



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

Meeting notes

**The Guangdong Provincial Local Taxation Bureau
and
The Hong Kong Institute of Certified Public Accountants**

2017

Foreword

It is a great pleasure for the Hong Kong Institute of Certified Public Accountants ("Institute" or "HKICPA") to hold the meeting with the Guangdong Provincial Local Taxation Bureau ("GPLTB") on 8 December 2017 in Guangzhou. The meeting aims to discuss various taxation topics and exchange opinions based on the discussions.

The following is a translation of the meeting notes prepared, in Chinese, by the Institute. Please note that the meeting notes merely represent the views of GPLTB officials who attended the meetings and are not intended to be legally-binding or a definitive interpretation. Professional advice should be sought before applying the content of these notes to your particular situation.

HKICPA wishes to thank the delegates from Deloitte for taking the meeting notes.

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Attendees

GPLTB

Zhang Liren	Director, Division of International Tax Administration
Liu Ke	Director, the Second Division of Tax Policy
Chen Yuzhang	Deputy Director, Division of International Tax Administration
Tang Dandan	Principal Staff Member, Division of International Tax Administration
Zhu Guoqiang	Principal Staff Member, Division of International Tax Administration
Ma Qian	Deputy Principal Staff Member, the First Division of Tax Policy
Zhang Wei	Principal Staff Member

HKICPA

Anthony Tam	Chairman, Taxation Faculty Executive Committee and Member, Mainland Taxation Subcommittee
Kwok Kay So	Deputy Chairman, Taxation Faculty Executive Committee and Member, Mainland Taxation Subcommittee
William Chan	Convenor, China Taxation Subcommittee and Member, Taxation Faculty Executive Committee
Stephen Lee	Member, China Taxation Subcommittee
Daniel Hui	Member, China Taxation Subcommittee
Leo Li	Member, China Taxation Subcommittee
Ho Sing Mak	Member, China Taxation Subcommittee
Rebecca Wong	Member, China Taxation Subcommittee
Cecilia Lee	Observer, China Taxation Subcommittee
Shanice Siu	Member, China Taxation Subcommittee
Maggie Huang	Manager, Taxation, Deloitte
Eric Chiang	Deputy Director, Advocacy and Practice Development
Wing Wong	Administrator, Advocacy and Practice Development

Agenda Items

A. Enterprise Income Tax ("EIT")

1. Corporate restructuring: [2009] No. 59

a. Special tax reorganization

Special tax treatment should apply if an absorption merger of PRC corporations satisfies the five conditions under Article 5 of Cai Shui (2009) No. 59 (Circular 59). Assuming that there is an absorption merger between PRC Company A and B (Company B does not exist after the transaction). Would the special tax treatment under Circular 59 still apply if these PRC companies are wholly owned subsidiaries of an overseas company? Alternatively, would the special tax treatment apply if an overseas parent company splits its wholly foreign-owned enterprise (e.g. PRC Company C) into two separate entities in China?

On the other hand, if a vertical absorption merger takes place between a PRC holding company and its wholly-owned PRC Company and this does not involve any consideration, would the special treatment apply under this circumstance?

