

TAX-NEWS

GLOBAL TAX NEWS

[FRONT PAGE](#) [FIVE DAYS](#) [NEWS BY TOPIC](#) [JURISDICTIONS](#) [FEATURES](#) [COMMENTS](#)
[Advanced Search](#)

You Are Here » [Front Page](#) » [News](#) » [China Releases Final Transfer Pricing Rules](#)

ADD THIS

China Releases Final Transfer Pricing Rules

by Mary Swire, Tax-News.com, Hong Kong
15 January 2009

It has been reported this week that China's State Administration of Taxation (SAT) has signed into law new rules updating the country's transfer pricing regime, expected to become effective immediately.

The final version of the Implementation Measures for Special Tax Adjustments, put in place by the circular Guoshuifa (2009) No. 2, aims to update the tax treatment of matters including transfer pricing, advance pricing arrangements, contemporaneous documentation, cost sharing agreements, controlled foreign corporations, thin capitalisation, and anti-avoidance in general.

Commenting on the new rules following their signature into law, accounting firm, KPMG observed that:

"The Regulations come at a challenging time for many multinational corporations. In addition to having to adjust to the sudden decrease in demand caused by the current economic crisis, they face an increased risk of a transfer pricing audit."

The firm went on to suggest that:

"Given impending transfer pricing deadlines, there is not much time to prepare all the necessary 2008 filing forms as well as the documentation reports for 2008 and subsequent years. Therefore, companies should consider issues for 2008 and 2009 at the same time, planning ahead to better manage all risks."

And further revealed that:

"With the promulgation of the Regulations, existing transfer pricing rules, such as Circular [1998] No. 59, Circular [2004] No.143, and Circular [2004] No.118, are now annulled."

Fellow Big Four firm Ernst and Young added a similar warning with regard to the possible compliance issues raised by the new rules, stating that:

"With the issuance of the Final Measures, China's transfer pricing disclosure and documentation requirements are firmly in place. For the 2008 year, the tax filing disclosure will be due in May 2009, and the contemporaneous documentation due in December. We strongly encourage you to develop an action plan for immediate implementation towards timely compliance."

Among other changes contained in the Final Measures, the threshold for exemption from the contemporaneous documentation requirement has been changed to RMB200m (USD29.2m) with regard to related party purchase or sale transactions, and RMB40m for transactions such as those involving services, financing transaction interest, and intangibles.

In addition, the criteria for Advance Pricing Agreement (APA) applications have been relaxed, most significantly in terms of the years of operating history required prior to application.

The updated legislation also removed the need for the State Administration of Taxation's prior approval for cost-sharing agreements with regard to related-party labour services.

Comments

Read our [Posting Guidelines](#)

Be the first to comment on this story ...

Write a comment

Recommended

- [Nigeria To Double VAT](#)
- [NZ Reports Lower Tax Revenue](#)
- [S Korea, China, Japan Study Joint FTA](#)
- [Tax Reformer Leaves Indonesian Government](#)
- [OECD Membership Grows](#)
- [Taiwan Looks For ECFA With China In June](#)
- [Canadian CEOs Oppose Bank Tax](#)
- [Early Ratification Urged Of S Korea, EU FTA](#)

Recommended by

Stay Updated

Please enter your email address to join the Tax-News.com mailing list. [View previous newsletters.](#)

To manage your mailing list preferences, please [click here](#) »

Tax-News+ Daily Updates

Receive **FREE** daily updates from Tax-News.com, straight to your inbox. [Register Now!](#)

For a tailored solution, choose to receive selected news updates for your preferred jurisdictions and topics, with our enhanced

