

JunHe houses a highly regarded team with a well-rounded practice covering both international and local tax regulations and reforms.

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## M&A Tax

During corporate restructuring and M&A transactions, taxation costs and tax related risks are important considerations. A well-designed structure optimizing tax cost, based on provisions in the relevant tax laws, can largely ensure a timely transaction and help to cut down the transaction costs. A tax due diligence review of the target company also plays an important role in M&A. The early discovery of potential tax risks will help protect the interests of the investors, and also give the investors more bargaining power. In addition, well drafted and thoroughly reviewed tax provisions in the transaction documents will lessen the likelihood of future disputes.

### Our Team

JunHe's taxation law team is comprised of senior practitioners and many promising rising stars. It includes a former official of the State Administration of Taxation, lawyers from a number of premier international and domestic law firms, and a researcher from a well-known finance and taxation institution. Together, they offer our clients unparalleled strength in interpreting the subtext of macro policies, finely honed skills in analyzing practical issues, solid theoretical knowledge, extensive experience, strong communication skills, and a solution-oriented approach. The team members have abundant theoretical and practical experience in corporate restructuring and M&A transactions. They have provided legal consultancy on tax law issues in areas such as restructuring under special tax treatments, the indirect transfer of Chinese taxable assets, the establishment/removal of red chip/VIE structures, and tax due diligence review.

### Key Practice Areas

- **Framework design for inbound and outbound investments and M&A/restructuring:** assisting enterprises in carrying out investment structure analysis, tax analysis on investment/financing arrangements and feasibility studies on bilateral tax agreements;
- **Establishment/removal of Red Chip/VIE structures:** design acquisition/shareholding/-financing structures for projects, conduct tax cost analysis under various schemes, and analyze the possibility of the application of special tax treatment;
- **Tax due diligence review:** assist the buyer/seller in the overall review of tax compliance of the target company, including legal analysis and tax exposure estimation;
- **Assistance in indirect equity transfers:** assist the buyer/seller in tax law analysis on the indirect transfer of Chinese taxable assets, and render professional legal advice on tax laws.

### Selected Deals

#### Provided legal advice to a well-known overseas financial institution regarding tax laws on its transfer of equity in a domestic company

A well-known overseas financial institution wanted to transfer its equity interest in a domestic company. JunHe assisted in reviewing and revising the tax-related clauses and analyzed the tax filing obligations and the tax costs involved in the transaction process. After the

JunHe, founded in Beijing in 1989, is one of the first private partnership law firms in China. Since its establishment, JunHe has grown to be a large and recognized Chinese law firm. The firm has fourteen offices around the world and a team comprised of more than a thousand professionals.



## The team (JunHe) has a strong focus on transactional tax advice, covering reorganisations of domestic enterprises and cross-border operations.

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successful signing of the transaction documents, JunHe assisted the company in completing the tax reporting and filing procedures with relevant tax authorities, and successfully applied the tax treaty benefits which greatly reduced the overall transaction costs.

### **Legal advice on tax laws for a well-known domestic energy company in its offshore asset acquisition**

A well-known Chinese energy company established a joint venture with a foreign energy company, intending to acquire foreign assets. JunHe assisted the buyer in the legal analysis of the tax cost and the taxpayer involved in the transaction, and drafted and reviewed the relevant transaction documents. JunHe assisted the client in the negotiation with the seller and their counsel, and clarified the tax liabilities of both sides and the tax payment method.

### **Legal advice on tax laws for a domestic fund in the issue of the indirect transfer of assets involved in its acquisition of a domestic hospital**

A domestic fund, through its parallel funds both onshore and offshore, simultaneously acquired the onshore and offshore equity of a hospital related project. Part of the acquisition transaction of the offshore company triggered tax filing obligations in China, because it fitted in the definition of an indirect transfer of Chinese taxable assets under Chinese laws. Based on the information provided by the seller, JunHe assisted the buyer in the analysis of the relevant tax filing obligation and the possible taxation costs; and, per the request of the client, assisted the client in its preparation of the relevant filing materials and facilitated further communication with the tax authority.

### **Legal advice on tax laws for a well-known domestic chip manufacturer in its tax due diligence review for its potential investment in a domestic technology enterprise**

A well-known Chinese chip company intended to acquire a Chinese technology enterprise, and JunHe assisted the buyer in the tax due diligence review. In conducting the due diligence, JunHe reviewed the tax profiles, historical compliance status, and tax preferential treatment enjoyed by the target company. It emphasised the tax compliance status of its affiliated transactions, and the historical tax-related risks involved in the establishment and removal of the red chip structures, and analyzed the impact of these risks on the contemplated transaction. In addition, JunHe analyzed the tax implications of the employee shareholding plans of the target company, and rendered legal advice.

### **Legal advice on tax laws for a domestic private group company in its group restructuring matters**

A domestic private group intended to introduce investors to its education business sector. As is required by the regulatory body and requested by the investors, restructuring was necessary on its existing group structure. Based on the needs of the client and according to the provisions in the relevant tax laws, JunHe proposed several restructuring schemes and analyzed the respective tax implications. The team then assisted during communications with the local tax authority and applied for special tax treatment on the corporate restructuring.

### **Tax due diligence review on behalf of a Chinese subsidiary of a foreign company on its real estate investment in China**

A Chinese subsidiary of a foreign company intended to acquire a property in China. JunHe assisted the client in the analysis and assessment of the tax obligation and tax cost arising from the transaction, and assisted in reviewing the relevant transaction documents. In addition, JunHe also provided the client with assistance in the deal negotiations.

#### **PRC Firm of the Year in Tax 2015**

*China Law & Practice Awards*

#### **Law Firms of the Year - Taxation 2015, 2014, 2013**

*China Business Law Awards*

#### **China Best Domestic Law Firms, Corporate Tax, Leading 2015**

*Leaders League, International Corporate  
Finance: Mergers & Acquisitions, Private Equity,  
Corporate Tax, Antitrust*

#### **A Leading Tax Firm 2015**

*International Tax Review:  
World Tax 2015 Rankings*

#### **Tax Law Firm of the Year 2014**

*ALB China Law Awards*

JunHe is one of the few domestic law firms to provide legal services relating to tax law. As Chinese tax jurisprudence evolves to be increasingly more sophisticated, intricate and developed, tax law has become an important area of practice for JunHe. We offer a team of attorneys with extensive practical experience and solid legal knowledge in tax law.