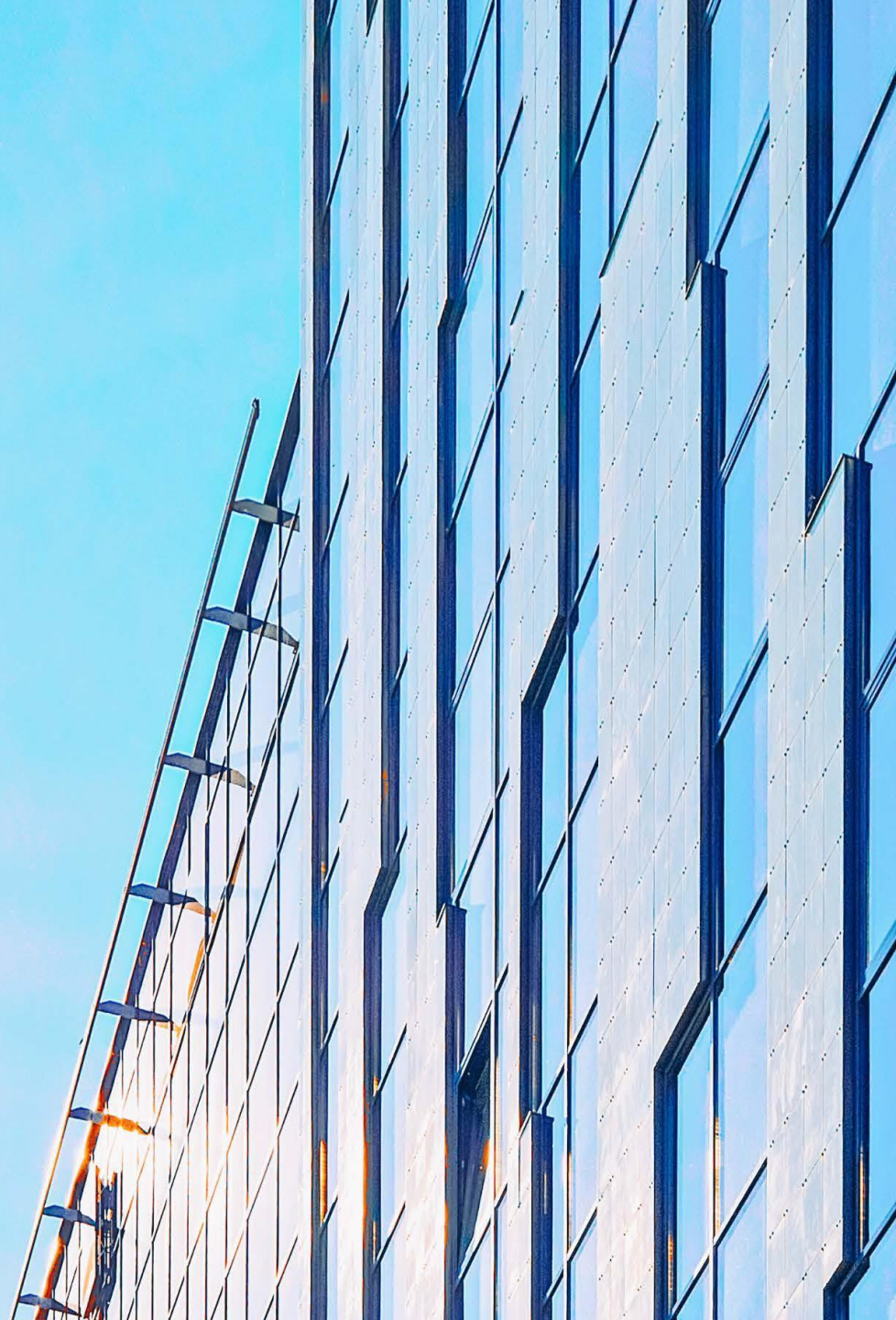




APREA China REITs Taxation

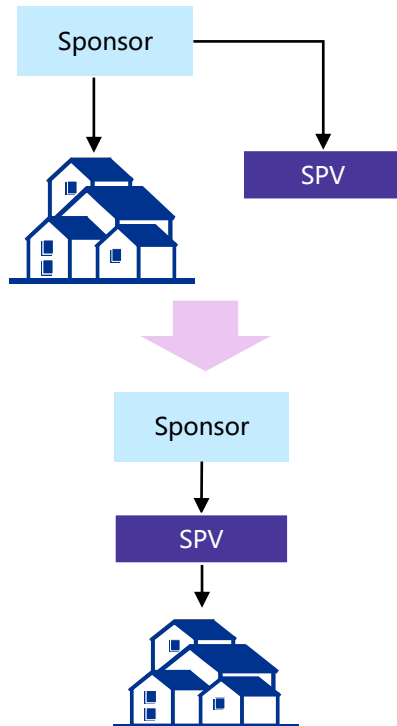
KPMG Advisory (China) Limited Beijing Branch

