



A new tax incentive policy has been announced to encourage foreign investors to continue investing and operating in China

中国出台新税收优惠政策鼓励外商持续在华投资运营

Dear Madam, Dear Sir,
尊敬的女士 / 先生,

I trust this email finds you well.
希望您收到本通讯时一切都好。

On 27 June 2025, the Ministry of Finance, the State Administration of Taxation and the Ministry of Commerce announced a tax incentive policy aimed at encouraging foreign investors to reinvest distributed profits in China. 2025年6月27日, 财政部、国家税务总局及商务部联合颁布税收优惠政策, 鼓励外国投资者将所获利润再投资中国境内。

This policy is applicable to investments made between 1 January 2025 and 31 December 2028.

本政策适用于2025年1月1日至2028年12月31日期间进行的投资。

We summarize down below the key takeaways for your reference.

现将政策要点汇总如下。

China Outsourcing Team
中国外包服务团队

Key policy benefits

Foreign investors meeting all conditions may claim a tax credit up to 10% of the reinvestment amount against their tax liability on dividends, interest and royalties.

Key eligible conditions for applying the policy

Eligible reinvestment must satisfy all the conditions as follows:

- **Sources of profit**
 - The distributed profits must derive from the retained earnings of the Chinese subsidiaries
 - The profits must be actually distributed to the foreign investor
- **Forms of reinvestment**
 - Increase or conversion of capital or capital reserve
 - Establishing a new enterprise in China
 - Acquisition of equity in Chinese resident enterprises from unrelated parties

Please note that investments in listed stocks are excluded, unless they qualify as strategic investments.

- **Period of reinvestment**
 - Reinvestments must occur between 1 January 2025 and 31 December 2028

关键政策优惠

符合条件的外国投资者可就再投资金额申请最高 10% 的税收抵免，用于抵扣其股息、利息和特许权使用费的应纳税额。

适用政策的核心条件

符合条件的再投资须同时满足以下全部条件：

- **利润来源**
 - 分配的利润必须来源于中国子公司的留存收益
 - 利润必须实际分配给外国投资者
- **再投资形式**
 - 增资或资本公积转增资本
 - 在中国境内新设企业
 - 从非关联方收购中国居民企业股权

请注意：不包括投资上市公司股份，符合条件的战略投资除外。

- **再投资期限**
 - 再投资应发生在 2025 年 1 月 1 日至 2028 年 12 月 31 日期间

- **Industry requirements**

- The investee company must operate in industries encouraged* for foreign investment, such as manufacturing, high-tech sectors.

*The encouraged industries are listed in the National Catalogue of Industries Encouraging Foreign Investment.

- **Holding period**

- The reinvestment must be held continuously for at least five-year (60 months)
- Early withdrawal will result in a proportional credit reversal and the requirement to pay taxes

- **Fund flow path**

- If the profits for domestic direct investments are paid in cash or in-kind, the relevant funds or assets ownership shall be transferred directly from the profit-distributing enterprise's account to either the investee company's account or the equity transferor's account
- The funds may not be circulated among other accounts, or held by other enterprises or individuals on its behalf

Tax Treatment under the policy

- **Creditable tax liabilities**

- The withholding tax liabilities on dividends, interest and royalties obtained from the profit-distributing enterprise can be offset

- **产业要求**

- 被投资企业从事的产业应属于鼓励外商投资类产业*，例如制造业、高新技术产业等领域。

*鼓励类行业详见《鼓励外商投资产业目录》

- **持有期限**

- 再投资需连续持有至少五年（60个月）
- 提前撤回将按比例减少已抵免额度并补缴税款

- **资金流转路径**

- 若境内直接投资利润以现金或非现金形式支付，相关资金或资产所有权应直接从利润分配企业账户划转至被投资企业账户或股权转让方账户
- 相关资金不得通过其他账户周转，亦不得由其他企业或个人代持

本政策下的税收处理

- **可抵免的应纳税额**

- 从利润分配企业取得的股息、利息和特许权使用费等所对应的预提所得税款可予以抵免

- **Tax creditable amount**
 - The maximum tax credit amount is 10% of the reinvestment amount, or the applicable treaty rate, whichever is lower
 - Any excess portion after the credit for the current year may be carried forward to future years
 - If foreign investors fully or partially withdraw the reinvestment before the required five-year (60 months) holding period, they must:
 - pay the deferred withholding taxes
 - adjust the tax credit amount on a pro rata** basis

Please note that the announcement does not specify how the pro rata adjustment will be calculated. Detailed guidelines are expected to be published.

