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What G20 says on tax?

Contacts

China

Martin Ng
Managing Partner
martin.ng@wts.cn
+ 86 21 5047 8665 ext.202

Janny Song
Director
janny.song@wts.cn
+ 86 10 6590 6338 ext.809

Cissi Zhu
Manager
cissi.zhu@wts.cn
+ 86 10 6590 6338 ext.803

In brief

- » G20 advocates enhancement of anti-tax avoidance and evasion.
- » Multinational corporations need to conduct scrupulous tax compliance analysis on their business in China and all over the world.

WTS – strong presence in about 100 countries/regions

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In detail

- » On 5 September 2016, the G20 Leaders Hangzhou Summit concluded with extensive consensus in finding a therapy that brings the sluggish world economy onto to a healthy growth trajectory.
- » In *G20 Leaders' Communique*, the leaders of G20 have reached an agreement on the topics essential to the world economy, including macro-economic policy coordination, innovation-driven growth, more efficient global economic and financial governance, robust trade and investment, inclusive and interconnected development.
- » The *Communique* says, "We will continue our support for international tax cooperation to achieve a globally fair and modern international tax system and to foster growth, including advancing on-going cooperation on base erosion and profits shifting (BEPS), exchange of tax information, tax capacity-building of developing countries and tax policies to promote growth and tax certainty."
 - For BEPS: The G20 leaders support a timely, consistent and widespread implementation of the BEPS package and call upon all relevant and interested countries and jurisdictions that have not yet committed to the BEPS package to do so and join in the framework on an equal footing.
 - For exchange of tax information: The G20 leaders reiterate their call on all relevant countries including all financial centers and jurisdictions to commit without delay to implementing the standard of automatic exchange of information by 2018 at the latest and to sign and ratify the *Multilateral Convention on Mutual Administrative Assistance in Tax Matters*.
 - For tax capacity-building of developing countries: The G20 leaders encourage countries and international organizations to assist developing economies in building their tax capacity and acknowledge the establishment of the new platform for collaboration on taxation by the IMF, OECD, UN and WBG.
 - For tax policies: The G20 leaders emphasize the effectiveness of tax policy tools in supply-side structural reform for promoting innovation-driven, inclusive growth, as well as the benefits of tax certainty to promote investment and trade and ask the OECD and IMF to continue working on the issues of pro-growth tax policies and tax certainty. In this connection, China would make its own contribution by establishing an international tax policy research center for international tax policy design and research.

WTS observation

Since 2013 when OECD launched the BEPS program, BEPS has been drawing high attention of the economic world, aiming to establish a new international taxation order. China has been launching proactive and profound involvement in the BEPS actions work and adopting quick reaction to latest achievements of BEPS, including the *SAT Announcement on Several Issues Relating to Enterprise Income Tax on Indirect Transfer of Assets between Non-resident Enterprises*, *SAT Announcement on Promulgation of the "Administrative Measures on Entitlement of Non-residents to Treatment under Tax Treaties"*, publication of the draft *Implementation Measures for Special Tax Adjustment (for Trial Implementation)* and the *Announcement on Matters Relating to Improved Administration of Related Party Declarations and Contemporaneous Documentation*.

Besides, the *Multilateral Convention on Mutual Administrative Assistance in Tax Matters* will be applicable from 1 January 2017 in China, aiming at strengthening international cooperation to combat tax avoidance and evasion.

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The officials of Ministry of Finance and State Administration of Taxation have reiterated China's strong position of anti-tax avoidance and evasion in various occasions in recent years. Multinational corporations are advised to conduct scrupulous tax compliance analysis on their business in China and all over the world.

Author

WTS China Co., Ltd.

WTS Shanghai

Unit 031, 29F, Hang Seng Bank Tower
1000 Lujiazui Ring Road
Pudong New Area,
Shanghai 200120 PRC
Tel: +86 21 5047 8665
Fax: +86 21 3882 1211
www.wts.cn

WTS Beijing

Unit 601, Landmark Tower1,
8 North Dongsanhuan Road,
Chaoyang District, Beijing,
100004 PRC
Tel: +86 10 6590 6338
Fax: +86 10 6590 7903

Contact

Martin Ng
Managing Partner
martin.ng@wts.cn
+ 86 21 5047 8665 ext.202



Janny Song
Director
janny.song@wts.cn
+ 86 10 6590 6338 ext.809



Cissi Zhu
Manager
cissi.zhu@wts.cn
+ 86 10 6590 6338 ext.803



Xiaolun Heijenga
Partner
xiaolun.heijenga@wts.de
+ 49-69-1338 456 320



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