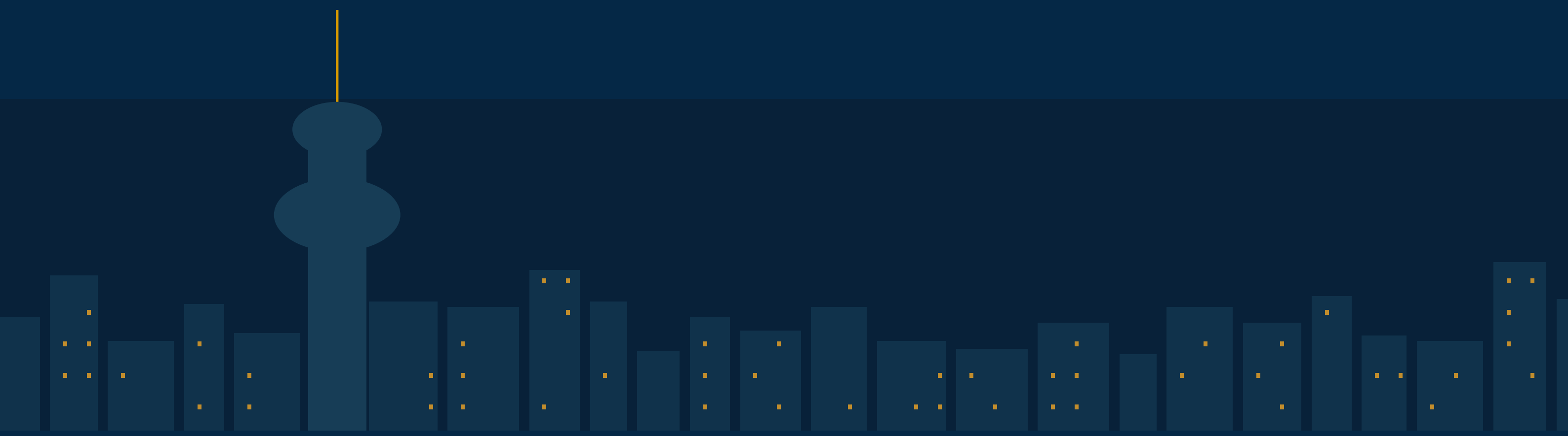
CHINA

FOREIGN-INVESTED LIMITED LIABILITY COMPANY
CLIENT GUIDE 2026

Company formation, foreign investment, taxation
and annual compliance

Professional company formation
and ongoing corporate administration



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China Foreign-Invested LLC at a Glance

A foreign-invested enterprise (FIE) may be established as a limited liability company under the PRC Company Law and Foreign Investment Law. Foreign investment is governed by pre-establishment national treatment plus the Foreign Investment Negative List: sectors outside the list are generally treated consistently with domestic investment, while restricted or prohibited sectors remain subject to special rules.

Topic	Current legal / practical position
Shareholders	A limited liability company may have one or more shareholders. Foreign investors may hold 100% where the activity is outside the Negative List and no other sector-specific restriction applies.
Foreign investment	The 2024 national Foreign Investment Negative List has applied since 1 November 2024. Investment outside listed restricted/prohibited sectors follows national-treatment principles, subject to licensing and other laws.
Registered capital	Registered capital equals the contributions subscribed by shareholders. For a newly established LLC, subscribed capital must generally be fully paid within five years from incorporation, unless special rules require otherwise.
Capital form	Contributions may be cash or qualifying non-monetary assets such as property, intellectual property, land-use rights, equity or claims that can be valued and lawfully transferred.
Registered office	The articles must state the company's domicile. A genuine registered business address compatible with local registration and licensing requirements is required.
Beneficial ownership	Companies must file beneficial-owner information through the registration system under the Beneficial Owner Information Management Measures.
Corporate income tax	Standard Enterprise Income Tax (EIT) rate: 25%. China-resident enterprises are taxed on income sourced both inside and outside China.
VAT	From 1 January 2026 the VAT Law applies. Main rates are 13%, 9% and 6%; qualifying exports of goods and prescribed cross-border services/intangibles can be zero-rated.

