



## Registering to China's Cross-Border E-Commerce Platforms

**LEHMANBROWN**  
雷博國際會計  
International Accountants

[www.lehmanbrown.com](http://www.lehmanbrown.com)

This article was prepared by LehmanBrown International Accountants.  
This article is intended for general information purposes only and is not intended to provide, and should not be used in lieu of professional advice. The publisher LehmanBrown assumes no liability for readers' use of the information herein and readers are encouraged to seek professional assistance with regard to specific matters. Any conclusions or opinions are based on the specific facts and circumstances of a particular matter and therefore may not apply in all instances.



## ***Registering to China's Cross-Border E-Commerce Platforms***

A general guide for businesses to set up on WeChat, Taobao, TMall or JD.com

2020 has seen a boom in E-Commerce in China because of new policies and regulations that expand the reach of its [Cross-Border E-Commerce Pilot](#) program to 105 cities and regions.

International businesses focusing on market development can consider introducing their products and services in the Chinese market without the need to invest in establishing an HQ, for they can simply rely on Chinese trade agents or e-commerce platforms. Alternatively, the E-Commerce strategy is a solution for businesses under economic duress, permitting them to maintain their market share in China by continuing to supply their products and services even while closing their offices in China.

Sweetening the deal for many businesses in the retail sector who become part of the E-Commerce Pilot are exemptions from VAT, Consumption Tax, and Enterprise Income Tax. Further, there is a proactive push by China to expand consumption and provide access to developing new regions.

Eventually, once products and services begin generating revenue, businesses should consider establishing their HQs in China in order to optimise production and services and reduce additional fees by supplying the customers directly.

## **Before Entering China's E-Commerce Sector**

China's market and culture are very complex and, therefore, demand a coherent strategy to navigate them successfully. The main causes of failure of non-Chinese businesses are multiple small blunders and/or a lack of oversight in their E-commerce strategy.

The rule of thumb when entering China is for businesses is to carry out thorough [Due Diligence](#) which involves identifying trustworthy Chinese trade agents and mapping out the best way to enter the market while simultaneously protecting the business from unforeseen risks. Often the first steps are to register all trademarks and intellectual properties as China administers a "First to file" instead of a "First to use" system. Consequently, even if a business aims initially to introduce only a single product or service, it is advisable to register all its brands and products to avoid trademark squatting and malicious filings down the line. Thereafter, businesses can take their time to develop a pragmatic E-commerce strategy for each product or service they intend to introduce in China. Plans must take into account their competition in the market, repatriation of revenues, and Chinese content guidelines. Only with proper planning and local awareness can businesses find success in China.

## **E-Commerce Platforms in China**

All major foreign companies operating on Chinese e-commerce platforms have local trade agents who can provide a business with space, dedicated or shared, to promote products and services in the country. Most businesses choose to collaborate with trade agents who have many years of experience promoting a varied number of products and services as well as an established customer base to offer their clients.

Given the differences between the various Chinese e-Commerce platforms, it is crucial for businesses to conduct a product search on each platform to evaluate which would be the best fit for a specific brand and product. Whichever e-commerce platform a business may choose, it is advisable to understand the need for sustained promotion of their brands given the heavy competition.

## WeChat

In China, WeChat is a jack-of-all-trades application whereby users can chat, call, publish articles, share their moments (as on Facebook or Instagram), purchase goods, pay bills and more. The latest trend for international businesses has been to open official accounts, with Sephora being a key example, and sell products directly via the app.

WeChat transactions are quick and the payments in RMB are sent directly to the WeChat Account Balance, from where the profits can be transferred to the bank. The best option for businesses is to register with Tencent for a WeChat Pay account, which they then connect to their official bank account. Businesses can choose the currency they would like to exchange every month and Tencent takes a 1-2% commission for a minimum withdrawal of \$800 USD. Registration for WeChat Pay usually takes two to four months and requires businesses to provide their business licence, financial licence, anti-money laundering agreement, and company information. If working with a trade agent, the time needed is drastically reduced and businesses can set up a WeChat Pay account in 1-2 weeks; while this option has lower cash-out amounts of \$0-\$5000 USD and a better refund capability (within a month), it incurs a 2-3% commission.<sup>1</sup>

Opening an account on WeChat via a trusted trade agent entails the creation of a trademark agreement and payment of fees to the trade agent who opens and maintains the account.

