
China's SAT issues new measures for special tax investigation adjustments and mutual agreement procedures

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In brief

On March 17, 2017, the State Administration of Taxation (SAT) issued the Public Notice of the State Administration of Taxation Regarding the Release of the “Administrative Measures for Special Tax Investigation Adjustments and Mutual Agreement Procedures” (SAT Public Notice [2017] No.6, hereinafter referred to as the “Public Notice 6”). Public Notice 6 provides rules on risk management, investigations and adjustments, administrative review and mutual agreement procedures regarding special tax adjustments, and other relevant issues.

Public Notice 6 becomes effective from May 1, 2017. It supersedes the relevant provisions in Implementation Measures of Special Tax Adjustments (Trial Version) (Guo Shui Fa [2009] No.2, hereinafter referred to as “Circular 2”) and certain other regulations.

Public Notice 6 highlights the tax authorities' emphasis on strengthening the monitoring of enterprises' profit levels, and improving enterprises' compliance with the tax laws through special tax adjustment monitoring and administration as well as special tax investigation adjustments. It provides procedures for special tax investigation adjustments, which include:

- Enterprises of special focus and establishment of an investigation;
- Investigation process;
- Information submission and burden of proof;
- Conclusion of the case and collection of tax payments; and
- International relief process, i.e., mutual agreement procedures.

In addition, Public Notice 6 provides relevant rules on self-adjustments by taxpayers, and specifies the methods and the implementation rules in relation to special tax investigation adjustments including:

- Transfer pricing methods;
- Transfer pricing administration on equity transfer;

- Transfer pricing administration on intangibles;
- Transfer pricing administration on service transactions; and
- Special tax adjustment methods for certain special transactions or issues, namely toll processing, concealed related-party transactions and offset of related party transactions.

Public Notice 6 reinforces the transfer pricing administration on intercompany intangibles and services transactions, and provides certain methods and principles for investigations and adjustments. Taxpayers are advised to review and adjust, if necessary, their transfer pricing policies for such transactions to achieve compliance with the new rules.

The SAT has released a series of new regulations as part of the revision to Circular 2, including Public Notice on Matters Regarding Refining the Filing of Related Party Transactions and Administration of Contemporaneous Transfer Pricing Documentation (SAT Public Notice [2016] No. 42, hereinafter referred to as “Public Notice 42”); Administrative Measures on the General Anti-Avoidance Rule (GAAR) (Trial) (Order of the State Administration of Taxation [2014] No. 32, hereinafter referred to as “SAT Order 32”); and Public Notice on Matters Regarding Refining the Administration of Advance Pricing Arrangements (SAT Public Notice [2016] No. 64, hereinafter referred to as “Public Notice 64”). The release of Public Notice 6 indicates that the revisions to Circular 2 are coming to an end. These regulations together form the basis for the three pillars of the SAT’s anti-tax avoidance work in administration (Public Notice 42), investigation (Public Notice 6 and SAT Order 32) and service (Public Notice 64).

In addition to enhancing regulation for anti-tax avoidance, the Chinese tax authorities also are establishing and expanding the joint investigation and review process, as well as identifying internal reviewers at all levels for anti-tax avoidance cases to enhance consistency of anti-tax avoidance investigations across the country. It is expected that the Chinese tax authorities will further strengthen anti-avoidance administration and investigations, and move forward on cases involving mutual agreement procedures. Taxpayers are advised to proactively address their transfer pricing and other international tax risks.

In detail

Background

On September 17, 2015, the SAT released a discussion draft of Implementation Measures of Special Tax Adjustment (hereinafter referred to as the “Discussion Draft¹”). The Discussion Draft was intended to revamp Circular 2 and was released for public consultation until October 16, 2015.

After considering feedback from the public and other government institutions on the Discussion Draft, and as part of its effort to implement the outcome of the Base Erosion and Profit Shifting (BEPS) Action Plans,² the SAT issued a number of circulars to review Circular 2, including Public Notice 42,³ Public Notice 64,⁴ and Public Notice 6 in 2016 and 2017.

