

Lorenz & Partners

Legal, Tax and Business Consultants

CHINA

I. Facts*

Population:	1,418 billion
2021 GDP (Gross domestic Product):	US\$ 16.862 trillion
2021 GDP per capita at PPP (Purchasing Power Parity):	US\$ 19,090
Human Development Index:	85
Big Mac Index:	US\$ 3.46 (USA: US\$ 5.65)

In comparison:

Thailand

Population:	69 million
2021 GDP:	US\$ 546 billion
2021 GDP per capita at PPP:	US\$ 19,028
Human Development Index:	79
Big Mac Index:	US\$ 3.90

Germany

Population:	83 million
2021 GDP:	US\$ 4.23 trillion
2021 GDP per capita at PPP:	US\$ 58,150
Human Development Index:	6
Big Mac Index:	US\$ 5.02

*All economical figures according to the international monetary fund (IMF), the World Bank and the Economist.

II. Opportunities and Challenges

Opportunities

- Fast developing economy
- Low labour costs
- Tax and other incentives, such as exceptions from import duties, exceptions and deductions of VAT
- Majority of sectors open to 100% foreign investment
- Fast developing infrastructure
- Politically stable

Challenges

- Cumbersome and not always transparent administrative procedures
- Slow authorities
- Corporate espionage
- Aging population
- Fluctuating legal regulations

III. What we do in China

Through our cooperation with the well known Chinese law firm R&P China Lawyers located in Shanghai we are able to provide the full range of legal services. In the past our law firm has assisted a great number of German and European enterprises in all legal queries concerning China. We do:

- Company and Joint Venture Set up, Project Management Assistance
- Corporate and Commercial Law, Corporate Income Tax, Personal Income Tax
- Business and Management Advice
- Licensing and Company Incorporation; Corporate Re-structuring
- Back Office Services; Tax Structuring
- Accounting and other Corporate related Work
- Labor Law
- Intellectual Property

All of our legal and consulting services are provided by our team of local and foreign qualified lawyers and accountants who are well versed in all the key legal and tax issues faced by those investing in China.

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IV. Further Reading (some key publications)

1. [BR039E The Chinese Individual Income Tax Law](#)
2. [NL100E Taxation of Foreign Sourced Salaries of Expats living in China](#)
3. [NL139E Foreign Direct Investment in China – Wholly Owned Enterprise \(WFOE\) vs. Representative Office](#)
4. [NL152D Besteuerung von ausländischem Gehalt bei kurzzeitiger Arbeit in China](#)
5. [NL199D E-Commerce in China](#)
6. [NL211E The WFOE and its most important positions](#)
7. [NL216E Restructuring and Capital Gains Tax in China](#)
8. [NL217E A Guide to Commercial Contracts under Chinese Law](#)
9. [NL220E Overview of the VAT system in China](#)
10. [NL223E The New Foreign Investment Law in China](#)
11. [NL226E Liability of Foreign Directors in a Chinese Company under Chinese Law](#)
12. [NL228D Änderungen des chinesischen Einkommensteuerrechts für Ausländer](#)

For our complete range of publications please click [here](#).

V. Further queries on China? Get in touch

We welcome all China related legal inquiries. Please use the [contact form](#) on our webpage to get in touch. Our targeted clients are medium-sized and large corporations.

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