

JunHe houses a highly regarded team with a well-rounded practice covering both international and local tax regulations and reforms.

—Chambers Greater China Region

## Individual Income Tax

Recently, the tax revenue generated by individual income tax has increased rapidly. Due to the amendment of the Law on Individual Income Tax and the promulgation of the Common Reporting Standard (CRS), individual income tax has received attention from many different groups, especially high net-worth individuals. Individual income tax plays an important role in the adjustment and redistribution of income. Individuals need advice in complicated issues faced in tax collection and administration, such as tax considerations for share incentive plans, taxation for foreign nationals, and the impact of the CRS on personal asset allocation and taxation costs.

### Our Team

JunHe's taxation law team is composed of senior practitioners with many years of experience and several rising stars. Our team includes a former official of the State Administration of Taxation, lawyers from premier international and domestic law firms, and a researcher from a well-known finance and taxation institution. Together, they offer clients unparalleled strength in reading the subtext of macro policies, finely honed skills in analyzing practical issues, solid theoretical knowledge, extensive experience, strong communication skills, and a solution-oriented approach. Our tax attorneys have abundant theoretical and practical experience in individual income tax law practices, and have provided clients with services in areas such as tax planning for employee share incentive plans, tax analysis for the dispatch of foreign nationals, and the identity recognition of tax residents under the CRS.

### Key Practice Areas

- **Share Incentive Plans:** assisting enterprises in formulating tax plan schemes for share options, equity options, restricted stocks, stock rewards and other share incentive plans, so as help clients optimize their tax benefits;
- **ESOP Platforms:** providing ESOP platforms with tax planning schemes, and conducting analysis on the tax liabilities;
- **Individual Income Tax of foreign nationals:** providing tax planning schemes (e.g. eight tax-free allowances for foreign nationals) and risk management for senior officers/employees of enterprises who are foreign nationals;
- **Pension/commercial insurance:** render tax risk assessment and optimization suggestions regarding employee welfare systems of enterprises;
- **Wealth management/inheritance:** design rational asset allocation strategies and wealth inheritance plans for high net worth individuals under the new rules of CRS/FATCA.

JunHe, founded in Beijing in 1989, is one of the first private partnership law firms in China. Since its establishment, JunHe has grown to be a large and recognized Chinese law firm. The firm has fifteen offices around the world and a team comprised of more than a thousand professionals.



JunHe LLP's Tax practice team distinguishes itself by their proficiency in PRC's taxation regulatory scheme and capability of tailoring their legal service to meet the client's expectation.

— The Legal 500

### Selected Deals

#### **Responded to inquiries and inspections from the tax authority on behalf of a well-known domestic MCN company and its artists**

A well-known domestic MCN company with many popular artists under its flagship name was targeted by the tax authorities. Based on whistleblowing and big data screening, the authorities had raised concerns with the company regarding individual income tax and other issues. JunHe assisted the company and its artists in analyzing and sorting out various materials, communicated with the local tax authority, calculated the potential tax exposure and improved the client's business models and agreement arrangements in the later stages.

#### **Legal advice on tax laws for a domestic individual on property declaration obligations under the new CRS rules and tax-related implications**

A domestic individual held offshore assets, including equity interest in enterprises and cash equivalents. After the country where his assets are located implemented the Common Reporting Standard (CRS), information regarding his offshore accounts would be collected and exchanged by the Chinese authorities. After researching the Chinese laws and the laws and regulations of the country where the assets were located, JunHe assisted in analyzing the declaration obligations for his offshore assets under the CRS rules, and the potential implications under Chinese tax law.

#### **Legal advice on tax laws for a well-known offshore media group on individual income tax issues for its employees in China**

A well-known offshore media group planned to send employees to work in China. JunHe assisted in the analysis of individual income tax in China and the relevant filing obligations. JunHe helped to review the relevant legal documents, including the service agreements signed with the domestic agents, the labor contracts with the employees and the labor dispatch contracts.

#### **Legal advice on tax laws for a domestic private enterprise regarding the tax issues of ESOP**

A domestic private enterprise planned to establish ESOP in conjunction with the introduction of investors. Based on the needs of the client, JunHe proposed and analyzed the applicable taxes and withholding obligations for the different types of plans; and further analyzed the potential tax risks in the scheme under the regulations of Chinese tax laws on equity transfer by individuals, and then provided legal advice.

#### **Legal advice on tax laws for an individual on the application of individual income tax for income on incentive received under earn-out plan**

An individual shareholder entered into earn-out plan with investors when disposing of a company under his control. After the conditions were met and the income was due to be paid, the individual disagreed with the withholding tax paid and the applicable tax rate. JunHe analyzed the nature of the income based on the transaction documents provided, and assisted the individual in his communication with withholding agent and the tax authority.

**PRC Firm of the Year in Tax**  
2015

*China Law & Practice Awards*

**Law Firms of the Year - Taxation**  
2015, 2014, 2013

*China Business Law Awards*

**China Best Domestic Law Firms,  
Corporate Tax, Leading**  
2015

*Leaders League, International Corporate  
Finance: Mergers & Acquisitions, Private Equity,  
Corporate Tax, Antitrust*

**A Leading Tax Firm**  
2015

*International Tax Review:  
World Tax 2015 Rankings*

**Tax Law Firm of the Year**  
2014

*ALB China Law Awards*

JunHe is one of the few domestic law firms to provide legal services relating to tax law. As Chinese tax jurisprudence evolves to be increasingly more sophisticated, intricate and developed, tax law has become an important area of practice for JunHe. We offer a team of attorneys with extensive practical experience and solid legal knowledge in tax law.