



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

# Meeting notes

**The Guangdong Provincial Office of the  
State Administration of Taxation  
and  
The Hong Kong Institute of Certified Public Accountants**

2013

## **Preface**

The Hong Kong Institute of Certified Public Accountants ("HKICPA") was pleased to be able to discuss with the Guangdong Provincial Office of the State Administration of Taxation ("GDOSAT") various tax topics on 11<sup>th</sup> November 2013 in Guangzhou.

The following is a translation of the meeting notes prepared, in Chinese, by the Institute. Please note that the meeting notes reflect the views of GDOSAT officials attending the meeting only 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. If there are differences in the interpretation between the English and Chinese versions, reference should be made to the Chinese version.

## **Meeting notes**

### **Discussion items**

#### **A. Issues relating to VAT reform**

- A1 Application of VAT on the Tourism Industry
  - (a) Release timing of specific regulations and implementation rules
  - (b) Preparation period
  - (c) Seeking the opinion of parties and organizations in the affected industries?
  - (d) Tax declaration issues
  - (e) Tax rate issues
  - (f) Input tax credit issues
  
- A2 Issues relating to Caishui [2013] No. 37
  - I. Effects on international freight forwarding industry
    - (a) VAT Treatment on ocean freight charges collected on behalf of the international liner
      - (i) Is there any input tax credit for freight forwarding industry?
      - (ii) Will the tax authority introduce special taxation policy to reduce the tax burden on freight forwarding industry?
    - (b) Can the income of international freight forwarding agencies be exempt from VAT?
  - II. Will the VAT reform affect tax-exemption application for export services?
  
- A3 VAT consolidated filing
  - (a) Can head office and branches apply for VAT consolidated filing?
  - (b) Coordination issue for tax bureaus

- A4 VAT – entire transfer
- A5 Input VAT transfer-out for tax-exempt items
- A6 VAT reform – tax exemption
- A7 VAT issues on retailing enterprise
- A8 Administrative Measures on Application for Tax Refund (Exemption) for VAT Zero-rated Taxable Services ("SAT Announcement [2013] No. 47")
  - (a) Issues regarding zero-rated export services
  - (b) Application for tax refund without Registration Certificate or submitting Registration Certificate after obtaining tax refund

**B. Taxation of non-residents and transfer pricing issues**

- B1 Transfer pricing issues relating to royalty and consultancy service fee payments to non-residents
- B2 Tax treatment of cross-border taxpayers as beneficial owners
- B3 Tax and transfer pricing issues arising from corporate restructuring
  - (a) Has GDOSAT handled any cases of such cross-border restructuring?
  - (b) Can GDOSAT share some relevant experience (such as incorporation of non-resident transferor and the transferee, and the share transfer reasons)?
- B4 SAT and SAFE Announcement [2013] No.40 /Hui Fa [2013] No. 30
  - (a) Is the income from share transfer considered to be one of the current account items of service trade?
  - (b) Does salary reimbursement by foreign institutions fall under the above scope?
  - (c) Implementation rules or instructions for Announcement No. 40
- B5 Shui Zong Han [2013] No. 165
  - (a) Will GDOSAT and other state tax bureaus within Guangdong take reference to the guideline in Circular 165 when implementing the tax treaties?
  - (b) Will the guideline in Circular 165 be applied by GDOSAT in the assessment of China's tax treaties with other countries?
- B6 Re-assess the price of share transfer by foreign enterprise
- B7 SAT Announcement [2013] No. 19