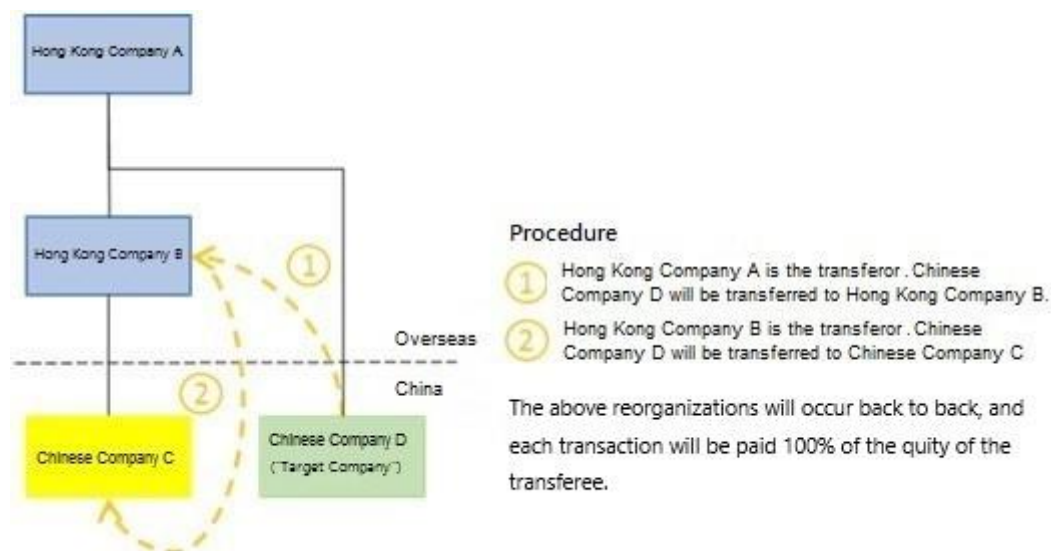
GPLTB: According to Article 7 of Circular 59, cross-border reorganizations are quite likely to be considered as not satisfying the conditions for special tax treatment. However, reference should be made to the principle and spirit of EIT Law, i.e. no tax will be levied if no income is earned. Special tax treatment aims to defer tax payments, but not to grant tax exemptions. As such, the principle of EIT is consistent with the tax treatment and hence, theoretically, it should apply. In addition, "substance" of reorganizations should always prevail over their "form", i.e. if the reorganizations have bona fide commercial purposes and the relevant conditions under Circular 59 are satisfied, the tax treatment should still apply.

There was a similar case in Guangzhou. A British Virgin Islands ("BVI") parent company was amalgamated with another group company because the holding arrangement was considered unnecessary. The in-charge tax bureau agreed that the transaction had a bona fide commercial purpose and hence special tax treatment applied.

b. Group reorganization

Assuming that a group is under reorganization, which is expected to be completed in two separate steps within 12 months. The group would like to apply for special tax treatment under Cai Shui (2009) Circular 59.

Please refer to the detailed steps below:



Hong Kong Company A transferred its shareholding in Chinese Company D to its Chinese Company C by two separate steps within 12 months as indicated above.

Some tax bureaus may treat the above transactions as a single transaction from an anti-tax avoidance perspective under Article 10 of Circular 59. It states that where an enterprise has carried out transactions for transferring its assets and equity progressively within 12 consecutive months before and after the reorganization, all these transactions shall be treated as one single transaction based on the principle of "substance over form".

In the present case, Hong Kong Company A would be considered as transferring its shareholding in Chinese company D directly to the Chinese company C, which is not a wholly-owned subsidiary directly held by Hong Kong Company A. In this regard, the conditions under Article 7 of Circular 59 are not satisfied, i.e. the transferee must be a wholly-owned subsidiary of the transferor directly.

We consider that Article 10 of Circular 59 should aim to benefit taxpayers rather than for tax anti-avoidance purposes. It also provides authority to the relevant tax bureaus to reach a final outcome of multiple step transfers in reorganization. Accordingly, special tax treatment could arguably be allowed after the first transaction is completed (refer to the note below), on a case-by-case basis. If local tax bureaus intend to interpret Article 10 strictly, this may lead to unnecessary tax burdens to taxpayers on their internal reorganizations. Would the tax bureau shed some light on this issue?

Note:

According to the State Administration of Taxation (SAT) Public Notice (2015) No. 48 ("PN48"), Article 10 of Circular 59 should be interpreted as follow:

Where:

- A restructuring involves multiple step transactions within 12 consecutive months and straddle across two tax years; and
- The parties in the restructuring negotiated and agreed to opt for special tax treatment when the entire restructuring is expected to satisfy the conditions under the special tax treatment upon completion of transaction in the first tax year,

Special tax treatment may apply temporarily.

Written declaration materials shall be submitted at the time of filing of tax returns for EIT for that year.

