
China

Local stock exchange

Shanghai stock exchange

<http://www.sse.com.cn/>

Shenzhen stock exchange

<http://www.szse.cn/>

Rules for listed filings

IFRS required or permitted for listed companies?

No. Listed companies are required to use Chinese Accounting Standards (“CAS”) which have substantively converged with IFRS. However, it is not a direct translation of IFRS. Rather, the principles of IFRS are re-written into a format that is easily-understandable to the Chinese reader.

Version of IFRS

China has adopted national accounting standards that are substantially converged with IFRSs.

Are subsidiaries of foreign companies or foreign companies listed on local exchanges subject to different rules?

Not applicable. Currently China stock markets have not opened to foreign companies.

Rules for statutory filings

Is IFRS or IFRS for SMEs required, permitted or prohibited for statutory filings?

IFRS and IFRS for SMEs are prohibited.

Version of IFRS

Not applicable

In addition to local GAAP statutory financial statements, are there any other regulatory financial statement requirements that permit or require the use of IFRS?

No. Before 2008, financial institutions were required to prepare IFRS (as published by the IASB) financial statements in addition to the statutory financial statements prepared under CAS. This requirement was removed in 2008.

IFRS conversion plans

Plans for converging

The China standard setter issued Chinese Accounting Standards in 2006 (effective from January 1, 2007) and, in many ways, these standards are converged with IFRS. The Ministry of Finance has continued to amend CAS so that its principles are in line with IFRS in effect. Note that the China standard setter has not announced any adoption or convergence plans to IFRS for SMEs.

Other useful websites

Ministry of Finance
<http://www.mof.gov.cn/>

China Securities Regulatory Commission
<http://www.csrc.gov.cn/>

Tax information

Type of tax regime

Quasi-dependent: Taxable profit is principally based on the legal entity statutory accounts, with a number of adjustments provided in the tax.

Plans for IFRS converging as the basis of tax reporting

The local tax authorities have not announced any adoption or convergence plans of tax reporting to IFRS or IFRS for SMEs.