



## Foreword

It is a great pleasure to present you with this Issue No. 19 of our Asia Pacific Tax Notes.

The economies in Asia have now fully rebounded and foreign investment into the region is flourishing. China remains the hot spot for foreign direct investment, and this issue begins with a very topical lead article on tax structuring for direct investment into China. The article provides a basic summary of the relevant Chinese tax rules that most impact international tax structuring for inbound investments into China. It also expands on a number of structuring ideas including a base case investment structure, tax efficient holding companies, tax efficient financing and tax efficient cash redeployment structures.

We also have the usual round-up of tax developments in the region. These mainly focus on recent budgetary developments. I would like to remind readers to check with their local PricewaterhouseCoopers (PwC) contacts on the progress in giving statutory effect to the budgetary proposals.

This issue of Asia Pacific Tax Notes is also available in pdf format. If you require an electronic copy, please contact our editor Raymond Wong at [raymond.wong@hk.pwc.com](mailto:raymond.wong@hk.pwc.com), or assistant editor Anita Tsang at [anita.tsang@hk.pwc.com](mailto:anita.tsang@hk.pwc.com).

I would finally like to thank the editorial team and all the PwC offices in the region for their contributions to Asia Pacific Tax Notes.

Rod Houg-Lee  
Regional Tax Leader

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### Editor's Note

This publication is designed to alert those interested in or already doing business in the Asia Pacific region to recent tax developments in the region. Such developments are discussed in brief and general terms, and therefore the material contained herein should not be regarded as a substitute for appropriate detailed professional advice. Material in this issue generally covers developments up to March 2006, unless otherwise indicated.