GPLTB: Whether a group reorganization meets the requirements of Circular 59 depends on whether it has a bona fide commercial purpose. In practice, it could be impossible for enterprises to complete their reorganizations in a single step. As such, each step in the reorganization should be assessed individually, aiming to check whether the conditions for special tax treatment have been satisfied.

Each case has unique features and so should be assessed individually. It is not practical to publish detailed guidelines covering different hypothetical conditions. Further discussions would be needed when there are new cases. If local tax bureaus have different views on a case, they can consult their provincial tax bureaus for comments before concluding the case.

2. [2015] Public Notice No. 7 ("PN7")

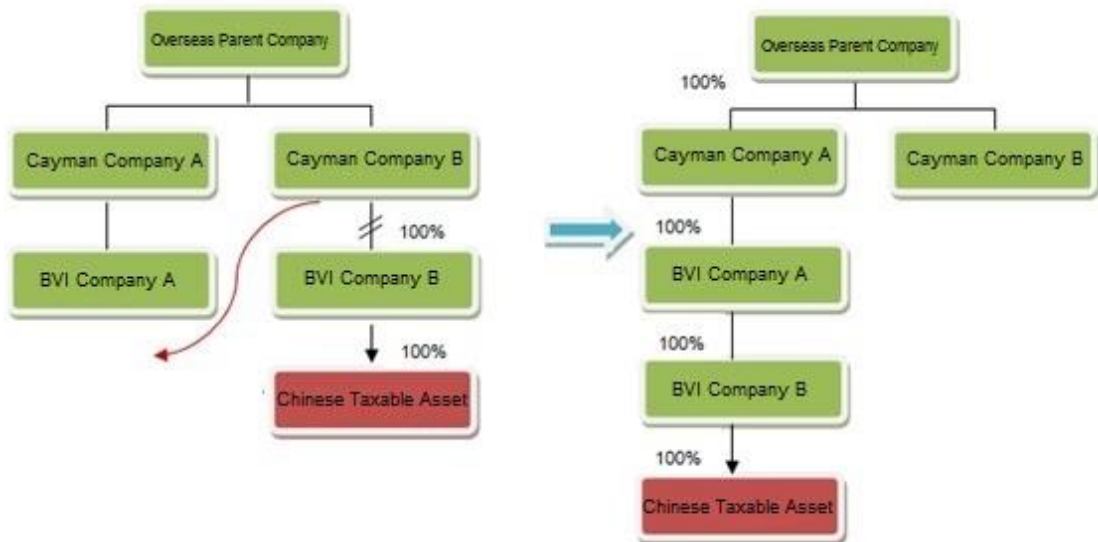
a. Equity-like interests

What are interests in equity-like instruments? These interests are mentioned under Item 3 of Article 1 of PN7. It is about transfer of equity and other similar interests of an overseas enterprise, which directly or indirectly holds taxable properties in China, by a non-resident enterprise.

In practice, would transfers of preference shares, interests in partnership, stock options, convertible bonds, and issues of new shares fall within the reporting scope under PN7? Is there any case that you can share?

b. Equity payment

The 3rd condition of Article 6, PN7 stipulates that the underlying considerations must be equities/ shares. Therefore, considerations should not contain cash element. In addition, equities/ shares of listed companies cannot be included in the considerations because these equities/ shares are highly liquid assets. Assuming that Cayman Company B transfers its interests in BVI Company B, where company B owns China taxable properties, to BVI Company A at "nil" consideration such that cash is not involved. Does this transaction qualify under the "equity payment" requirement under the 3rd condition of Article 6, PN7?



GPLTB: We cannot provide a definitive answer now. We will study this issue further.

c. Share subscription of equity of overseas enterprises

i. Calculation for income attributable to China taxable property

According to PN7, if transfer of equity of an overseas enterprise in which it owns both China and overseas taxable properties, a reasonable basis should be adopted to attribute values to these properties. Taxes should only be levied on the China taxable properties. However, different bases had been used by tax authorities in different regions as there is no clear guidance on what bases are considered as acceptable. Would the tax bureau consider issuing clear guidelines in this regard?

