

#### **EIGHT. WORKING PROCEDURE OF BEIJING COMPANY REGISTRATION (WFOE)**

- Step1: Fill out the application form (sign the agreement);
- Step2: Company name search & confirmation;
- Step3: Pay for the services;

Step4: Submit the needed documents;

Step5: Check the documents;

Step6: Prepare for the statutory documents; Let the investors sign the documents personally; Submit all the documents to the government

Step7: Keep clients informed of the processing.

Step8: Finish processing in 20-120 working days; (it depends on the registered address and business scope)

Step9: Hand over all the company kit to clients;

Step10: Sign the receipt.

## **NINE. GOVERNMENT PROCESSING PROCEDURE OF BEIJING COMPANY REGISTRATION (WFOE)**

Step 1: Check the company name with local ICAB (工商局)

Step 2: Achieving an approval from the Fire and Environment Bureau(消防\环保局)for manufacturing sector

Step 3: Pre-approval for some special sectors

Step 4: Go to Beijing Municipal Bureau of Commerce for certificate of approval(商务局)

Step 5: Apply for the business license from ICAB(工商局)

Step 6: Apply for stamps from the Public Security Bureau(公安局)

Step 7: Apply for the Organization Code License from Bureau of Quality and Technical Supervision(国家质检局)

Step 8: Apply for the registration licenses from National & Local Tax Bureau(国\地税局);

Step 9: Apply for the Certificate of Statistics from State Statistical Bureau(国家统计局);

Step 10: Apply for the permits for the bank account opening from bank authorities;

Step11: Apply for Foreign exchange IC card & registration license from National Administration of Foreign Exchange(国家外汇管理局)

Step12: Open the basic account in the authorized bank;

Step13: Apply for the Import & Export registration license from local Customs (if needed);

Step14: Apply for Financial Registration for enterprises with Foreign Investment from Beijing Municipal Financial Bureau(财政局)

## **TEN. DOCUMENTS REQUIRED FOR THE TRADING ENTERPRISES**

Step 1: Minutes or resolution from investors or board of directors

Step 2: One proposed name (in Chinese), and provide two alternative names in case the first name is not available.

Step 3: Detailed information about the business scope and intended registered capital;

Step 4: Feasibility study report; (seek to TANNET's assistance)

Step 5: Two original Memorandum & Articles of Association (M&A) signed by members of the Board and with company stamp; (seek to TANNET's assistance)

Step 6: Copy of the business license or certificate of incorporation of parent company;

Step 7: The original and copy of identification documents (ID card, passport) of shareholders, directors, legal representative, monitor and general manager, five color photos (two inch);

Step 8: Original bank reference letter (from investor's bank) indicating foreign investors' credibility, issued within 6 months in both English and Chinese version;

Step 9: Lawyer's legalization or notarization which should be endorsed by local China Embassy or

Consulate

Step 10: The lease of commercial office between leaser and lessee. The lease should be acted by shareholders, directors, legal representative. Make sure to get the formal invoice after leasing.

## **ELEVEN. DOCUMENTS REQUIRED FOR THE MANUFACTURING ENTERPRISES**

Step 1 - Step 9 the same as above

Step 10: Manufacturing address: house property certificate or the original copy of lease of the industrial workshop. The lessee should be acted by shareholders, directors, legal representative. Make sure to get the formal invoice after leasing.

Step 11: Project reports are necessary for the approval by the relevant government department, such as, business service, environmental and fire departments. The safety standard of manufacturing enterprise should reach the required standard set out by the Fire Department and Environmental Protection Department

## **TWELVE. DOCUMENTS REQUIRED FOR THE FOREIGN INDIVIDUALS' ENTERPRISES**

Step 1: Original & copy identification documents (ID card, passport) of Chinese company's shareholders, directors, legal representative, monitor and general manager, their five color photos(two inch)

Step 2: Local lawyer's legalization or notarization endorsed by the Chinese embassy or consulate in your country.

Step 3: Feasibility study report; (seek to TANNET's assistance)

Step 4: Original bank reference letter (from investor's bank) indicating foreign investors' credibility, issued within 6 months in both English and Chinese version.

## **THIRTEEN. TANNET SERVICES, TERMS OF PAYMENT OF BEIJING COMPANY REGISTRATION (WFOE)**

1: TANNET package services for WFOE setup include:

seven copies of Approval document; 2 copies of original articles of association signed by members of the Board and with company chop; 2 copies of certificate of approval; Both original and duplicate copy of business license; 4 stamps for different use; Stamp carving registration card; Bank account documents; Both original and duplicate copy of Organization Code License & card; Registration license and form of National & Local Administration of Taxation; Foreign exchange registration license and approval certificate; Customs declaration registration certification; Financial Registration For Enterprises With Foreign Investment.

2. The government fee depends on your registered capital and the office rent, it is about RMB 4000 with the registered capital RMB 1 million. For more information, you are welcome to contact TANNET at 86-10-58674909

3: Terms of Payment: The applicant can pay by cash, check or T/T to TANNET's bank account before the service begins.

