

Value-added Tax Flash

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Indirect tax reform in China

Global Indirect Taxes

Revision of the China indirect tax system remains on the radar of the Chinese Government. As reported in the [April 2011 Value-added Tax News Alert](#), any upcoming reform will likely call for a merger of the VAT and Business Tax ("BT") systems. Prior to any nation-wide reform, a local pilot reform program by industry will likely be implemented. At this point, Shanghai has volunteered to be the test locale for indirect tax reform. However, various questions remain, including but not limited to:

- Whether input credits would be limited to Shanghai taxpayers only;
- How would entities with branches in Shanghai be impacted?;
- Would there be a uniform rate or would different rates apply to types of taxpayers or services?;
- Could business systems manage a pilot program in one jurisdiction?; and
- Potential cash flow issues.

Details of the final program are not yet available. For additional information regarding indirect tax reform in China, please see '[News Flash: China Tax and Business Advisory](#).'

Global VAT Online Service

Many of the developments above are described in more detail on Global VAT Online (referred by many as "GVO") -- PwC's online subscription service which provides up-to-date business critical information on VAT/GST rates, rules and requirements around the world. This information will help you maintain control, mitigate risk, and improve the overall effectiveness of your VAT/GST function. For further information, please speak to your usual PwC advisor or a member of the U.S. VAT Team above.

PwC has a global network of 1,900 indirect tax professionals in 130 countries worldwide, including a dedicated VAT team located in the U.S. who is available to provide real-time VAT advice. This News Alert does not provide a comprehensive or complete statement of the taxation law of the countries concerned. It is intended only to highlight general issues, which may be of interest to our clients. For issues relating to this News Alert, please contact your local Indirect Tax Practice advisor or the specialists listed at the end of this article.

For more information, please do not hesitate to contact your U.S. VAT Team:

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