According to some cases in certain locations, the in-charge tax authorities made adjustments on the consideration in the calculation basis. The adjustment is to exclude assets and liabilities of the overseas intermediate holding companies. After the adjustment, the registered capital of a Chinese company becomes the cost of investment.

In the following example, Overseas Company A originally held 100% equity of a Chinese Company C through its wholly-owned overseas subsidiary, i.e. Overseas Intermediate Holding Company B. In this transaction, equity interest in Overseas Company A was transferred out. Consideration for the transfer is RMB 51, which is the amount of net asset shown under the consolidated financial statement of Company A.

To calculate the value of Chinese Company C, the in-charge tax bureaus made adjustment on the consideration i.e. RMB 51 by adding (or subtracting) the net liabilities (net assets) of the intermediate holding company (i.e. Overseas Company B). RMB 150 is then computed as the value of Chinese Taxable

properties (i.e. Chinese Company C).

Do you agree with the above calculation basis? Could you please share with us the work practices of Guangdong tax bureaus on this issue?

	A	B	C	A+B+C	
	(Transferred Overseas Company)	(Overseas Intermediate Holding Company)	(Chinese Company)	(Consolidated Financial Statements)	
Assets:					
Cash	200	141	110	451	A 100%
Long-term equity investment	1	100	0		B 100%
Intercompany receivables	100	60	0		C
Investment property	0	0	100	100	
Liabilities					
Intercompany receivables	-100	-100	-60	-100	
Payable	-400	0	0	-400	
Total net assets	-199	201	150	51	
Registered capital	100	1	100	100	
Undistributed profit	-299	200	50	-49	
Equity of shareholders	-199	201	150	51	
Net assets which excluded long-term equity investment					
Tax calculation method				51	
Original transfer price (Net assets under the consolidated Financial Statements)				-99	
Net assets of the Intermediate holding company but excluding long term equity investment				150	
Adjusted transfer price (equal to the net assets of Chinese companies)				100	
Transfer costs (registered capital of Chinese companies)				50	
Transfer Income				5	
Tax payable (10%)				5	

ii. Ascertaining the consideration

If a consideration includes an amount of contingency fee payable to the seller (e.g. an additional amount will be paid by a buyer to a seller depending on the profitability of a property development project in China), should this contingency fee be treated as part of the consideration? As the fee of this nature could not be estimated accurately in advance, and would not be settled at the time of the transfer, is it acceptable to make additional tax payment when the fee is paid?

iii. Ascertaining the costs

PN7 is not applicable to individuals who conducted transaction on indirect transfer of Chinese taxable properties. Could an enterprise use the amount paid to the individual seller as the cost of investment for calculating gains/losses in future disposal (the individual had not reported the transaction nor made any tax payment)?

GPLTB: We cannot provide a definitive answer now. We will study this issue furthers.

B. Land Value-added tax

1. Restructuring and Reorganization

Article 4 of Circular 5 states that "where an entity or individual uses the state-owned land or house to invest in an enterprise during restructuring, Land Value-added Tax (LVAT) will be temporarily exempted."

Some tax bureaus considered that non-real estate enterprise contribute its land as an investment does not fall into the scope of Article 4 of Circular 5. What is your view on this interpretation?

GPLTB: Article 5 of Circular 5 provides that the LVAT policies for restructuring of enterprises are not applicable to real estate developers. Whereas, article 4 of Circular 5 is applicable to non-real estate developers.

2. Second Settlement

A real estate enterprise settled its LVAT in relation to its property development projects by August 2017 as per the request of the tax bureaus. As a lot of invoices had not been collected at the time of settlement, the cost base for LVAT calculation was small and hence, the taxpayers had paid more LVAT than it should be. The taxpayer expected that it should be able to collect most of the invoice before May 2018. Hence, it would like to do second time LVAT settlement in May 2018. At present, second time settlement is available in Beijing, Chongqing, Hubei, Guangxi and Qingdao. There is, however, no clear guidance from SAT. In practice, is second time settlement available?

