

Circular on the Implementation of Nationwide Investigations on Highway Operation Enterprises

Circular Jibianhan [2009] No. 85

State taxation bureaus and local taxation bureaus of all provinces, autonomous regions and municipalities directly under the Central Government and cities specifically designated in the state plan:

According to the requirements of nationwide investigations stated in “Briefing of the SAT on Anti-tax Avoidance in 2008” (Guoshuihan [2009] No. 106), please carry out diagnostic investigations on the highway operation enterprises. The specific requirements are hereby clarified as follows:

1. Investigate the basic information and the shareholding structures of the highway operation enterprises. For those enterprises with foreign equity participation, please conduct further investigations to understand the basic information regarding the foreign equity participation, such as the source of funds (self-owned capital investment or raised capital investment), the scale of investment, proportion of equity participation, profit distribution ratio, etc;
2. Investigate whether the foreign shareholders have established any other subsidiaries in China. If the foreign shareholders have established other subsidiaries in China, please find out the details of the related party transactions between the enterprise and these subsidiaries;
3. Investigate other related party transactions of the enterprise.

Please conduct the nationwide investigations regarding the highway operation enterprises according to the above requirements, and submit a formal written report of the investigation result to the Anti-avoidance Section of the International Tax Department before Mid-July 2009.

June 2, 2009