A business intending to register an account themselves should follow these steps: visit the [WeChat Account Platform](#); fill in the forms for a “Service Account”; pay the annual fee of \$99 USD; and register for WeChat Pay. There are two types of accounts with different terms of services and features that can be availed of: a [local account and an overseas account](#). One can open an “overseas account” with a foreign business licence and business owner credentials; it should be noted, however, that businesses will then lack many of the tools for promoting their brand. If opting to create an account for the brand itself, then it is recommended to first set up a business entity in China and then create a local account by submitting the Chinese business licence and trademark registration.

## JD, Taobao, and TMall

The biggest decision for businesses will be to choose the right e-Commerce platform to market their product. JD, Taobao and TMall.

### How Do They Differ From One Another?

**Taobao** and **TMall** are both part of the Alibaba ecosystem; however, they do not compete with each other. Together, the two platforms make up more than 65% of the e-commerce market in China with TMall expanding more aggressively.

---

<sup>1</sup> <https://www.theegg.com/social/china/how-to-setup-wechat-pay-for-foreign-businesses/>

**Taobao** is an online market where almost every kind of product can be found and each product itself is available in a wide range of qualities and prices; overall, the platform focuses increasingly on handmade crafts and bargains. Even though most brands are registered on Taobao, they face heavy competition from similar products that are readily available for a fraction of the price.

**TMall**, on the other hand, is more brand-friendly, granting preferential deals if businesses approach them directly. Most of the products on TMall tend to be quality-based and offer Chinese consumers plenty of international and local top-quality brands ranging from Samsung to Huawei, or Gucci to Hugo Boss; in terms of products available for online sale in China, TMall may be compared to Amazon.

**JD**—or JingDong—is a subsidiary of Tencent that presents an alternative for businesses who would prefer a less hands-on approach for promoting their brand in order to focus on higher sales volumes. Initially, businesses would set up their page on TMall but themselves handle each brand page, whereas JD allowed businesses not only to upload product details but also ship them in bulk to JD, who would deliver on their behalf. Now, while both TMall and JD offer similar services, JD has grown popular as a locus to purchase electrical appliances and high-tech products—with plans to expand this advantage over TMall.

As a general rule, given the increased range of services offered by cross-border E-Commerce platforms, it is advisable to contact various platforms directly to see if they might offer preferential deals for products placed with them.

### **Registering on TMall Global and JD Worldwide**

Businesses outside of China should consider registering for either TMall Global or JD Worldwide accounts as both offer the ability to access the Chinese market without issues related to the logistics of setting up a business in China and warehousing.

The only requirements are a business licence, business owner's details, a USD bank account, and international trademark registration information. In addition, to avoid any trademark squatting problems, it is strongly recommended that every business marketing its products in China also register their trademark/s in China even when it is not a requirement.<sup>2</sup>

In terms of fees, businesses should expect to pay a security deposit and an annual fee for their accounts. Security deposits for business accounts cost \$25,000 USD with TMall and \$15,000 USD with JD, while the amount of the annual fee for maintaining the accounts depends on the products are being sold; on average, annual fees tend to range between \$1,000 and \$10,000 USD.<sup>3</sup>

Once the registration has been completed and the account information reviewed, the account usually takes between 1 to 2 months, or longer depending on any issues or concerns, to become functional. These accounts are advantageous for businesses to introduce their products in the Chinese market to gauge the consumers' reaction and access the lucrative Chinese market remotely. However, the

---

<sup>2</sup> <https://www.marketingtochina.com/complete-guide-to-tmall-global-the-leading-chinese-cross-border-e-commerce-platform/#:~:text=Tmall%20Global%20is%20a%20dominant,from%2077%20countries%20and%20regions.>

<sup>3</sup> <https://www.marketingtochina.com/full-guide-to-selling-on-jd-jd-worldwide-cross-border-e-commerce/>

business's control over online promotion, logistics and customer service will be minimal. For businesses that place a premium on protecting their brand image, careful consideration should be given to the options of either working closely with a reputable trade agent or potentially setting up a business entity in China.