GPLTB: Second time settlement of LVAT is not provided for under any regulatory documents. GPLTB will strictly implement the prevailing regulations.

3. Calculation for land costs and compensations for demolitions

Cai Shui [2016] No. 43 (Circular 43) is about the Provisional Regulations of the People's Republic of China on LVAT. Input VAT, which is allowed to be deducted from the output VAT, shall be excluded from the deductible items of LVAT. Where it is not allowed to be deducted from the output VAT, it may be included in the deductible items.

Circular 43, however, does not deal with the deductible items of LVAT, the corresponding land costs and compensations for demolitions. We would like to know the correct deductible amounts for the latter two items, i.e. whether the amounts should be:

- The actual payments or
- The actual payments which exclude the relevant output VAT.

Which method is more appropriate in the following example?

Subjects		Situation 1: To deduct the amount of land use rights based on the actual amount	Situation 2: To deduct the amount of land use rights which excludes the amount of output VAT as a result of paying the land use right
Income from sales of real estate (including VAT)	x	1,200,000	1,200,000
Actual payment of land costs and compensations for demolitions	y	500,000	500,000
The amount of output VAT arising from purchase of land use right ($y/(1+11%)*11%$)	t	49,550	49,550
The amount of input VAT arising from the sales of real estate ($x/(1+11%)*11% - t$)	z	69,369	69,369
The amount of sales of real estate (excluding VAT)	x-z	1,130,631	1,130,631
Total amount of deductible items			
The cost of obtaining land use right	r	500,000	450,450
		The cost of land use rights is computed based on the actual payment	The cost of land use rights is computed based on the actual payment but excluding underlying output VAT (r-t)
The cost of real estate development		100,000	100,000

GPLTB: If an administrative invoice is obtained, the amount recorded on the invoice will be used as the deductible amount.

C. Individual Income Tax ("IIT")

1. Non-Chinese persons providing services in China

Though performance of services by foreign individuals did not constitute a permanent establishment in China, it is often that EIT is calculated on a deemed basis without applying the tax treaty protection. This could be due to the request of the in charge tax bureau or for ease of operation.

Since there have been more information exchange between state and local tax bureaus, local tax bureaus have strengthened their administrations against individual taxpayers whose present constituted permanent establishments in China. If the service fee is subject to EIT based on a deemed basis, the individuals will be subject to IIT. This would be the case no matter whether there is a permanent establishment based on the tax treaty definition. Is it a trend? Would GPLTB has a similar view?

GPLTB: When the foreign employees provide their services in China, the income relevant to the performance of their services attributable to a permanent establishment (PE) in China will be subject to IIT. In respect of whether local tax bureaus can impose IIT, according to the source principle, all income derived from China are taxable. This income, however, may be exempt from paying IIT if tax treaty protection is available. The nature of the receipts will determine whether they should be taxed by reference to the tax rate applicable to salaries and wages or labour services.

The definition of "permanent establishment" is closely associated with the 183-day rule. Meanwhile, in the post-BEPS era, the definition has been further enhanced, particularly in relation to a fixed place of operation. It is not easy to conclude in practice whether the temporary stay of foreign employees in China would constitute a PE and whether tax treaty benefits should apply. In 2015, GPOSAT and GPLTB worked together to provide a unified tax treatment of PEs. If any inconsistencies have emerged, please let us know.

2. Equity transfer by individuals where they had not made capital contributions

Registered capital of a company refers to the actual amount paid. If an individual shareholder only paid part of the capital he subscribed, should we only take the actual amount paid as the cost base for the transfer transaction? Assuming that the individual shareholder does not paid any capital but has subsequently transferred his/ her equity interest, would there be any basis for tax bureaus to impose IIT on the transfer? Are there any specific cases that you can share?

GPLTB: The above situations have emerged after the company law reform. There is no clear guideline on the above type of case at this stage. According to the tax law principle, if an individual does not pay capital to an enterprise, there would not be any deductible costs when the individual transfers his/ her equity. IIT should then be imposed on the gross income. The underlying deductible amount is determined based on the payments made.

