



Hong Kong Institute of
Certified Public Accountants
香港会计师公会

Meeting notes

**The State Administration of Taxation
and
The Hong Kong Institute of Certified Public Accountants**

2015

Preface

The Hong Kong Institute of Certified Public Accountants ("Institute" or "HKICPA") held its annual meeting with the State Administration of Taxation ("SAT") at No. 5 Yangfangdian West Road of Haidian District in Beijing on 7 May 2015. Yu Shuchun, Deputy Counsel of the SAT and leaders of relevant Divisions and Offices welcomed the HKICPA delegates. Dennis Ho, the president of the HKICPA, expressed gratitude to the SAT for taking time to attend the meeting and expressed his view that the meeting would help strengthen the development of communication between the HKICPA and the SAT.

The following is a translation of the meeting notes prepared, in Chinese, by the Institute. It should be emphasized that the notes represent the understanding of the Institute's delegates with respect to the responses from SAT and do not necessarily represent the SAT's official opinions. Therefore, the notes are not intended to be a legally-binding or a definitive interpretation of the matter discussed. Professional advice should be sought before applying the contents of these notes to specific situations. If there are differences in the interpretation between the English and Chinese versions, reference should be made to the Chinese version. It should also be noted that the Mainland tax authorities have issued a number of new circulars since the meeting took place. Members may therefore wish to refer to the websites of the relevant tax authorities for the most updated tax circulars.

HKICPA would also like to express thanks to KPMG for providing a representative to take the notes at the meeting.

Meeting notes

List of Discussion Topics

A. SAT Public Announcement [2015] No. 7 ("Announcement 7")

- A1. Retrospective Effect of Announcement 7
 - (a) Recovery of Unpaid Withholding Tax
 - (b) Reliefs on the regulatory requirements
 - (c) Supporting Documents

- A2. Special Tax Treatment for Group Restructuring
 - (a) Special Tax Treatment
 - (b) What constitutes "Shareholding Relationship"

- A3. Specific Implementation Issues of Announcement 7
 - (a) Withholding Obligation
 - (i) Application of the Administrative Measures on the General Anti-Avoidance Rules ("GAAR")
 - (ii) Reporting Obligation Exemption
 - (iii) Timeline for the tax authorities to give replies
 - (b) Reporting Issues
 - (c) Tax Calculation Basis

B. Discussion Draft of Taxation Collection Administration Law ("Discussion Draft")

- B1. Legislation Roadmap
- B2. Information Disclosure
- B3. Tax Interest and Late Payment Surcharges
- B4. Time Bar of the Legislation
 - (a) What is "Mistake"
 - (b) Time Bar

- C. Announcement Regarding Certain Corporate Income Tax ("CIT") on Outbound Payment to Overseas Related Parties - SAT Announcement [2015] No. 16 ("Announcement 16")**
 - C1. Non-deductible Expenses
 - C2. Expense Item Payments to the Overseas Related Parties
 - C3. Deductibility of Royalty Expenses
 - C4. Documentation Requirements
 - C5. Control, Management and Supervision Measures Implemented in the Chinese Entities by the Direct or Indirect Overseas Investors for the Purposes of Protecting Their Interests
- D. Administrative Measures on the GAAR (Trial)**
- E. Enterprise Restructuring**
- F. Qualified Foreign Institutional Investors ("QFII")/RMB Qualified Foreign Institutional Investors ("RQFII")**
- G. Accounting Year and Tax Year**