Key Benefits for International Clients

- 100% foreign ownership can be available for activities outside the Foreign Investment Negative List and other sector-specific restrictions.
- The 2024 Company Law provides a modern unified company-law framework for domestic and foreign-invested companies.
- Qualifying High and New Technology Enterprises can access a 15% EIT rate.
- Qualifying small and low-profit enterprises receive a substantial EIT preference through 31 December 2027.
- Certain exports of goods and prescribed cross-border services/intangible assets can benefit from 0% VAT and export refund/exemption mechanisms.
- Foreign income tax paid by a China-resident enterprise can be creditable against Chinese EIT within statutory limits.

Important 2026 Tax Position

China is not a blanket 0% or territorial-tax company jurisdiction

A company established in China is a resident enterprise and is generally subject to EIT on income sourced both inside and outside China. Foreign customers, offshore invoicing or keeping receipts abroad do not create a 0% corporate-tax result. Tax incentives are targeted and conditional.

Ownership, Capital & Foreign Investment

Topic	Current legal / practical position
Foreign ownership	Foreign investors receive national treatment outside the Negative List. Restricted sectors must satisfy the stated equity, management or other access conditions; prohibited sectors are unavailable.
Initial information report	When a foreign investor establishes an FIE, the initial foreign-investment information report is submitted through the enterprise registration system at establishment registration.
Changes	Changes involving registration/filing are reported through the registration system; certain other reportable changes are submitted within the statutory period.
Registered capital	All subscribed capital of a new LLC must generally be paid within five years from establishment under the articles. Registration authorities may scrutinise obviously abnormal capital or contribution periods.
No general minimum	The Company Law does not impose one universal minimum capital for every ordinary LLC; special laws, administrative regulations or State Council decisions may impose paid-in or minimum-capital rules for particular sectors.
Beneficial ownership	Beneficial-owner information is a statutory filing item and must be filed through the relevant registration system.

Corporate Income Tax - 25%

The Enterprise Income Tax Law sets the standard EIT rate at 25%. A resident enterprise established in China is taxed on income sourced from both inside and outside China. Foreign income tax may be credited against Chinese EIT within the statutory credit limitation; qualifying underlying foreign corporate tax may also be creditable in specified controlled-company circumstances.

No general foreign-source exemption

China's corporate tax system is worldwide for resident enterprises. A China FIE cannot obtain 0% EIT merely because customers, contracts or payment accounts are outside China.

High and New Technology Enterprise - 15%

A qualifying state-supported High and New Technology Enterprise (HNTE) is taxed at a reduced 15% EIT rate. Qualification requires formal recognition and ongoing compliance with the prescribed technology fields, R&D, intellectual-property and other statutory conditions.

Small and Low-Profit Enterprise Preference

Through 31 December 2027, qualifying small and low-profit enterprises calculate taxable income at 25% of the ordinary amount and apply the 20% EIT rate, producing an effective 5% burden on qualifying taxable income. The official conditions include annual taxable income not exceeding RMB 3 million, no more than 300 employees and total assets not exceeding RMB 50 million, while operating in a non-restricted/non-prohibited industry.

VAT from 1 January 2026

China's VAT Law took effect on 1 January 2026. Main VAT rates are 13%, 9% and 6%, with a 3% simplified collection rate where the simplified method applies. Exports of goods are generally zero-rated unless otherwise provided, and prescribed cross-border sales of services and intangible assets can also be zero-rated. Zero-rated exports/cross-border transactions require the applicable refund/exemption procedures.

Formation Process & Documents Required

1. Business-scope and Negative List review 2. Shareholder / UBO and registered-capital planning 3. Company name and articles 4. Market-regulation registration and business licence 5. Foreign-investment information reporting 6. Company seals and banking 7. Tax registration / invoicing setup 8. Sector licences where required

The exact registration workflow is implemented locally through market-regulation authorities and integrated government platforms. The 2026 SAMR registration-document standards apply nationally, while city/province systems determine practical submission steps. Regulated industries require their specific approvals or licences in addition to company registration.

Official Registration Fees

China abolished the general requirement for companies to pay establishment and change registration fees. Accordingly, this guide does not state an incorporation registration fee as a government charge for an ordinary LLC. Local charges can still arise for ancillary matters or licensed activities. BRIS professional fees, translations, notarisation/authentication, registered address, accounting, tax, banking and licences are quoted separately.