April 2021

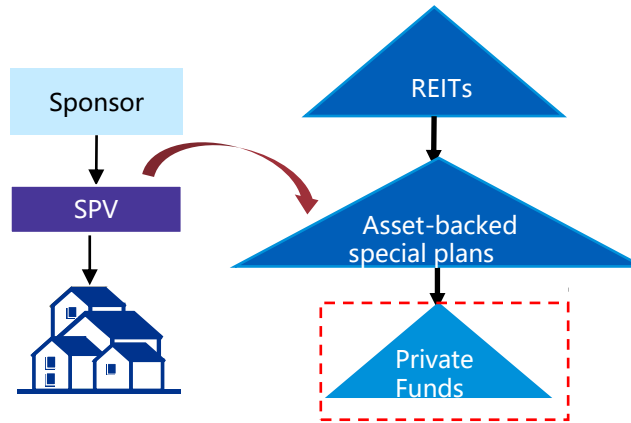


Issuance of REITs (for illustration purposes)

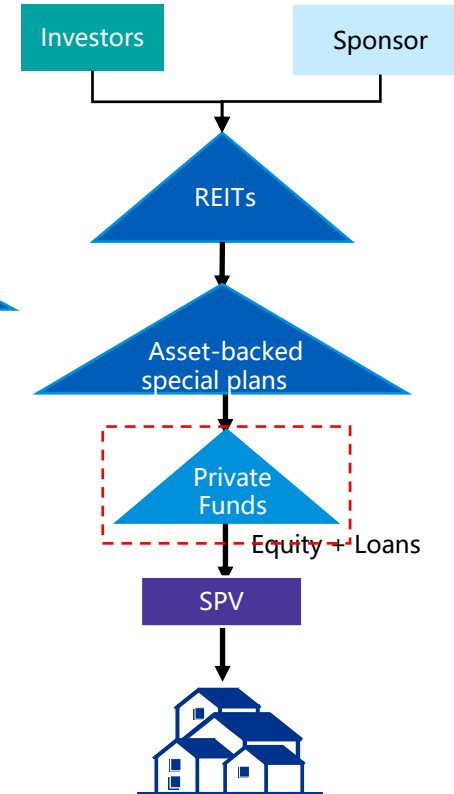
I. Asset Restructure



II. Share switch

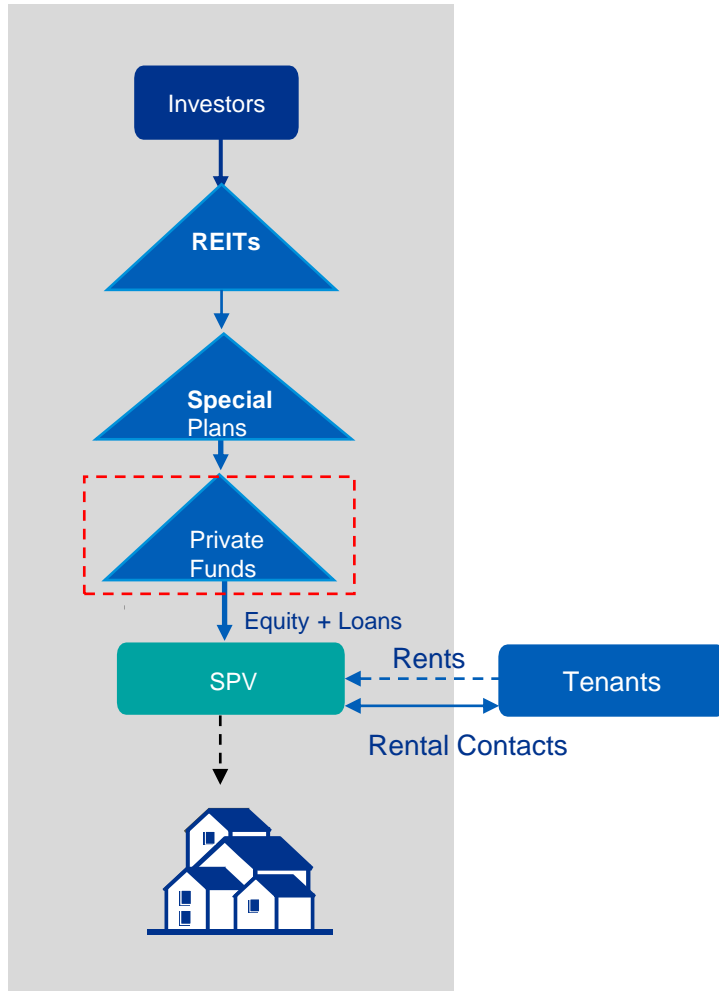


III. Listing



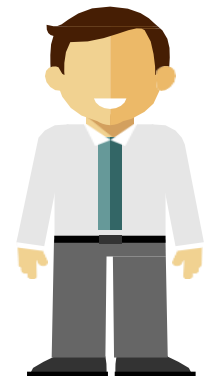
- Taxation in China: CIT, VAT and surcharges, Stamp Duty, Land Appreciation Tax, Deed Tax. Advanced communication with tax authority is suggested.
- International practice: Direct tax deferred. Indirect tax minimized

Transition, Holding & Exit



Key tax considerations:

- Transition period:
 - VAT and surcharges, real estate tax and land use tax, fully settled by either the sponsor or the new SPV and at the same time, avoid double taxation.
- Holding period:
 - Multiple-point taxation exists.
 - “equity + loans” structure:
 - Interest rates and thin capitalization.
 - Merger vs. reverse merger.
- Exit
 - Tax favourable towards individual investors if exit from secondary market
 - Other exit channel and tax consequences may be different?



Q&A Section