On March 17, 2017, the SAT released Public Notice 6, the latest instalment to revise Circular 2. Public Notice 6 becomes effective from May 1, 2017 and supersedes the following existing rules:

- Chapter 4 (transfer pricing methods), Chapter 5 (transfer pricing investigations and adjustments), Chapter 11 (corresponding adjustments and international consultation), and Chapter 12 (legal obligations) of Circular 2;
- Notice Issued by the State Administration of Taxation Regarding Enhancing Follow-up Administration on Transfer Pricing Adjustments (Guo Shui Han [2009] 188, hereinafter referred to as “Circular 188”);

- Notice Issued by the State Administration of Taxation to Strengthen the Supervision and Investigation of Cross-border Related Party Transactions (Guo Shui Han [2009] 363, hereinafter referred to as “Circular 363”);
- Public Notice Issued by the State Administration of Taxation Regarding Certain Matters for the Supervision and Administration on Special Tax Adjustment (SAT Public Notice [2014] No. 54, hereinafter referred to as the “Public Notice 54”), and
- Public Notice Issued by the State Administration of Taxation Regarding the CIT Treatment for Payments to Overseas Related Parties (SAT Public Notice [2015] No. 16, hereinafter referred to as the “Public Notice 16”).

In China, special tax investigations and adjustments include transfer pricing. Therefore, Public Notice 6 covers the areas of transfer pricing audit target selection, setting up and closing of audits, transfer pricing adjustment methods, and certain special transfer pricing issues as those related to intangibles and services, as well as mutual agreement procedures for transfer pricing adjustments. A detailed discussion follows.

Strengthen the monitoring of multinationals' profit levels

In recent years, SAT has released multiple notices requiring Chinese tax authorities to strengthen the monitoring of multinationals' profit levels. Public Notice 6 further calls for tax authorities to strengthen the monitoring of enterprises' profit levels, and improve enterprises' compliance with the tax laws through special tax adjustment monitoring, investigations, and adjustments. This is consistent with the recent trend of risk-based tax audits.

Observation: Public Notice 6 does not provide specific guidelines to tax authorities on how to monitor enterprises' profit levels, in contrast to the Discussion Draft. Nevertheless, we believe the proposed provisions in the Discussion Draft are still relevant to taxpayers regarding Chinese tax authorities' positions. These include the requirements on tax authorities to develop a mechanism to assess by rating the risk arising from related-party transactions, launch special tax investigations on enterprises with high risks and low tax compliance status, and continue to monitor the enterprises that have been subject to special tax adjustments.

Encourage enterprises to conduct risk assessment and self-adjustments

Public Notice 6 consolidates previous regulations on taxpayers' self-

adjustments on transfer pricing and provides that:

- Enterprises can conduct self-adjustments by completing the “Special Tax Adjustments Self-Payment Form”;
- Tax authorities retain the right to launch special tax investigation adjustments on taxpayers that have made self-adjustments but the self-adjustments are deemed inappropriate;
- If an enterprise seeks the tax authority's confirmation of its tax position on such special tax adjustment items as the pricing principle and method adopted for related-party transactions, the tax authority shall initiate a special tax investigation;
- Self-adjustments made on transactions on or after January 1, 2008 shall be subject to interest levy.

Observation: As a self-adjustment is a voluntary adjustment, the taxpayer making a self-adjustment may not be eligible to seek relief through mutual agreement procedures from double taxation resulting from such a self-adjustment.

Refine the special tax investigation process and standards

Additional types of transactions as special tax investigation targets

Public Notice 6 lists nine types of enterprises as potential audit targets, which fall in the areas of (1) transfer pricing (five types), (2) cost sharing arrangement (one type), (3) thin capitalization (one type), (4) controlled foreign corporations (one type), and (5) others (one type). Special tax adjustments covered by Public Notice 6 — together with the general anti-tax avoidance

adjustments, and beneficial owner and limitation on benefits clauses under the tax treaty covered by SAT Order 32⁵ — form a complete set of regulations on anti-tax avoidance administration and adjustments.

Compared with Circular 2, Public Notice 6 has expanded the types of enterprises for potential audits to include enterprises with cost sharing arrangements whose costs and benefits do not match, controlled foreign corporations dealing with related parties in low-tax jurisdictions, and enterprises with thin capitalization issues. In addition, Public Notice 6 uses “enterprises who implement other tax planning or arrangements without reasonable commercial purposes” to replace the item “other enterprises obviously violating the arm's length principle.” Such a change echoes the general anti-tax avoidance target as defined in SAT Order 32, i.e., “tax avoidance scheme that is intended to obtain a tax benefit and without reasonable commercial purpose.” In terms of coordination, Article 6 of SAT Order 32 provides that for arrangements covered by special tax adjustment, special tax adjustment provisions shall prevail. If such provisions are not applicable, then general anti-tax avoidance measures shall be applied.