3. IIT Subsidy Policy in Hengqin, and signing of the Framework Agreement among Guangdong, Hong Kong and Macao in the Development of the Greater Bay Area (The Framework Agreement)

What are the status of implementing IIT subsidy policy in Hengqin this year? Besides, the Framework Agreement has been concluded. Would there be any beneficial IIT policies/ measures for the individuals working in the Greater Bay Area?

GPLTB: The Hengqin IIT subsidy policy has been implemented for five years in a row. The overall implementation has been smooth. 89 cases were handled this year, with a total subsidized amount of around RMB 25 million. Most of these cases, i.e. 69 cases, were concluded for the benefit of Hong Kong permanent residents, who were granted a total subsidized amount of around RMB 21 million. The remaining cases, i.e. 20 cases, were completed for the Macau residents, who were granted a total subsidy of around RMB 5.6 million. It is estimated that the statistics for this year should be similar to those for last year.

After conclusion of the Framework Agreement, GPLTB will conduct a survey on the policies for the Greater Bay Area in 2018. GPLTB will seek feedback from stakeholders and make recommendations to the relevant departments. The aim is to strive for a better business environment for taxpayers.

4. Registered taxpayers who do not physically work in Hengqin

Many enterprises had already registered new branches and hired employees in Hengqin. Although these employees have registered with the Hengqin tax bureau, the branches do not operate in Hengqin. If the employees were later sent to work in Shanghai, where should they pay IIT?

GPLTB: Locality of the withholding agent determines where the IIT filing should be done. In general, if enterprises are based in Hengqin, salaries are paid by these enterprises and recorded in their books. The Hengqin enterprises should be the withholding agents and the employees may enjoy the subsidies. However, if the employees do not work in Hengqin and their salaries are not booked in the Hengqin enterprises, the employees do not qualify for tax subsidies.

5. Chinese executives in China who purchase shares in overseas enterprises

Assuming that foreign companies allow their Chinese national executives in China to acquire shares of the foreign companies below market price. These executives enjoy the same rights and interests as other shareholders of the foreign companies and sharing same business risks.

If the executives are local IIT taxpayers, would they be subject to IIT on the difference between the purchase price and the market price? Should the acquisition be treated as investments of the executives and thus the difference is not subject to IIT? If the executives dispose the shares in future, what should be used as the cost base for the investment? Should that be the market price or actual payment at the time of acquisition?

GPLTB: The discounted purchase arrangement is more of a nature of share based incentive payment and not investment. IIT should be levied in accordance with the equity incentive policy. Tax deferral preferential tax treatment is not applicable to this case.

Under the same circumstance, if overseas independent directors (non-Chinese tax residents) of the overseas companies enjoy the same benefits as above or receive stock options as remuneration, would these directors be subject to IIT in China?

GPLTB: Reference should be made to Article 5 of the IIT implementation rules and the sources of income of the non-China tax residents of foreign companies need to be determined.

D. Stamp Duty

1. Tax base for equity transfer

According to the Stamp Duty Provisional Regulations, the duty shall be calculated at 0.05% of the equity transfer amount. Unlike EIT, there are no anti-tax avoidance rules under the Regulations. If the transfer amount is significantly less than the market value and therefore the in-charge tax bureau adjusted the amount for EIT purposes, would the stamp duty be calculated based on the original transfer amount per the contract or in accordance with the adjusted amount for EIT purposes?

GPLTB: According to the Tariff Table of Provisional Rules of the People's Republic of China on Stamp Duty, the contract of equity transfer will be subject to the duty in accordance with the documents on property title transfers. The corresponding duty will be calculated based on the amount in the contract.

2. Adsorption Merger

Assuming Overseas Company A is the ultimate holding company of Overseas Company B which directly owns Chinese Company C. Subsequently, Overseas Company A merged with Overseas Company B without any cash payments and other forms of considerations. Also, there is no formal equity transfer agreement in the merger transaction. Would stamp duty be imposed in this case?

