



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Meeting notes

Shenzhen Tax Service, State Taxation Administration

and

The Hong Kong Institute of Certified Public Accountants

2018

Foreword

It is a great honor for the Hong Kong Institute of Certified Public Accountants ("Institute" or "HKICPA") to hold the meeting with the Shenzhen Tax Service, State Administration of Taxation ("SZSTA") on 13 December 2018 in Shenzhen. The meeting aims to discuss various taxation topics and to exchange opinions based on the discussion.

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 SZSTA 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 Grant Thornton for taking the meeting notes.

Summary Note

Agenda items

A. Corporate Income Tax ("CIT")

1. Equity transfer
2. Assignment of equities/assets
3. Caishui [2018] No. 55
4. Caishui [2009] No. 59 ("Circular 59") – Can merger of entities under the same control apply for special tax treatment?
5. State Taxation Administration ("STA") Public Notice [2018] No. 28
6. STA Public Notice [2015] No. 7

B. Withholding Income Tax

1. Determination of "Beneficial Owners"

C. Individual Income Tax ("IIT")/Social Security

1. Resident identity
2. New IIT rate
3. Collection of social security

D. Transfer Pricing and Information Exchange

1. Information exchange
2. Monitoring cross-border profit levels
3. Contemporaneous documentation
4. Transfer pricing in Shenzhen

E. Value-added Tax ("VAT")

1. Confirmation of VAT on fund management products

F. Asset and Act Tax

1. STA Public Notice [2018] No. 57 ("PN57") & STA Public Notice [2018] No. 17 ("PN17")

G. Others

1. Combination of local and state taxation bureaus
2. Improve business environment
3. Planning on the Greater Bay Area
4. Golden Tax Project Phase III