Consistent with the principle of “non bis in idem,” Public Notice 6 provides that enterprises that have upon tax authorities' approval submitted the letter of intent to apply for an advance pricing arrangement (APA) or an application to renew an APA, and have applied for the APA to be rolled back to prior years, may temporarily not be subject to special tax investigation.

Standardizing special tax investigation process and documentation to strengthen rules of evidence

Public Notice 6 strengthens the process of the special tax investigation

and specifies the use of relevant documentation. Taking into account the issue of tax jurisdiction and cross-border law enforcement, Public Notice 6 provides that tax authorities may delegate the enterprise's domestic related parties or domestic enterprises relevant to the investigation to deliver the notice if a notice needs to be delivered to an overseas enterprise.

Public Notice 6 also lists the process to be followed by the tax authorities when collecting evidence through such means as electronic data, questioning, or on-site investigation. Meanwhile, Public Notice 6 specifies the taxpayer's legal responsibility⁶ and consequence for failing to provide relevant information or providing false or incomplete information, and enables the tax authorities to use deemed methods to make adjustments on the taxable income of the enterprises under investigation.

Enhancing the requirements for comparability analysis and transfer pricing methods

Public Notice 6 provides further details on the factors that should be considered in comparability analysis, including:

- Considerations on assets employed (e.g., tangible assets, intangibles, and financial assets) are added as part of the functional analysis;
- Analysis of contractual terms shall focus on the enterprise's ability and actual conduct in implementing the contract, and the reliability of contractual terms; and
- Economic analysis shall consider location-specific factors such as cost savings and market premium.

These provisions to a large extent reflect the outcome of the BEPS Action Plans, as well as China's own anti-avoidance development and practice.

Considering the practical need for analyzing related party equity transfers and certain related-party transactions involving intangibles, Public Notice 6 provides the cost approach, the market approach, and the income approach to valuation as the other methods, in addition to the five specified transfer pricing methods under Circular 2. In practice, these methods have been applied by the tax authorities in recent years.

Observation: Public Notice 6 does not adopt the "value contribution attribution method" proposed in the Discussion Draft. This proposed method has sparked heated discussion by the public. However, certain principles under the "value contribution attribution method" have been incorporated in the "general profit split method" under the profit split method. More specifically, Public Notice 6 provides that "when it is difficult to obtain comparable transaction information but the consolidated profit can be reasonably determined, factors relevant to value contribution such as the income, cost, expenses, assets and headcount can be taken into consideration according to the actual situations to analyses the contribution of each party engaged in the related party transactions to the value, to allocate the profits among the parties."

Public Notice 6 also specifies the "miscellaneous provision" for other transfer pricing methods that are compliant with the arm's-length principle to be "other methods that reflect the basic principle that profit attribution is in line with economic substance and value creation."

Observation: It remains to be seen whether the Chinese tax authorities will apply the general profit split method more often, or how they will apply the miscellaneous provision in transfer pricing audits.

Special tax adjustment methods

Public Notice 6 specifies the measures and methods that can be applied by the tax authorities during special tax investigations and provides that:

- Tax authorities may according to the actual situations adopt the "Simple Average Method," "Weighted Average Method," "Interquartile Method" or other statistical methods in calculating the average or the interquartile range of comparables' profits or prices, and the calculation may be on a year-by-year or a multiple-year average basis;
- Tax authorities shall conduct adjustments on the related-party transactions of the enterprise under investigation on a year-by-year basis, rather than on a multiple-year basis;
- The value of supplied materials in toll processing activities shall be considered in calculating the profit levels, and working capital adjustments can be made to a limited extent;
- According to Public Notice 6, "except for toll processing, tax authorities shall not make adjustments to the difference in profit resulting from the different levels of working capital employed." This differs from the provision in Circular 2 that "tax authorities shall not, in principle, make adjustments to the difference in operating profit resulting from the different levels of working capital employed by the enterprise under investigation and comparable enterprises. If such adjustments are necessary, approval of the State Administration of Taxation is required through a reporting

process.” By further limiting their use by Public Notice 6, working capital adjustments are essentially disallowed under most circumstances;

- For comparable companies under different economic environments, analysis of location-specific factors and their special contribution to profit should be conducted;
- It is re-emphasized that an enterprise with simple functions shall maintain a reasonable level of profit and shall prepare contemporaneous documentation if it incurs losses from cross-border related-party transactions;
- Tax authorities may make special tax adjustments by deeming the taxable income of concealed transactions or disregarding offset transactions.