GPLTB: Article 1 of the Provisional Rules of the People's Republic of China on Stamp Duty (the Rules) states that all entities and individuals concluding or receiving any of the documents listed in the Rules shall be regarded as obligatory payers of stamp duty and shall pay the duty.

In addition, Article 2 of Detailed Rules for Implementing the Provisional Rules of the People's Republic of China on Stamp Duty indicates that the documents which are concluded or received in China and listed in the Rules shall be subject to and protected by Chinese law.

If an equity transfer agreement satisfies the above two regulations, the relevant stamp

duty should be imposed.

E. Deed tax

1. Transfer of the ownership of land and buildings

Caishui [2015] No. 37 stipulates that deed tax will be exempted for internal transfer of land or building title among the enterprises owned by the same investors. However, there is no clear guidance and applicable conditions for the transfer.

Enterprises often have the following enquiry: Does "transfer" under deed tax carries the same meaning under the EIT preferential policies? Are there any other qualifying conditions? For instance, would there be any specific requirements in relation to the considerations of the transfers? Would the land investment of a parent in its subsidiary be treated as transfer? This investment will be treated as a transfer under the repealed Guoshuihan [2008] Circular 514.

GPLTB: Article 6 of the Notice of the Ministry of Finance and SAT on the Deed Tax Policy for Further Supporting the Transformation and Restructuring of Enterprises and Public Institutions (Caishui [2015] No. 37 (Circular 37)) does not define whether an asset transfer falls within the scope of the circular depending on whether or not there is consideration.

2. Administrative adjustments

Circular 37 also states that succession of state-owned land and building titles due to administrative adjustments or transfer by government at or above the county level or state assets management departments will be exempted from deed tax. However, the said administrative adjustments had not been defined.

For instance, whether strategic relocation of enterprises is under the scope of administrative adjustments? Is the exchanged land from government due to relocation can be exempted from deed tax?

GPLTB: If the relevant documents issued by local people's governments at or above the county level, or by the state assets management departments, can establish that the arrangement is an administrative adjustment, the arrangement qualifies for deed tax exemption by virtue of Article 6 of Circular 37.

F. Others

1. Common Reporting Standard ("CRS")

Could the tax bureau advise us how the information obtained under CRS would be used and analyzed?

GPLTB: SAT has outlined the overall direction for CRS. However, there is no detailed procedure at the moment.

GPLTB is ready to deal with the application of CRS to individual taxpayers. For example, GPLTB has put in place a due diligence system to ensure security and confidentiality of the relevant data. Meanwhile, GPLTB has considered the ways to handle the tax issues of the previous years, to validate the relevant data, and to determine the basis of assessments and applicable tax rates. The underlying workload is heavy.

Although all these preparatory measures are ready, they have not been implemented. GPLTB will learn from practical implementation.

2. Environmental tax

Environmental tax will be implemented soon. Is there a platform to share information and coordinate work between the in-charge local environmental protection departments and the relevant tax bureaus? Would the in-charge environmental protection departments periodically provide the tax authorities with the licenses of the pollutant discharge units, emission data of pollutant, etc.?

GPLTB: The said platform has been established, allowing information exchange between the environmental departments and the tax bureaus.

3. "Tax Analysis of the Thousands of Households Program"

In 2015, SAT launched a program namely "Tax Analysis of the Thousands of Households Program". This program takes into account operating data, profit indicators and tax statuses of central government enterprises, state-owned enterprises, private enterprises and multinational corporations. In 2016, SAT issued the requirements under a notice about registering the thousand group enterprises for the program.

a. Work plan and the related impact in 2018

Could GPLTB brief us its work plan in 2018 and how it will impact enterprises?

GPLTB: GPLTB has prioritized managing the tax risks of large enterprises. The said programme to look at a hundred group enterprises in Guangdong Province is a new. In 2018, GPLTB aims to promote its core services, optimize the business environment and substantiate the plan to manage the tax risks of large enterprises.