For those curious about Taobao cross-border e-commerce accounts, it should be noted that this specific platform does not offer the service. Like TMall, Taobao is part of Alibaba, however do not compete in the same market segments, and only provides their e-commerce platform and services exclusively to companies registered in China.

## Logistical Infrastructures

The logistical route will depend on the platform that the company has registered with, the city where products are stored, and if the product is part of the "positive list". Each of these factors mentioned will affect the final price the customers in China will have to pay and primarily affect the margins for the foreign companies.

The platform of choice is servicing the cities listed in the Cross-Border E-Commerce Pilot Program allows for the foreign companies to benefit from the bonded warehouses. Bonded warehouses are spaces under China customs supervision where goods can be placed without covering the duty payments beforehand. Once the product has been purchased on the e-commerce platform in China, the products can be processed and released to the customer and have the customer take care of the duty and VAT payments. If the products are part of the "positive list", then the registration and customs clearance will be more expedite.<sup>4</sup>

JD Worldwide, as mentioned previously, has the added benefit of using their network of bonded warehouses, allowing companies to send their products in bulk and having them ready to ship to customers in China. Foreign companies thus would have to worry about shipping their goods to China and let JD.com take care of logistics in China.

It is important to note that both JD and TMall will assist with the delivering of the products from the warehouse in China to the customer's desired address.

Lastly, the foreign company can register their business in China, establish their brand on the Chinese version of the E-Commerce platforms, and establish their own bonded warehousing network, all the while also establishing if their product is part of the "Positive List", gaining full control of over the logistics of their products. Alternatively, foreign companies can enlist the services and warehouses of their Trade Agent, worrying only about supplying the goods.

As one can see, there is more than one logistical option for foreign companies to benefit from the Cross-Border E-Commerce Pilot Program, and the solutions are ideal for any size company wanting to enter the Chinese market or expand further.

---

<sup>4</sup> [https://medium.com/@tmo\\_group/china-bonded-warehousing-and-cross-border-ecommerce-tax-reform-b20bbff703f7](https://medium.com/@tmo_group/china-bonded-warehousing-and-cross-border-ecommerce-tax-reform-b20bbff703f7)

## **Registering via Trade Agent**

An overseas business seeking greater control and access to the Chinese market without establishing a business entity in China can opt to work with a trade agent or partner. The trade agent would assist in opening the account on the platform of choice and ensure delivery of the product to customers.

Trade agents need to be selected carefully, and while they don't necessarily need to be in the E-commerce sector, a thorough background check should be conducted to avoid risk. Once the necessary background checks have been undertaken, the trade agent will need to be authorized to act as the overseas business's agent to market its product/s in China. Other agreements will also need to be made for the declaration of entry of good, warehousing, E-commerce platform services, delivering parcels, taxation and other regulations specific to the region, city, and local government relevant to the location of the agent and his or her business activities.

Typically the documentation that will be needed for during this process includes an agency agreement, agent's customs declaration registration certificate of import and export, agreement with the Chinese e-commerce platform, ICP license of the affiliated platform, and goods information as well as other documents required by the local government.

Overall, the entire process usually takes between two to six months; however, the time needed differs significantly for different regions and cities, all of which have various processing times for their required documentation. In general, working with a trade agent will greatly expand the entry of a product in the Chinese market and give more control to the business to promote the brand and offer better customer services.

## **Registering a Business in China**

Businesses that seek to retain complete control over their brand and products in China would need to establish an HQ, hire local staff, register their trademarks and create logistical routes. The entire process of setting up a business in China can take several months, but it retains maximum control over one's brand and products, while also allowing for better customer service and disintermediation from trade agents generating larger returns.

Once a business has been established, it would then also need to register with Taobao, TMall or JD with its Chinese business licence, a Chinese bank account (connected to a WeChat and/or Alipay account), the Chinese trademark registration, and other documentation depending on its region/s of operation and product/s offered. Registration as a business entity in China generally takes less than two months and offers access to promotional tools that are available solely to Chinese businesses promoting products on those platforms.

## **How Can We Help?**

There are plenty of options for businesses around the world that choose to enter the profitable Chinese market; however, our recommendation is for businesses to evaluate their options and take all necessary precautions. LehmanBrown can support and guide your business through every step of the way, from conducting due diligence and selecting trade agents to take care of repatriation of funds from China to the country of preference.