Documents Required from the Client

- Passport / acceptable identification for individual shareholders, directors, legal representative and UBOs.
- Proof of residential address for KYC purposes.
- For corporate shareholders: certificate/extract, constitutional documents, directors and full ownership chain.
- Proposed Chinese company name(s), business scope and registered city.
- Shareholding percentages, subscribed registered capital and contribution schedule.
- Proposed governance, directors/managers and legal representative.
- Expected customers, suppliers, countries, turnover and transaction profile.
- Source-of-funds and, where appropriate, source-of-wealth evidence.
- Notarised/authenticated, apostilled and translated documents where required by the local authority or bank.

Accounting & Financial Reporting

Companies must keep accounting books and prepare financial accounting reports under the PRC Accounting Law and unified national accounting system. Accounting records must use Chinese; foreign-invested enterprises may additionally use a foreign language. Financial reports must be based on verified accounting records and signed by the responsible persons prescribed by law.

Audit requirement depends on applicable law and company circumstances

The Accounting Law requires a CPA audit where laws or administrative regulations prescribe one. FIEs should also check local, tax, foreign-exchange, financing, shareholder and sector requirements before assuming that a statutory audit is unnecessary.

Annual Compliance Checklist

- File the market-regulation annual report through the National Enterprise Credit Information Publicity System, generally between 1 January and 30 June for the preceding year.
- Keep beneficial-owner information current and file changes as required.
- Maintain foreign-investment information reports and registration particulars.
- Maintain accounting books, vouchers, invoices and financial reports in accordance with Chinese law.
- Complete annual EIT reconciliation and other tax filings within the applicable tax timetable.
- File VAT and invoicing returns and maintain evidence for zero-rated exports/cross-border supplies.
- Review withholding tax before dividends, interest, royalties and other outbound payments.
- Reconfirm licences, Negative List status and registered business scope when activities change.

International Business & Tax Planning

China is primarily an operating and investment jurisdiction rather than an offshore tax-neutral company location. A China-resident company is generally taxed on worldwide income at 25%. International structuring therefore focuses on qualifying statutory incentives, foreign-tax credits, treaty relief, export VAT treatment and the correct location and substance of business functions.

The genuine low-tax opportunities are targeted and conditional

China does not offer an ordinary FIE a blanket 0% foreign-source exemption. Key verified incentives include a 15% EIT rate for qualifying High and New Technology Enterprises and, through 2027, an effective 5% EIT burden for qualifying small and low-profit enterprises under the current taxable-income reduction. Certain agriculture, infrastructure, environmental and technology-transfer income can also receive statutory exemptions or reductions. Each regime has separate conditions.

Dividends & Cross-Border Withholding

For a non-resident enterprise without a China establishment, or where the income is not effectively connected with its China establishment, China-source dividends, interest, rent, royalties and similar income fall within the non-resident EIT rules. Although the statutory rate is 20%, the implementing rules generally reduce qualifying income under this category to 10%. An applicable tax treaty may provide a lower rate if the recipient satisfies the treaty and beneficial-owner requirements.

How BRIS Group Supports You

Structure & tax review - Assess foreign-ownership eligibility, Negative List exposure, business scope, worldwide-income taxation, HNTE/small-enterprise incentives, VAT and withholding.

Company formation - Coordinate shareholder documents, articles, registration, registered-address arrangements and foreign-investment information reporting.

KYC / UBO - Coordinate shareholder, legal representative, beneficial-owner and source-of-funds / source-of-wealth due diligence.

Tax & accounting - Coordinate bookkeeping, VAT/invoicing, financial reporting, EIT compliance, annual reporting and audit support where required.

Banking - Prepare corporate and KYC documentation and coordinate banking support where available.

Professional Fees & Official Sources

Professional fees are quoted separately

This guide is informational and is not a fee quotation. BRIS Group professional fees and third-party costs - including registered address, translations, notarisation/authentication, accounting, tax, licences and banking support - are quoted separately according to the required services.

Official sources reviewed for this 2026 guide: National People's Congress - PRC Company Law; State Council / NDRC / MOFCOM - Foreign Investment Law, 2024 Foreign Investment Negative List and registered-capital implementation rules; SAMR - 2026 registration-document standards, annual reporting and beneficial-owner filing guidance; State Taxation Administration - Enterprise Income Tax Law, 2026 VAT Law/implementation, HNTE and small/low-profit enterprise incentives; Ministry of Finance - Accounting Law.

PREPARED BY BRIS GROUP

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Professional incorporation and corporate administration for international clients.