In response to the call from the central government, the relevant tax policies will be further adjusted. Also, GPLTB aims to strengthen dialogue with senior tax executives of the taxpayers.

Through the TRD system, which analyses the underlying tax risks, the relevant enterprises will be aware of their potential tax risks. Also, taxpayers can provide their comments via the system.

b. Tax services for large enterprises

What kind of measures would be undertaken by tax bureaus to help large enterprises avoid their tax risks, after obtaining the relevant information?

GPLTB: In response to the Thousand and Hundred Enterprises Programmes proposed by SAT and GPLTB respectively, GPLTB will significantly adjust the tax services provided to the large enterprises, promote personalized services and alert the large enterprises of their potential tax risks.

Specifically, the following points are included:

- i. Optimizing business taxation environment:
 1. In response to the central government's strategies for upgrading the country, One Belt One Road Initiative and the provincial government's plan to build up the manufacturing sector, preferential policies on further tax deductions on research and development will be implemented. To stimulate the innovation of large enterprises, GPLTB will communicate with SAT and the provincial government for more preferential tax policies.
 2. Proactively connecting with the supply-side structural reform, consolidating the mechanism established between GPLTB and State-owned Assets Supervision and Administration Commission of Guangdong Province, facilitating the development of state-owned enterprises and tackling their tax issues in restructuring.
 3. Having meaningful dialogues with the senior tax executives of enterprises, widening the underlying communication channels, and improving the trust level between tax bureaus and enterprises. Also, exploring the establishment of a coordination meeting mechanism for tax-related matters of large enterprises, obtaining information on the tax-related matters, and changes of production management of large enterprises in a timely manner, identifying tax risks accurately, providing opinions and suggestions on tax risk management, assisting large enterprises to identify their tax risks in advance, enhancing the self-management awareness of taxpayers and raising the level of tax compliance of large enterprises.
 4. Enhancing a mechanism to quickly respond taxpayers' complaints, providing a useful channel for taxpayers to raise complaints, and improving the process of handling complaints. All these measures aim to sustain the healthy development of large enterprises.
 5. Expanding the application of the TRD internal control system, which is supported by modern information technology, for facilitating internal control and preventing tax risks, cooperating with large enterprises to develop the TRD system jointly, establishing an internal control system

to automatically identify tax risks, facilitating enterprises to enhance their internal control systems, raising the ability of enterprises to avoid risks, and promoting the tax risk management by both enterprises and tax bureaus.

- ii. Deepening the reform of tax management system for large enterprises
 1. Learning lessons, promoting a mechanism developed by both the state and local tax bureaus, consolidating the management basis. Standardizing the tax practices for large enterprises, and internal management, and unifying professional work in the province.
 2. Developing the tax management system for large enterprises, to provide risk indicators with common features developed by GPLTB. The system also aims to increase the ability of tax bureau to manage the tax risks of large enterprises based on analysis of data and intelligent audit system. Exploring to outsource services, forming core teams to deal with specific work, adopting differentiated measures, implementing specific tax solutions, and promoting risk management for further progress.
 3. Providing an online platform for relevant services. Based on the requests to "connect with the SAT platform, enhance information exchange between local and state tax bureaus and open up the resources to basic levels", we will further improve the tax management system for the Guangdong large enterprises. This aims to provide the enterprises with "one-account-for-one-taxpayer" system, respond to specific tax risks, standardize the system linkage, enhance cooperation between local and state tax bureaus, and provide technical support to smoothly connect the websites of the taxpayers with the tax bureaus.
 4. Improving tax monitoring modules and increasing monitoring of large enterprises. Also following up the taxation trends, identifying and monitoring current and potential tax risks for large enterprises. This aims to avoid loss of tax revenue.
 5. Putting in place plans to deal with the tax risks of large enterprises step by step, paying close attention to the risk management of large enterprises, turning tax payments and penalties over to the treasury; maximizing the results of risk management effectively by addressing the gaps in tax administration and collection to ensure a sustainable growth in tax revenue.