



## China Tax Alert

*Trusture Business Service Company Limited*

TBS-CTA-201401

*Shanghai • China*

### **SAT Bulletin [2014] No.3 Notice regarding Tax Deductible Inventory Losses by Commercial Retail Enterprise**

The State Administration of Taxation (the “SAT”) issued Bulletin [2014] No. 3 on 10 January 2014 to specify the issues related to tax deductible inventory losses by commercial retail enterprise. Certain issues addressed by Bulletin 3 are highlighted as follows:

- Normal inventory loss incurred by the commercial retail company due to sporadic theft, scrap, expiration, obsolescence, customer return etc. should be classified and summarized according to corresponding accounting subject, and reported on a group basis and by the form of a list. An analysis report regarding the details of the losses is necessary;
- Abnormal inventory losses incurred by the commercial retail company due to natural disaster, storage or transportation etc. accidents etc. should be followed the flow of special declaration when filing the enterprise income tax; and
- Any single inventory loss in excess of RMB5,000,000 should be followed the flow of special declaration when filing the enterprise income tax.

Bulletin 3 is applicable to the annual enterprise income tax filing of year 2013 and onward.

#### Release Date

30 January 2014

#### Jurisdiction

China

#### Issue / Topic

Enterprise Income Tax

#### Contact Details

##### **Trusture**

Shanghai, China

**T** +86 21 55317698

**E** [info@trusture.com](mailto:info@trusture.com)

**W** [www.trusture.com](http://www.trusture.com)

## About Trusture

"Trusture" is a brand under which we deliver a full range of audit, tax, consulting and financial advisory services to national, multinational and growth enterprise clients in China. Trusture's approach to services begins with an understanding the business of our clients and their potential business risks. We strive to provide foreign investors with reliable, independent professional advice on national and local issues as they establish and expand their business in China. Our China marketplace knowledge enables us to help foreign investors understand the China standards and become more localized and competitive. We also deliver service to the local companies to help them adapt to international standards, get preparation to attract overseas partners and opportunities, being more internationalized. Our service includes financial and tax consultancy, bookkeeping, auditing, tax compliance review, tax filing and transaction service (including due diligence, merger consultancy etc.).

## About this Publication

This material has been prepared by professionals in Trusture. It is intended as a general guide only, and its application to specific situations will depend on the particular circumstances involved. Accordingly, we recommend that readers seek appropriate professional advice regarding any particular problems that they encounter. This information should not be relied upon as a substitute for such advice. While all reasonable attempts have been made to ensure that the information contained herein is accurate, Trusture accepts no responsibility for any errors or omissions it may contain, whether caused by negligence or otherwise, or for any losses, however caused, sustained by any person that relies upon it.

## Contact with Us

For more information or advice on the above subject or analysis of other tax issues, please contact:

Tel: +86 21 55317698

Email: [info@trusture.com](mailto:info@trusture.com)

Website: <http://www.trusture.com>