If you are unsure and would like to find out more, please contact us at [enquiries@lehmanbrown.com](mailto:enquiries@lehmanbrown.com)





## About Us

LehmanBrown is a licensed China-focused accounting, taxation and business advisory firm, operating dedicated offices in Beijing, Tianjin, Shanghai, Shenzhen, Guangzhou, Hong Kong and Macau, and with an extensive affiliate network throughout China and in over 100 countries worldwide.

LehmanBrown combines years of international expertise with practical China experience and knowledge, offering expert advice and support to both local and international clients. We are committed to providing individually tailored financial and business solutions for each of our clients, recognizing that each client is different. Through offering “whole of life” services, LehmanBrown offers clients assistance throughout every step of their business life cycle, from pre-conception to afterlife. LehmanBrown is registered with the PCAOB in the US and is able to conduct SEC work, as well as being accredited by accounting bodies in the UK and Australia.

## 关于我们

雷博国际会计是一家具有专业资质，主要从事有关中国范围内会计、税务和财务咨询服务公司。雷博在北京、天津、上海、深圳、广州、香港和澳门设有专门办事机构，并且在全国范围和世界超过 100 个国家建立了广泛的联合专业服务网络。

综合多年的国际经验以及对中国市场的深刻理解和洞察，我们致力于为本地及国际客户提供高质量的专业服务和支持。我们了解每位客户都是独一无二的，承诺为每一位客户量身打造适合自身的财务和商业解决方案。从前期策划到市场退出，雷博通过提供“全生命周期”服务，为客户在不同商业生命周期的每一个阶段提供协助。雷博在美国公众公司会计监督委员会（PCAOB）已注册，有资质开展美国证监会（SEC）相关工作，同时在英国和澳大利亚也得到会计方面的专业认证。

## Professional Services

### Audit & Assurance External Audit

[China Statutory Audit](#)

US GAAP Audit

IFRS Audit

Hong Kong Statutory Audit

### [Internal Audit](#)

Fraud Investigation

Forensic Accounting

### [Special Purpose Audit](#)

Foreign Currency Audit

Royalty Audit

Capital Verification Audit

### Valuation Services

#### [Corporate Valuation](#)

Damage Assessment Valuation Intellectual

Property Valuation Asset Valuation

Special Purposes Valuation

### Corporate Finance

Debt Restructuring

Acquisition, Disposal & Financing

### Mergers & Acquisitions

Transaction Advisory

M&A Divesture

M&A Integration

Financial Due Diligence

## Business Services

### Company Registration & Maintenance

Cash Flow Management

Chop Custodian Services

Market Entry Advisory

Updating Company Certificates

Annual Inspection & Reporting

Company Secretarial Services

Company Ownership Transferring/Corporate

Restructuring Background/Credit Checking

Company Deregistration & Bankruptcy

### HR Support Services

China Visa Services for Expatriates

Social Welfare Structures

## Outsourcing Services

### Accounting & Bookkeeping

Budgeting & Forecasting Financial Statement

Preparation Head Office Reporting

### Financial Management

Interim Financial Management Finance

Manager Function

CFO Function

### Treasury Management

Set-up of Bank Account

### Payroll Services

Payroll Processing Setup

Expatriate Employees

Local Employees

Secondment & Temping Service

## Taxation Services

### Individual Tax Planning (IIT)

Tax Immigration & Investment Review

US & Overseas Personal Income Tax Planning  
& Filing IIT Tax Payment Facilitation

Application for Individual Income Tax Refund

Expatriate Staff Individual Income Tax Staff

Filing Local Staff Individual Income Tax

### Company Taxation (CIT)

#### [Tax Consulting](#)

Corporate Tax Planning

Business Restructuring

Value Chain Review

Onshore / Offshore Investment

Transfer Pricing

#### [Tax Compliance](#)

Tax Due Diligence

Tax Deregistration

Negotiation of Tax Penalties

Tax Refund Application

Tax Representatives for Tax Audit

VAT & Customs Duty Clearance

PRC Tax Receipt Verification

VAT Application

VAT & Sales Tax Filing

Corporate Income Tax Reporting

## Specialist Accounting & Risk Management

### Internal Controls

Systems

Risk Management

Sarbanes - Oxley (SOX 404)

