



# 2025 China Complimentary Health Check

Identify Key Risks and Inefficiencies in Your China Operations  
Avoid Fines and Penalties for Incorrect or Late Filings

Health checks are a crucial tool for foreign-invested companies in China. Performing routine health checks can help any business to identify hidden tax, legal, or other operational risks, compliance issues, and inefficiencies, which if left unattended, can drive significant penalties and increased costs to your business.

For a limited time, Dezan Shira & Associates Shanghai team is offering complimentary health checks to Shanghai-based companies who did not work with Dezan Shira & Associates before.

To take advantage of this offer:

Please check the key points listed under four Sections which usually happen during one company’s operation. Select up to two (2) Sections from the below four Sections, list your main concerns and email them to [shanghai@dezshira.com](mailto:shanghai@dezshira.com).

In return, our senior expert advisors will contact you to discuss eligibility, your situation and selected areas, and then provide you with a high-level assessment of the agreed areas, followed by the delivery of a customized report, at no charge, normally within two weeks. A complimentary one-to-one consultation will be scheduled within the following one week after sending the report.

See full details at the end of this document.

## Health Check Report: Delivery Overview

### Section 1:

#### Corporate Governance

This report will address the following areas:

- China Compliance
- Governance Structure
- Operation and Controlling

This report can address the following key questions based on Client’s specific situation:

#### 1. China Compliance:

- Do you have a clear understanding of the legal structure of your Chinese entity? (e.g., Joint Venture, Wholly Foreign-Owned Enterprise, Representative Office)
- Did you apply for all the licenses/permits which allow your company to operate in China lawfully?

#### 2. Governance Structure:

- As a senior executive, do you have a clear understanding of your specific legal liabilities of your position?
- Do you keep the name of your senior executive who left the company on the government authority’s record?
- Did you update the Articles of Association according to the new Company Law?
- Did you file the information of your Ultimate Beneficial Owner (UBO) with local authority?

#### 3. Operation and Controlling

- Do you fund your entity in China legally? If Chinese entity received loans from overseas company, did you report it to local authority in China?
- As a majority shareholder of JV, do you really have controlling power on your Chinese entity?
- As a minority shareholder of JV, do you have access right to your company’s accounting book, financial statements, audit reports, board resolutions?



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- Have you received any dividends from your company in China? If so, were there any legal or regulatory hurdles in the process? Have you experienced difficulties in remitting dividends back to your HQ?
- Have you encountered any difficulties in managing and controlling the company seals?
- Do you really know your business partner in China? Have you done full due diligence on your business partner in China?
- Do you protect your IP rights well in China?
- Do you have any difficulties in overseas expansion?

### Section 2:

#### Finance and Tax

This report will address the following areas:

- Sales revenue and China VAT invoice management
- Goods exports and imports
- Overseas receipts and payments under non-trade items
- Accounts Receivable
- Accounts Payable and Employee Reimbursements
- Inventory Management and Cost Accounting
- Other issues

#### 1. Sales revenue and China VAT invoice management

- Is there a mismatch between VAT invoice limitation and business needs?
- Is there a distinction between accrual-based revenue recognition and the timing of VAT invoice issuance?
- Are there any unusual fluctuations in monthly income?

#### 2. Goods exports and imports

- Is the export record of the customs consistent with the income declared for export tax rebate?
- Does there exist the problem that the process of export rebate is complex and the application is difficult?
- Is there any situation where exports are made in the name of other companies, resulting in the inability to apply for export tax rebates?
- Is the import VAT fully deductible?

#### 3. Overseas receipts and payments under non-trade items

- Has the obligation of tax declaration been correctly fulfilled or the corresponding tax preferences been enjoyed?
- Has the obligation of foreign exchange declaration been completed correctly?
- Is there any concern about the compliance of tax deduction of enterprise income tax?
- Does company know the procedure of profit repatriation? Any finance and tax impact ?