Transfer pricing administration of intangibles transactions

Public Notice 6 provides rules on transfer pricing of intangibles, filling the void in Circular 2, and reinforces the general principle that “allocation of income generated by intangibles shall be commensurate with the commercial activities and contribution to value creation.”

To allocate the income generated by intangibles, the enterprise is required under Public Notice 6 to perform an analysis of value contributed by parties performing the functions of development, enhancement, maintenance, protection, exploitation, and promotion (DEMPEP) of the intangibles. Compared with the development, enhancement, maintenance, protection, and exploitation or DEMPE functions of intangibles in the OECD transfer pricing guidelines, Public Notice 6 includes “promotion” as an important function. In addition, under Public

Notice 6, a related party that only provides funding for the creation and exploitation of intangibles, but does not actually undertake relevant functions and assume relevant risks, shall be entitled to only a reasonable return on the funding cost.

Public Notice 6 introduces an important principle in relation to intangibles, providing that “tax authorities may make special tax adjustments on royalties that are not commensurate with the economic benefit and result in a reduction in the taxable gross income or taxable income of enterprises or their related parties.” Enterprises that have low profits or are even in a loss position while paying a royalty may face a heavy burden of proof to demonstrate the alignment between the royalty payment and its economic benefits, or the deduction of the royalty payment may be disallowed.

Public Notice 6 also specifies that royalties paid or received between enterprises and their related parties for the right to use intangibles shall be adjusted in a timely manner, and provides guidance on the royalty adjustment mechanism. Tax authorities may make special tax adjustments on royalties that are not adjusted in a timely manner.

Similar to the positions in Public Notice 167, Public Notice 6 specifies two circumstances under which royalty expenses are not deductible. These include: (1) the enterprise pays royalties to an overseas related party which only owns the legal rights of the intangible asset but has no contribution to its value creation, and (2) the enterprise pays royalties to a related party for incidental benefits arising from financing or public listing activities.

Observation: For Chinese tax authorities, the provisions in Public Notice 6 are specific and easy to follow. For multinationals, however,

they bring challenges and create uncertainty to managing their transfer pricing of intangibles.

Transfer pricing administration of related-party service transactions

Public Notice 6 provides further requirements relevant to related-party service transactions based on the previous regulations in Public Notice 16, and specifies six types of non-beneficial services including:

- Duplicative services;
- Shareholder activities;
- Services that benefit solely from being part of the group;
- Services that have already been compensated;
- Services that are unrelated to the functions undertaken and risks assumed by service recipients, or related-party services that are not required in the operations of the service recipients; and
- Other related-party services that do not provide economic benefits, or that an unrelated party would not have been willing to pay for or to perform itself.

Public Notice 6 emphasizes that related-party service transactions shall comply with the arm’s-length principle, requiring that (1) the related-party services should be beneficial to the service recipient; and (2) the service fee paid or received should be arm’s-length. Where an enterprise pays the service fee to its related parties for services that are not beneficial, tax authorities may make a special tax adjustment by disallowing the deduction of the service fee. This principle and adjustment method is generally in line with that in Public Notice 16.

Observation: The non-beneficial services defined in Public Notice 6

include “finance, tax, human resources and legal services carried out for the decision-making, monitoring, control and compliance purposes of the group.” This differs from the definition in the OECD transfer pricing guidelines as well as in the outcome of BEPS Action Plans (such as those on low value adding intra-group services). While it is common for multinationals to charge expenses in relation to finance, tax, human resources, and legal activities to their Chinese subsidiaries as a part of the intra-group service fee, such charges already have received close scrutiny and often been adjusted during audits by the Chinese tax authorities.

Procedures for closing special tax investigation adjustment cases

Public Notice 6 provides detailed procedures for closing special tax investigation cases. Compared with Circular 2, the main changes include:

- For an enterprise that makes a self-adjustment or pays taxes before receiving the “Special Tax Investigation Adjustment Notice,” it may pay taxes itself by filling in and submitting “Special Tax Investigation Adjustment Self-Payment Form;”
- For an enterprise that does not settle the underpaid tax within the prescribed period, a late payment surcharge (calculated as 0.05% of the underpayment amount on a daily basis) shall be calculated from the day following the last day of the aforementioned prescribed period. No interest shall be levied for the late payment surcharge period;
- Where an enterprise applies for a change of business address or applies for tax de-registration during a special tax investigation

and adjustment period, tax authorities, in principle, shall not perform the relevant changes and de-registration procedures before the case is closed; and

- Public Notice 6 provides domestic relief procedures for special tax adjustments, including application for administrative review and filing an administrative lawsuit, in accordance with the relevant domestic laws and regulations. It also specifies who should be the respondents of the administrative review.

