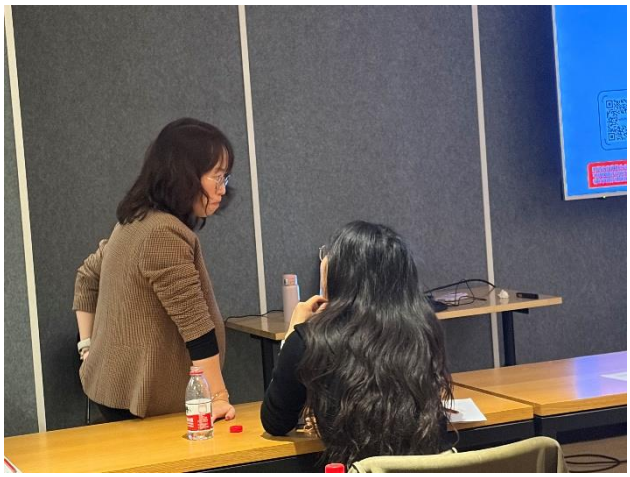
Seminar recap | Innovative drugs going global: Tax challenges in licensing and supply chains

13 Nov. 2026

On 13 November 2026, the thematic seminar on "*Innovative drugs going global — tax challenges in licensing and supply chains*", hosted by WTS China and Wolters Kluwer, was successfully held in Shanghai. The session focused on the tax issues arising from cross-border licensing as Chinese innovative drug companies expand into international markets, and on how companies introducing overseas products and technologies can establish cross-border payments and supply chains properly in place at the contracting stage.

The topic is timely: biopharmaceuticals have been positioned as a national emerging pillar industry, and cross-border licensing has become a key path to global markets, with the potential value of China's license-out deals rising from USD 51.9 billion in 2024 to USD 135.7 billion in 2025. Such deals typically involve licensed rights, division of R&D, milestone payments and supply chains, raising complex and often contested tax questions.







The seminar featured Ened Du, Partner at WTS China, as keynote speaker. Drawing on typical transaction scenarios, the session addressed:

- How pharma collaboration models are changing, from license-in/license-out and NewCo structures to alliances, joint ventures and platform technology licensing;
- License-out: classifying upfront payments, milestones and royalties for VAT, corporate income tax and stamp duty purposes;
- License-in: cross-border withholding, treaty benefits and the beneficial-owner test, and the interplay between royalties, transfer pricing and customs valuation;
- After the deal: laying out R&D, manufacturing, IP ownership, procurement and sales entities, with transfer pricing and customs designed in sync;
- From disputes to deal design: building a consistent, explainable transaction chain across contracts, processes, payments and documentation.

The discussion centred on five recurring tax controversies — characterization of consideration, timing of recognition, cross-border withholding, scope of tax incentives, and value attribution in NewCo arrangements — each linked back to deal design.

The success of the event owes much to the support of Wolters Kluwer and the active participation of all attendees.

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