



# NEWS INTERNATIONAL

E-MAIL NEWSLETTER  
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Dear Sir or Madam,

The amended Individual Income Tax (IIT) law and a series of supplement regulations introduced a basket of fundamental changes that affect both Chinese and foreign nationals. Key contents are summarized as below:

## TAX RESIDENCY

### 183-days test

Based on the new IIT law, a foreign national or Hong Kong, Macau, or Taiwan resident, who has resided in mainland China for 183 days or more in a year is considered a Chinese tax resident for the tax year concerned - a rule that draws upon recognized international practices.

### Six-year Rule

Starting from 2019, a foreign individual, being recognized as a Chinese tax resident for no more than 6 consecutive years, could be exempted from the PRC IIT for their foreign source income which are derived overseas and paid by overseas entities or individuals.

## TAX-EXEMPTED FRINGE BENEFITS

For the tax years of 2019, 2020 and 2021, foreign individuals who are not Chinese tax residents are still able to claim the non-taxable fringe benefits, including subsidies for housing, language training, children education in China, meals & laundry, and home leave & relocation.

From 2022 onward, certain tax-free fringe benefits will not be available to foreign individuals, including the subsidies for housing, language training and children education.

## OUR ANALYSIS

With the changes such as the residency definition and six-year rule provided under the new IIT Law, foreigners should review their residential status, and plan in advance for any travel in a tax year to cope with the compliance obligations.

Since certain fringe benefits provided to foreigners will not be exempted from IIT from 2022, foreign taxpayer shall discuss their compensation package with their employers to quantify their net pay and tax burden thus better monitor the cash flow.

Compared with the pre-reform regulations, the new PRC IIT regime implements the tax calculation method by determining what is PRC-sourced income first before applying the applicable tax rates. This should result in a more reasonable amount of income being assessed for the PRC IIT for non-residents, and effectively reduces the probability of double taxation.

[Here](#) you can find more about this article.

Best regards

*Alice He*

Alice He



The author

Alice He

International Tax Partner

Alice is currently the Head of International Tax Department of ShineWing Tax Practice. She started her career with tax practice of Big Four in China since 2003 and has more than 17 years of experience in providing tax advisory services to MNCs, China SOEs and POEs.

Her rich experience covers industrial markets, the technology, media and telecom markets, consumer markets, property and infrastructure, energy and resources, and financial institutions. Her clients include a number of multinational enterprises with investments in China.

#### Contact

ShineWing (Beijing) Certified Tax Agents

Phone 010 5967 5865

Mobil 139 1081 0335

Mail [he\\_zhilei@shinewing.com](mailto:he_zhilei@shinewing.com)

## Company presentation



The history of ShineWing can be traced back to the early 1980s when CIEC Certified Public Accountants was set up in 1981. From 1993 to 1999, CIEC cooperated with Coopers & Lybrand to form a member firm named Coopers & Lybrand CIEC in China and Mr. Zhang, Ke was the Managing Partner. Before the turn of the century, Coopers & Lybrand merged with Price Waterhouse.

A group of talented professionals followed Mr. Zhang to establish a complete independent brand name of ShineWing. So far, ShineWing has developed to be one of the most reputable and largest professional organizations in China.

ShineWing International (SWI) is registered in Hong Kong, with its headquarter in Beijing, aiming to better serve our clients with a highly integrated international network. SWI currently has 14 member firms located in Mainland China, Hong Kong (China), Singapore, Japan, Australia, Pakistan, Egypt, Malaysia, United Kingdom, India, Indonesia, Taiwan, Thailand and Germany with total 80 offices and over 8,000 staff.



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Publisher: DORNACH GMBH, Auditing, Tax consulting,  
Anton-Jordan-Straße 1, 56070 Koblenz, Telefon +49 (0) 261 94 31-438, E-Mail: [international@dornbach.de](mailto:international@dornbach.de)

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