Network Blogs

- [The SAR's Huddled Masses of Unfranchised Citizens »](#)
- [Dubai's Booming Property Market »](#)
- [A banking industry under siege »](#)
- [For A Bankrupt Spanish Government, Lionel Messi's USD Million Tax Bill Is Not Enough. »](#)
- [How To Benefit From The Attractive UAE Tax Treaty Net »](#)
- [They comprehensively failed to agree on anything at all Just Like a Set of Dominoes Falling Over »](#)
- [Real Estate Market Seems to be Back in Rude Health »](#)
- [Nothing but a Talking Shop »](#)
- [Apple: The Largest Tax Payer In The US »](#)
- [Why Big companies Love Regulations »](#)
- [People Start Businesses in Order to Make Money »](#)

Tweets

Follow @TaxNews1

- Tax-News @TaxNews1** 16h
Tax-News.com: EU, US Agree 'Path Forward' On Derivatives bit.ly/15y2Qx1
 - Tax-News @TaxNews1** 16h
Tax-News.com: European Commission To Review Safe Harbor Rules bit.ly/1bgJsLh
 - Tax-News @TaxNews1** 16h
Tax-News.com: #Tax Rates Less Of A
- Tweet to @TaxNews1

Tax-News+ subscriber service. Read more...

Fudge is What's Going to Happen »
Getting Rid of the AMT »

Tax-News Jurisdictions

Aaland Islands	Dhekelia	Kyrgyzstan	Rwanda
Afghanistan	Djibouti	Labuan	Saint Helena
Albania	Dominica	Laos	Saint Kitts and Nevis
Alderney	Dominican Republic	Latvia	Saint Lucia
Algeria	Dubai	Lebanon	Saint Pierre and Miquelon
American Samoa	East African Community (EAC)	Lesotho	Saint Vincent and the Grenadines
Andorra	Ecuador	Liberia	Samoa
Angola	Egypt	Liechtenstein	San Marino
Anguilla	El Salvador	Lithuania	Sao Tome and Principe
Antarctica	Equatorial Guinea	Luxembourg	Saudi Arabia
Antigua and Barbuda	Eritrea	Macao	Senegal
Argentina	Estonia	Macedonia	Serbia
Armenia	Ethiopia	Madagascar	Seychelles
Aruba	Europa Island	Madeira	Sharjah
Australia	European Union	Malawi	Sierra Leone
Azerbaijan	Falkland Islands	Malaysia	Singapore
Bahamas	Faroe Islands	Mali	Sint Maarten
Bahrain	Fiji	Maldives	Slovakia
Bangladesh	Finland	Mali	Slovenia
Barbados	France	Marshall Islands	Solomon Islands
Belarus	French Guiana	Martinique	Somalia
Belgium	French Polynesia	Mauritania	South Africa
Belize	Gabon	Mauritius	South Georgia and the South Sandwich Islands
Benin	Gambia	Mayotte	Spain
Bermuda	Gaza Strip	Mexico	Spratly Islands
BES Islands	Georgia	Micronesia, Federated States of	Sri Lanka
Bolivia	Germany	Moldova	Sudan
Bosnia and Herzegovina	Ghana	Monaco	Suriname
Botswana	Gibraltar	Mongolia	Svalbard
Brazil	Greece	Montenegro	Swaziland
British Indian Ocean Territory	Greenland	Montserrat	Sweden
British Virgin Islands	Grenada	Morocco	Switzerland
Brunei	Guadeloupe	Mozambique	Syria
Bulgaria	Guam	Myanmar	Taiwan
Burkina Faso	Guatemala	Nambibia	Tajikistan
Burma	Guernsey	Nauru	Tanzania
Burundi	Guinea	Nepal	Thailand
Cambodia	Guinea-Bissau	Netherlands	Timor-Leste
Cameroon	Guyana	Nevis	Togo
Canada	Haiti	New Caledonia	Tonga
Cape Verde	Heard Island and McDonald Islands	New Zealand	Trinidad and Tobago
Caribbean Community (CARICOM)	Holy See (Vatican City)	Nicaragua	Turkey
Cayman Islands	Honduras	Niger	Turkmenistan
Central African Republic	Hong Kong	Nigeria	Turks and Caicos Islands
Chad	Hungary	Niue	Tuvalu
Chile	Iceland	Norfolk Island	Uganda
China	India	Northern Mariana Islands	Ukraine
Christmas Island	Indonesia	Norway	United Arab Emirates
Cocos (Keeling) Islands	Iran	Oman	United Kingdom
Colombia	Iraq	Pakistan	United States
Comoros	Ireland	Palau	Uruguay
Congo, Democratic Republic of the	Isle of Man	Panama	Uzbekistan
Congo, Republic of the	Israel	Papua New Guinea	Vanuatu
Cook Islands	Italy	Paraguay	Venezuela
Coral Sea Islands	Jamaica	Peru	Virgin Islands
Costa Rica	Japan	Philippines	Wake Island
Cote d'Ivoire	Jersey	Pitcairn Islands	Wallis and Futuna
Croatia	Jordan	Poland	West Bank
Cuba	Kazakhstan	Portugal	Western Sahara
Curaçao	Kenya	Puerto Rico	Yemen
Cyprus	Kiribati	Qatar	Zambia
Czech Republic	Korea, North	Reunion	Zimbabwe
Denmark	Korea, South	Romania	
	Kosovo	Russia	
	Kuwait		

