

## After-tax profit for Year 2007

Q: With regard to the withholding tax on dividend, my PRC company's year end date is 31 December of each calendar year and now intends to pay out a dividend in respect of the year ended 31 December 2007 to the HK holding company. Will that dividend be subject to the 5% withholding tax or will it be still be exempted?

A: Where the after-tax profits (or profits exempted from income tax under the old enterprise income tax law) belong to 2007 and before, the dividends paid to the foreign owner are not taxable.

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