## **FOURTEEN. BUSINESS FOLLOW-UP**

TANNET can provide a series of follow-up services such as monthly book-keeping and tax return, annual return services, internal auditing, financial planning and tax layout, China policy & market study. Other

services include domain name registration, webpage design, website promotion, China trademark registration, Work Permit, Residence Permit, etc. We will give you the tailor-made fees for every service above according clients' situation

## **FIFTEEN. TAXATION ON BEIJING COMPANY (WFOE)**

### **1. Overview of Taxation in China**

The Tax System in China has undergone tremendous changes in recent years. Currently, there are 24 different types of tax imposed on a wide range of incomes and transactions. Taxpayers can be individuals, entities or economic organizations. To fulfill its WTO commitments, the Chinese government is currently preparing for another round of tax reform, which is expected to take place in 2010. Keeping place with compliance obligations in such a rapidly changing regulatory environment can be a major challenge. You are advised to seek professional advice from TANNET regarding your particular circumstances.

### **2. Business and Taxation in China**

Any investors, who want to succeed in their business-doing in China, are strongly advised to better understand tax departments, tax categories, tax rate and official invoices in China.

As far as China tax department is concerned, China has two functional tax departments: national tax department (NTD) and local tax department (LTD), the former is for national use while the later is for local use. In every city or town there are national and local departments. Any person can contact these departments for information. Taxpayer should know which tax department to go to and the tax rate before tax return, here are some guidelines for you: Value Added Tax should be paid to NTD at rate of 0-17% monthly, Business Tax to LTD at rate of 3-20% monthly, Individual Income Tax to LTD at rate of 5-45% monthly, Enterprise Income Tax (EIT) is 25% to NTD at basis of quarterly return and annual renew,

### **3. China Tax Category and rate**

The China tax could be classified as follows: Value Added Tax (VAT) at rate of 0-17%, Business Tax (BT) at rate of 3-20%, Enterprise Income Tax (EIT) at rate of 25%, Individual Income Tax (IIT) at rate of 5-45%, Consumption Tax by customs (CT) at rate of 3-5%, Resource Tax (RT), City Maintenance and Construction Tax (CMCT) at rate of 1%, House Property Tax (HPT), Stamp Duty (ST) at rate of 0.5-1%, Urban and Township Land Use Tax (UTLU)

### **4. Tax Return**

Tax Return should be done monthly, quarterly and annually, Tax is collected on the basis of invoice volume, in China the invoices are granted from the NTD or LTD,

### **5. Tax Rebate**

China government is stimulating its economy by encouraging export-orientated businesses; Any exporters can enjoy the export tax rebate as high as 17% according to their categories.

## **SIXTEEN. PROCESSING PERIOD FOR BEIJING COMPANY REGISTRATION (WFOE)**

For the technology and service enterprise: it takes 20-90 working days to finish the processing before we get required documents ready.

For manufacturing and trading enterprise: it takes 50-120 working days to finish the processing before we

get required documents ready, especially the pre-approval certificate from the fire & environmental protection bureaus(for manufacturing).

## SEVENTEEN. WHY CHOOSE TANNET?

1. TANNET is a professional business service outsourcing company, serving the world of business professionally and reliably since 1999.
- 2 TANNET is based in grand China, with an international focus, targeting at valued investment and strategic developments.
- 3 TANNET has built up fifteen service centres forming a massive international service platform, especially for SMEs. You are welcome to visit [www.tannet-group.net](http://www.tannet-group.net) for more.
- 4 In ten years' growth, TANNET developed rapidly to more than 38 holding subsidiaries, 88 equity participants, over 3,000 cooperators, and in excess of 20,000 reliant clients globally. You can exchange resources among the TANNET's clients.
- 5 TANNET is staffed by a professional team of industrial advisers, lawyers, accountants, engineers and consultants, with a wealth of experience, both in their respective professions with global expertise.
6. Through a ten year reputation, TANNET can provide its valued clients with the best 24/7 quality services, especially tailor-made to the customer's needs.

## EIGHTEEN. IMPORTANT HINTS

1. Because of language difference, all the documents submitted to the Chinese government should be translated into Chinese and endorsed by the appointed translation agency.
2. Since the market situation and government policy change frequently, all the information provided here is subject to TANNET's final confirmation,
- 3.TANNET is responsible to inform the clients for the collection of the company kit at the designated office. If the clients fail to collect the company kit within the mandatory three month period without reasonable excuse, the client will be regarded as forfeiting the right to the registered company; TANNET can dispose the company as it wishes.
4. Make sure to get the formal invoice from the lessor after leasing is done.
5. The follow-up business services are not included in the service package, and are subject to further charge according to the clients' requirements.

## NINETEEN. CONTACT US

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**Tannet—Global Corporate Solution Provider, Serving the World of Business, Professional and trustworthy.**