#### 4. Accounts Receivable

- Is there an aging analysis report?
- Has the collection been accurately settled against the corresponding sales invoice?
- Are there any long-term issues associated with accounts receivable? Is there a potential risk of bad debts?

#### 5. Accounts Payable and Employee Reimbursements

- Is there a corresponding supplier management process?
- Is it difficult for both employees and company to distinguish the validity of value-added tax invoice when claiming reimbursements and arrange vendor payments?



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### **Section 2:**

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- Other issues

### **6. Inventory Management and Cost Accounting**

- whether inventory data cannot be obtained in a timely manner or is obtained wrongly
- whether there are asset losses due to poor management

### **7. Other issues**

- Does company depreciate Fix Asset in a proper methodology?
- Does company have concerns regarding to double tax issue for cross-border business?
- Are you often confused by the explanations of Chinese accounting and taxation from your finance and tax consultant?

### **Section 3:**

#### **HR and Payroll**

This report will address the following areas:

- Recruitment
- Termination

### **1. Recruitment**

- Do you have a right labor contract to sign with your employees in China?
- Do you know how to hire a part-time employee?
- What kind of package can be prepared for the foreign expatriates to lower their tax burden in China?
- Do you handle employees' personal information lawfully in China?

### **2. Termination**

- Do you know how to mitigate the risks when terminating a high-level employee?
- Are you aware of key points and procedures of mass layoff in China?
- What should you do if your employee copy confidential files/documents from Company's server?

### **Section 4:**

#### **IT Systems and Compliance**

This report will address the following areas:

- Regulatory
- Technical

### **1. Regulatory**

- Have you considered how changes to China's data regulations will impact your business?
- Do you have an internal data compliance program?
- China's cross-border data transfer regulations are constantly evolving. Are you prepared?

### **2. Technical**

- Have you audited your IT infrastructure recently?
- Do you know what hardware/software you are allowed to deploy in China?
- Do you have concerns about data leaks due to infrastructure configuration?
- Do you have a well-defined, compliant procurement program?

## FULL OFFER DETAILS:

### What This Offer Includes

- You will receive one complimentary report covering up to two sections of the four available options: Corporate Governance, Finance and Tax, HR & Payroll, and IT Systems and Compliance.
- The report is conducted by a senior expert advisor in Dezan Shira & Associates and provides a high-level assessment along with tailored recommendations.

### How It Works (4 Steps)

1. **Choose Your Sections** – Select up to two sections that best align with your needs, list your main concerns and send them to [shanghai@dezshira.com](mailto:shanghai@dezshira.com).
2. **Expert Consultation** – A dedicated advisor will contact you within 48 working hours to discuss your needs and arrange the next steps, including background communication and any necessary document collection.
3. **Receive Your Report** – Your customized report will normally be delivered within two weeks.
4. A **complimentary one-to-one consultation** will be scheduled within the following one week.

### Why Now Is the Right Time for a Health Check

- Foreign-invested companies often face compliance risks that can lead to significant penalties due to the complexities of differing regulations, especially in China's evolving regulatory environment.
- Operational inefficiencies can be costly. A thorough health check can help identify these issues and improve cost efficiency across your organization.
- When enterprises experience business transformation, expansion or intensified industry competition, the existing operation management may not be able to meet the needs of the new business.

### Eligibility and Declarations

- This offer is eligible to perform a health check on companies registered in Shanghai, Jiangsu and Zhejiang provinces that are not a current or past client of Dezan Shira & Associates.
- This report is issued on the terms and understanding that (1) DSA is not responsible for the results of any actions taken on the basis of information in this report, nor for any error in or omission from this report; and (2) DSA expressly disclaims all and any liability and responsibility to any person, whether a reader of this report, in respect of anything, and of the consequences of anything, done, or omitted to be done by any such person in reliance, whether wholly or partially, upon the whole or any part of the contents of this report.
- DSA reserves the right of final interpretation of the complimentary health check.