Impact on Foreign Investors

- This policy can directly reduce foreign investors' tax liability, providing immediate tax relief
- It can also be combined with other industrial investment policies and preferential policies to enhance support for foreign investors

Point of attention

- Some formalities need to be completed by investee company on behalf of the foreign investors before they can take advantage of this policy

- **可抵免税额**
 - 可抵免税额上限为再投资金额的10%或税收协定税率（以孰低为准）
 - 当期末抵免完毕的余额可结转以后年度
 - 若外国投资者在五年（60个月）最低持有期届满前全部或部分收回再投资，则必须：
 - 补缴递延的预提所得税税款
 - 按比例调整已抵免税额**

请注意：本次公告未明确按比例调整的具体计算方法，预计后续将出台实施细则。

对外国投资者的影响

- 该政策可直接减轻外国投资者的应纳税额，实现即时税收减免
- 可与其他产业政策和优惠政策叠加适用，增强支持力度

注意事项

- 外国投资者需通过被投资企业完成相关手续后方可享受政策优惠

- The specific procedures and formalities, including those involving the Ministry of Commerce (via the unified platform) and tax authorities, remain to be clarified. In view of this, enterprises and investors should stay updated on the progress of the policy's implementation

We recommend evaluating the structure of reinvestments to identify potential optimization opportunities.

We are available to assist you with any questions you may have. Please do not hesitate to reach out to your Forvis Mazars point of contact.

References:

The Ministry of Finance, State Administration of Taxation and Ministry of Commerce, [2025] No.2: Announcement on Tax Credit Policy for Overseas Investors Using Distributed Profits for Direct Investments (link [here](#) in Chinese).

National Development and Reform Commission, Ministry of Commerce, Decree No.52: Catalogue of Encouraged Industries for Foreign Investment (Edition 2022) (link [here](#) in Chinese).

- 涉及商务部（通过统一平台）和税务机关的具体操作程序尚待明确，建议企业和投资者密切关注政策实施进展

我们建议您评估现有投资架构，以识别潜在的优化空间。

如有任何疑问，请联系您的富睿玛泽联系人。我们随时为您提供协助。

参考文献:

财政部、国家税务总局、商务部 2025 年第 2 号公告《关于境外投资者以分配利润直接投资税收抵免政策的公告》（请点击[此处](#)查看中文版）。

国家发展改革委、商务部令第 52 号《鼓励外商投资产业目录（2022 年版）》（请点击[此处](#)查看中文版）。

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Contact

Shanghai

8th Floor, One Lujiazui, 68 Middle Yin Cheng Road, Pudong District, 200120 Shanghai
Tel.: +86 21 6168 1088

Thomas Chen

Partner, Head of Outsourcing
+ 86 21 6168 1088 Ext. 201
thomas.chen@forvismazars.cn

Beijing

16th Floor, Tower A, AIA Financial Center, 26A East 3rd Ring Rd N, Chaoyang District, 100020, Beijing
Tel.: +86 10 8429 8078

Julia Zhen

Partner
+86 10 8429 8078 Ext. 238
julia.zhen@forvismazars.cn

Guangzhou

1308, Grand Tower, No. 228 Tianhe Road, Tianhe District, 510620 Guangzhou
Tel.: +86 20 3833 0235

Chloe Zhang

Partner
+86 20 3833 0235 Ext. 210
chloe.zhang@forvismazars.cn

Website:

<https://www.forvismazars.com/cn>

WeChat:

ID: Forvis Mazars



联系我们

上海

上海市浦东新区银城中路 68 号
时代金融中心 8 楼, 200120
电话: +86 21 6168 1088

陈轶群

合伙人, 会计与外包服务负责人
+ 86 21 6168 1088 转 201
thomas.chen@forvismazars.cn

北京

北京市朝阳区东三环北路甲 26 号
友邦金融中心 A 座 16 层, 100020
电话: +86 10 8429 8078

甄笑韵

合伙人
+86 10 8429 8078 转 238
julia.zhen@forvismazars.cn

广州

广州市天河区天河路 228 号
广晟大厦 1308 室, 510620
电话: +86 20 3833 0235

张卉

合伙人
+86 20 3833 0235 转 210
chloe.zhang@forvismazars.cn

网站:

<https://www.forvismazars.com/cn/zh>

微信公众号:

ID: Forvis Mazars