### GAAP, SEC & IFRS Compliance

#### [US GAAP](#)

US GAAP Financial Statement Preparation

US GAAP Conversion

#### [Other GAAP](#)

GAAP Conversion

Public Company Compliance

Financial Statement Preparation

#### [IFRS](#)

IFRS Accounting Repackaging

IFRS Financial Statement Preparation

IFRS Public Company Compliance

#### [SEC](#)

SEC Public Company Compliance

## Legal Services

### Legal Advisory

#### [Labour Legal Advisory](#)

Workforce Downsizing Advisory

Labour Tribunal Assistance & Advisory

Labour Law Review & Audits

Review & Preparation of Employment Contracts

#### [Corporate Legal Advisory](#)

Legal Due Diligence

Corporate Restructuring Advisory

Review & Preparation of Articles of Association (AoA)

Review & Preparation of JV Contracts

Review & Preparation of Repatriation Agreements

#### [Other Legal Services](#)

Dispute Mediation & Advisory

Trademark & Intellectual Property Advisory

Debt Collection Assistance

Litigation Support



# LEHMANBROWN

雷博國際會計  
International Accountants



## Contact Us 联系我们

For further information about how we can add value and support your individual or business needs, please contact us.  
如需为个人或企业获取更多的增值服务及业务协助信息，请与我们联系。

### Beijing 北京

6/F, Dongwai Diplomatic Building, 23 Dongzhimenwai Dajie,  
Beijing 100600, China  
中国北京市朝阳区东直门外大街 23 号东外外交办公大楼 602  
Tel: + 86 10 8532 1720  
Fax: + 86 10 8532 2746  
Email: [beijing@lehmanbrown.com](mailto:beijing@lehmanbrown.com)

### Shanghai 上海

Room 1501 & 1504, Wan Tai International Building, No. 480  
North Urumqi Road, Shanghai 200040, China  
中国上海市静安区乌鲁木齐北路（华山路）480 号万泰国际大厦 1501 & 1504  
Tel: + 86 21 6249 0055  
Fax: + 86 21 6288 1636  
Email: [shanghai@lehmanbrown.com](mailto:shanghai@lehmanbrown.com)

### Guangzhou 广州

Room 3317, China Shine Plaza, 9 Lin He Xi Road, Guangzhou  
510610, China  
中国广州市林和西路 9 号耀中广场 3317 室  
Tel: + 86 20 2205 7883  
Fax: + 86 20 2205 7880  
Email: [guangzhou@lehmanbrown.com](mailto:guangzhou@lehmanbrown.com)

### Shenzhen 深圳

Room 3206, News Building 2, Shennan Middle Road, Shenzhen  
518027, China  
中国深圳市深南中路 2 号新闻大厦 3206  
Tel: + 86 755 8209 1244  
Fax: + 86 755 8209 0672  
Email: [shenzhen@lehmanbrown.com](mailto:shenzhen@lehmanbrown.com)

### Tianjin 天津

Unit 2901-04, The Exchange Tower 2 189 Nanjing Road, Heping  
District Tianjin 300051, China  
中国天津市和平区南京路 189 号津汇广场 2 座 2901-04 室  
Tel: + 86 22 2318 5056  
Fax: + 86 22 2318 5001  
Email: [tianjin@lehmanbrown.com](mailto:tianjin@lehmanbrown.com)

### Hong Kong 香港

Suite 03, 16/F, Sino Plaza, 255-257 Gloucester Road, Causeway  
Bay, Hong Kong, China  
中国香港铜锣湾告士打道 255-257 號信和廣場 16 樓 03 室  
Tel: + 852 2426 6426  
Fax: + 852 2426 6427  
Email: [hongkong@lehmanbrown.com](mailto:hongkong@lehmanbrown.com)

### Macau 澳门

Level 20, AIA Tower, Nos 251A-301 Avenida Comercial De Macau,  
China  
中国澳门商业大馬路 251A-301 號友邦廣場 20 樓  
Tel: + 853 8294 2434  
Fax: + 853 8294 2399  
Email: [macau@lehmanbrown.com](mailto:macau@lehmanbrown.com)



[www.lehmanbrown.com](http://www.lehmanbrown.com)