

## 5.2 Repatriation of Profits

China allows FIEs and enterprises issuing shares offshore to remit their profits, dividends and bonuses out of the country. Such remittances do not require the prior approval of SAFE. The enterprises, by presenting the necessary documents, can make the remittance direct through the bank, which will report details of the remittance to the local foreign exchange administration.

### Documents and Procedures for Remittance of Profits, Dividends and Bonuses

1. Documents to be submitted to bank
  - Tax payment statement and tax return (enterprises eligible for tax exemption and reduction should also submit proofs issued by local tax office);
  - Audited report prepared by accounting firm on profits, dividends and bonuses of the current year;
  - Resolution of the board of directors on dividend and bonus distribution;
  - Foreign exchange registration certificate of foreign-invested enterprise;
  - Credit report prepared by accounting firm;
  - Other information as requested by SAFE;
  - For remittance of profits, dividends and bonuses from previous years, an audited report on the FIE's financial situation during the year in question should also be submitted to the bank.

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2. Bank verifies authenticity of documents

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3. Bank completes remittance procedures
  - Bank will mark "profits, dividends and bonuses remitted" on the foreign exchange registration certificate and tax payment statement respectively, and endorse with an official seal. When remittance is done, bank will keep photocopies of these two documents for record.

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4. Bank reports to local foreign exchange administration
  - Within the first five working days of each month, bank will submit to local foreign exchange administration department reports (in the form of spreadsheet) on profits, dividends and bonuses remitted by FIEs during the previous month.

In accordance with the *Notice on Issues Concerning the Remittance of Profits, Dividends and Bonuses by Designated Banks*, SAFE is authorised to carry out random check of remittances amounting to an equivalent value of US\$100,000 or more, or remittances deemed suspicious, to determine their authenticity.