As the authorization of approval regarding the launch and conclusion of the special tax adjustment cases lies in different levels of tax authorities, the “Special Tax Investigation Adjustment Notice” issued by a lower-level tax authority may have been reviewed and approved by the provincial tax authorities or even the SAT. It should be determined on a case-by-case basis whether the SAT or a lower-level tax authority shall be taken as the respondent of an administrative review.

Secondary adjustment not covered

Chapter 5 of the Discussion Draft explicitly mentioned the issue of “corresponding accounting adjustments” (also referred to as the “secondary adjustment” in practice). According to the Discussion Draft, an enterprise must make corresponding accounting adjustments after it settles tax payments resulted from a special tax adjustment. If an enterprise does not make corresponding accounting adjustment, the increased taxable income after adjustment shall be deemed as profits distributed to its investors and subject to withholding income tax.

The in-charge tax authorities may demand the enterprise to remit the increased taxable income within the

specified period. If the increased taxable income is not remitted within a specified period, the enterprise shall be deemed to have not made corresponding accounting adjustments.

Observation: The proposed regulation on secondary adjustments in the Discussion Draft caused heated discussion in the public. The fact Public Notice 6 does not include regulations on secondary adjustments suggests this may remain an unsettled area.

Clarify the mutual agreement procedures of special tax adjustments

In general, mutual agreement procedures may be initiated under the following three circumstances: (1) when taxpayers are subject to special tax adjustments and therefore Public Notice 6 applies; (2) when taxpayers apply for APAs and therefore Public Notice 64 applies; and (3) when taxpayers under other tax treaty-related circumstances need to launch mutual agreement procedures, and therefore tax circular SAT Public Notice [2013] No. 56 (Public Notice 56”) shall apply. Mutual agreement procedures can be launched by (1) application by a Chinese resident; (2) request from a competent authority of the other contracting state; and (3) the SAT’s request to a competent tax authority of the other contracting state.

Public Notice 6 applies to negotiation on corresponding adjustments with the other contracting state relating to special tax adjustments made in China or in the other contracting state. If the negotiation is relating to special tax adjustments made in China, the application for mutual application procedures can be initiated either by the Chinese taxpayer subject to the adjustments, or by the competent authority of the overseas related party

affected by China's special tax adjustments.

Public Notice 6 provides a detailed timeline and conditions for each step in the process of a mutual agreement procedure, including the applicant and application, acceptance or rejection of an application, submission of information, initiation, suspension and termination of the procedures, and the implementation of the mutual agreement.

According to Public Notice 6, a Chinese taxpayer cannot initiate mutual agreement procedures before paying all additional tax as determined by the special tax investigation. According to Article 51, where the special tax adjustment case is not concluded or the enterprise has not yet paid the tax after the conclusion of the case, the SAT "can decline the application filed by an enterprise or the request from the competent tax authority of the other contracting state for mutual agreement procedure." Although this article indicates that the SAT "can" decline an application, declining possibly may be inconsistent with the mutual agreement procedure terms under tax treaties.

Mutual agreement procedures are between competent authorities, rather than between tax authorities and taxpayers. As such, a taxpayer can initiate a mutual agreement procedures process but cannot participate in the negotiation, unless invited by the competent authorities. In light of this, the new measures clarify that the Chinese tax authorities are obligated to notify the taxpayer of the result of each step of the mutual agreement procedures. This is consistent with international practice, and should increase the transparency of the overall negotiation procedures.

A taxpayer applying for the mutual agreement procedures should be aware that it can take a long time to

conclude an agreement between competent authorities. For example, according to the 2015 statistics released by the OECD, the average time to conclude mutual agreement procedures within its member countries is 20.47 months.⁸ As of 2015, there are 99 outstanding mutual agreement procedures cases, among which 79 are with OECD countries, and the average time to conclude mutual agreement procedures between China and an OECD country is 33 months.⁹

Observation: Considering the minimum standard under BEPS Action Plan 14 that aims to improve the efficiency and "complete mutual agreement procedures within an average period of 24 months," we understand that the SAT is increasing its workforce to expand its capacity to process cases, so as to accelerate mutual agreement procedures.

