

Doing Business in China
Homework assignment 1

Name _____

Mary is a Swedish national who has been offered a position with a Chinese internet company based in Beijing.

The company has offered her a salary of 200,000 RMB per month with no allowances and no annual bonus. She will be required to pay her own taxes. The company is unfamiliar with expatriate tax planning and is willing to work with her to minimize taxes.

Mary expects to pay 50,000 RMB per month for housing. Her daughter will attend the International School of Beijing where tuition will cost 250,000 RMB per year. Mary plans to take private Chinese lessons costing 2,000 RMB per month. Mary and her daughter will take a home leave trip every year with air tickets costing 80,000 RMB.

Calculate Mary's annual tax liability assuming no tax planning is undertaken.

Calculate how much can be saved through restructuring her package in a tax efficient manner.