

SAT Tightened Control over Taxation on Incomes Derived from the Asset Disposition by Enterprises

Chinese version If enterprises use their assets for producing, manufacturing or processing the other products, such activities shall be regarded as internal asset disposition, and the assets shall be not regarded as being sold when calculating the incomes. Taxation basis of the relevant assets shall be continuously calculated.

Under the Circular on Issues Concerning the Taxation on Incomes Derived from the Asset Disposition by Enterprises (Circular), released by China's State Administration of Taxation (SAT) recently, if enterprises use their assets for market promotion, sale, dividend distribution or external donation and etc., such activities shall not be subject to the internal asset disposition, and the assets shall be regarded as being sold when calculating the incomes.

Besides, the Circular shall take effect as of January 1, 2008.

(Source: State Administration of Taxation)

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