The relationship between mutual agreement procedures and other domestic legislative relief procedures (e.g., administrative review and administrative litigation) is not addressed in Public Notice 6. In general, taxpayers may choose which international or domestic relief channel to use to settle such tax disputes. As such, it is advisable that taxpayers should fully analyze international practice and the relevant domestic laws of the country with the tax dispute before making a decision.

The takeaway

Further strengthen profit level monitoring and special tax investigation

Public Notice 6 reiterates the necessity for the tax authorities to strengthen the monitoring of enterprises' profit levels, and to evaluate the risk of special tax adjustments based on compliance documentation submitted by enterprises. On the basis of the risk level, the tax authorities can ask

enterprises to make self-adjustments or conduct special tax investigations and make adjustments to the enterprises.

Public Notice 6 adds the following types of enterprises to the list of potential audit targets:

- Enterprises showing a mismatch between their shared earnings and allocated costs under a cost sharing agreement;
- Enterprises with thin capitalization issues; and
- Controlled foreign corporations and enterprises who have transactions with related parties located in low-tax jurisdictions.

Public Notice 6 reinforces the transfer pricing administration of related-party transactions in relation to intangibles and intra-group services and provides several methods and principles for investigation and adjustment. Taxpayers with intercompany intangibles and services transactions are advised to review their transfer pricing, assess their compliance with the new requirements, and make adjustments if necessary.

Tax authorities are continuing to set up or expand dedicated teams to conduct transfer pricing investigations and monitoring. For example, tax authorities in Beijing, Jiangsu, and Shanghai have been building up their specialized and integrated transfer pricing administration and investigation teams since 2009.¹⁰

With the Chinese tax authorities strengthening their administration and monitoring system on special tax adjustments, transfer pricing audits and adjustments are expected to become more frequent and more sophisticated. Therefore, taxpayers are advised to pay close attention to the changing environment in China in

the area of transfer pricing compliance and enforcement, to regularly review and monitor their transfer pricing policies and actual results, and to make timely adjustments if necessary in order to comply with the transfer pricing regulations.

Clarify and formalize the measures on relief mechanisms

As special tax adjustments become more frequent and the amounts of tax adjustments involved grow larger, there are increasing needs for enterprises to seek relief or remedies after adjustments. The mutual agreement procedures, therefore, are expected to be increasingly used by taxpayers as a key channel to seek relief from international double taxation.

Public Notice 6 lists the situations where the tax authorities can decline the application, or suspend/terminate the mutual agreement procedures. It requires taxpayers to have a high degree of cooperation with the tax authorities in providing requested information in order to avoid such situations.

Mutual agreement procedures consume time and resources to complete with uncertain outcome, and they are not for all enterprises in all situations. Other means of relief and remedies such as petitions for administrative reviews and even administrative litigation are expected to be increasingly sought by enterprises to resolve tax controversy.

Endnotes

1. Refer to *China Tax News Flash [2015] Issues 38 and 39* for details of the discussion draft of Implementation Measures of Special Tax Adjustment.
2. Refer to *China Tax News Flash [2014] Issues 21 and 23 and [2015] Issue 41* for details of the BEPS Action Items and the SAT's responses.

3. Refer to *China Tax News Flash [2016] Issue 21* for details of the Public Notice Regarding Refining the Reporting of Related Party Transactions and Administration of Transfer Pricing Documentation.
4. Refer to *China Tax News Flash [2016] Issue 29* for details of the Public Notice on Matters Regarding Refining the Administration of Advance Pricing Arrangements.
5. Refer to *China Tax News Flash [2014] Issue 33* for details of the Administrative Measures on the General Anti-Avoidance Rule (Trial).
6. Refer to Article 70 of the Administrative Law of the People's Republic of China on the Tax Revenue Collection, Article 96 of Detailed Implementation Rules of the Administrative Law of the People's Republic of China on the Tax Revenue Collection, Article 44 of Corporate Income Tax Law, and Article 115 of the Detailed Implementation Rules of the Corporate Income Tax Law.
7. Refer to *China Tax News Flash [2015] 11* for details of Public Notice Regarding Certain Corporate Income Tax Matters on Outbound Payments to Overseas Related Parties.
8. Source: OECD website: <http://www.oecd.org/ctp/dispute/map-statistics-2015.htm>
9. Source: OECD website: <http://www.oecd.org/ctp/dispute/MA-P%20PROGRAM%20STATISTICS%20FOR%202015%20CHINA.pdf>
10. Refer to *China Tax News Flash [2016] 29* for more details.

Let's talk

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