

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

—Chambers Greater China Region

## Tax Dispute Mediation and Resolution

In the process of tax assessment and audit, taxpayers, whether they are individuals or enterprises, cannot avoid tax controversies or disputes over various matters with tax authorities. Challenges can arise from different understandings of tax regulations, or from intentional tax evasion or avoidance by taxpayers. Due to China's evolving tax laws, the specific mechanisms for the protection of taxpayers' rights and remedies are constantly evolving. The resolution of tax disputes within a legal framework is becoming a common issue faced by both taxpayers and tax authorities. JunHe has expertise and experience in appeals and litigation to bring disputes to a successful conclusion. We are adept at making the application of tax laws and regulations clear, enabling taxpayers to mitigate potential tax compliance risks during their business.

### Our Team

The JunHe taxation practice team is composed of senior practitioners who have led the market for many years as well as several promising rising stars. It includes former officials of the State Administration of Taxation, lawyers from premier international and domestic law firms and researchers from well-known finance and taxation institutions. Together, they offer clients unparalleled strength in reading 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. Our team has extensive experience in resolving tax-related disputes and has helped clients mediate and resolve tax issues with respect to export tax rebates, IIT refunds, assets management products and transfer pricing.

### Key Practice Areas

- Tax investigations: assisting clients in responding to general tax examinations/inquires brought by tax authorities;
- Tax dispute resolution: assisting clients in resolving tax controversies in relation to administrative penalties, change of residence for tax purposes, deregistration, outbound payments and claims for tax refunds;
- Tax audits: assisting clients in responding to tax audits, risk analysis, documentation preparation, negotiations with tax authorities, etc.;
- Tax appeals: drafting legal documents, collecting and organizing evidence, requests for document discovery, appearing at appeal hearings and representing clients in settlement and mediation;
- Tax litigation: drafting legal documents, collecting and organizing evidence, requests for document discovery, appearing at trials and representing clients in settlement and mediation.

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.



**JunHe handles contentious issues, including assisting with tax audits and investigations initiated by the tax authorities.**

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### Selected Deals

#### Assisting a well-known Chinese E-Platform company in responding to tax audits

A well-known Chinese E-Platform company engaging in a business related to flexible employment was audited by tax authorities. JunHe assisted the client in analyzing and collecting the tax issues, drafting and reviewing the relevant documents, and explaining to tax authorities and relevant authorities the legitimacy and rationality of their transaction mode. The team provided legal services to the client during the whole process of the tax audit, which successfully reduced the tax adjustment amount identified by the tax authorities.

#### Advising a well-known Chinese privately-owned restaurant company on tax issues involved in interim distribution

A well-known Chinese privately owned catering company planned to make an interim distribution to its investors. The relevant tax authority raised an objection to the legality and legitimacy of the interim distribution from the perspective of Company Law and corporate income tax law. At the client's request, we conducted legal research on the controversial issues of the case and assisted the client in communicating with the tax authority.

#### Advising an individual on the tax treatment of earn-out payments

An individual entered into an earn-out agreement with an investor in connection with the disposal of a company's equity that he held. The individual disagreed with the tax withheld and the tax rate applied for the payment of the earn-out considerations under that agreement. At the client's request, we conducted legal research on the nature of the gains and assisted the client in communicating with the withholding agent and the relevant tax authority.

#### Assisting a Chinese private E-Commerce enterprise in responding to tax audits

A Chinese private enterprise conducted sales activities on a well-known e-commerce platform in China. Based on tax assessments and other records, the relevant tax authority carried out a tax audit on the client. We assisted the client in reviewing the facts of the case, estimating the amount of the tax risk, analyzed the tax liability and prepared the responses to the tax audit.

#### Advising a Chinese fund in a tax dispute with an asset manager

A Chinese fund had invested in a fund portfolio managed by an asset manager. When making a profit distribution, the parties disagreed on the interpretation of the tax provisions of the investment agreement, and the asset manager had deducted and withheld a certain amount from the distribution for taxation purposes. We assisted the client in reviewing the investment agreement to determine the tax assumption and communicated with the asset manager and the relevant tax authority.

#### Advised a foreign technology company on the tax treatment of outbound payments

A foreign technology company provided technical services to its Chinese corporate user. The relevant taxation authority considered the service fees paid to the client by the corporate user as 'royalties' which would be subject to withholding corporate income tax. We analyzed the nature of the business model adopted by the client, addressed the related tax treatment, and assisted the client in communicating with the relevant tax authority.

**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.