Lowtax Jurisdictions

Andorra	Cyprus	Liberia	Ras Al Khaimah
Anguilla	Czech Republic	Liechtenstein	Romania
Aruba	Denmark	Lithuania	Russia
Asia/Pacific	Dubai	Luxembourg	Seychelles
Australia	Estonia	Madeira	Singapore
Austria	France	Malaysia	Slovakia
Bahamas	Germany	Malta	Slovenia
Barbados	Gibraltar	Marshall Islands	South Africa
Belgium	Greece	Mauritius	Spain
Belize	Grenada	Monaco	St. Kitts
Bermuda	Guernsey	The Netherlands	St. Vincent & The Grenadines
Botswana	Hong Kong	The Netherlands	Switzerland
British Virgin Islands	Hungary	Antilles	Turks & Caicos Islands
Brunei	India	Nevis	United Kingdom
Bulgaria	Ireland	New Zealand	United States
Canada	Isle of Man	Panama	Vanuatu
Cayman Islands	Jersey	Poland	
China	Labuan	Portugal	
Cook Islands	Latvia	Qatar	
Costa Rica			
Curacao			

GIG Jurisdictions

--	--	--	--

Andorra	Cook Islands	Jersey	Ras Al Khaimah
Australia	Cyprus	Labuan	Saint Kitts and Nevis
Austria	Czech Republic	Latvia	Saint Vincent and the Grenadines
Bahamas	Dubai	Liechtenstein	Seychelles
Barbados	France	Luxembourg	Singapore
Belize	Germany	Malta	South Africa
Bermuda	Gibraltar	Marshall Islands	Spain
Botswana	Guernsey	Mauritius	Switzerland
British Virgin Islands	Hong Kong	Monaco	Turks and Caicos Islands
Brunei	Hungary	Netherlands	United Kingdom
Bulgaria	India	New Zealand	United States - Delaware
Canada	Ireland	Panama	United States - Nevada
Cayman Islands	Isle of Man	Portugal	Vanuatu
China	Israel	Qatar	

Strategic Partners



Content prov



[Archive](#) | [Resources](#) | [Partners](#) | [Site Map](#) | [Links](#) | [Newsletter Archive](#) | [Contact](#) | [RSS Feeds](#) | [About](#) | [Syndication](#) | [Advertising & Marketing](#) | [Recruitment](#) | [Terms & Conditions](#) | [Privacy & Cookies](#)

IMPORTANT NOTICE: Wolters Kluwer TAA Limited has taken reasonable care in sourcing and presenting the information contained on this site, but accepts no responsibility for any financial or other loss or damage that may result from its use. In particular, users of the site are advised to take appropriate professional advice before committing themselves to involvement in offshore jurisdictions, offshore trusts or offshore investments. All rights reserved. © 2013 Wolters Kluwer TAA Limited