

Program

IBFD China Tax Conference

15 February 2008, New OECD Conference Centre, Paris (France)

China enacted the new Corporate Income Tax Law in March 2007. The Implementation Rules of this new Tax Law have just been released. The new Law and accompanying Detailed Implementation Rules (DIR), which will both come into effect as of 1 January 2008, are regarded as the most important tax amendments in the history of Chinese taxation. The changes will significantly affect foreign companies doing business in China.

For the first time, high-ranking tax officials from the People's Republic of China will speak at a tax conference in Europe. The participants will be offered the unique opportunity to discuss the new Corporate Income Tax and its impact on their business in China directly with senior Chinese tax officials, OECD, colleagues from the business community and tax professionals.

Conference details

Date: 15 February 2008
Venue: New OECD Conference Centre
2, rue André Pascal
75016 Paris, France

Program

- 09.30-10.15 Registration
- 10.15-10.30 - Welcome by the OECD Deputy Secretary-General
- Opening by Mr. Willem Falter, CEO, International Bureau of Fiscal Documentation, Amsterdam (IBFD)

The new PRC Corporate Income Tax Law

- 10.30-11.00 **Introduction to the New Chinese Corporate Tax Law and its Detailed Implementation Rules**
by Mr. Yaobin Shi, Director-General, Tax Policy Division of the Ministry of Finance, China

Mr. Shi, Director-General of the most important tax policy department in China, will provide insights into the new PRC Tax Corporate Tax Law and the accompanying DIR. Furthermore, he will set out the future China tax policy.

- 11.00-12.15 **Panel discussion with questions from the audience**
Chair Mr. Aart Overbosch, Counsel C&A China Ltd.

Panellists:

- Mr. Yaobin Shi, Director-General of Tax Policy, Ministry of Finance
- Mr. Yuanwei Yang, Deputy Director-General of the Legislation Department, SAT
- Mr. Jeffrey Owens, Director CTPA, OECD
- Mr. Patrick Ellingsworth, Global Tax Director, Shell
- Mr. Alan Yam, Partner, PricewaterhouseCoopers (PwC), Shanghai
- Mr. Frans Vanistendael, Academic Chairman, IBFD

The new Law and its Implementation Rules will bring a big challenge for the Tax Administration. Mr. Yang will address the specific issues of the Tax Administration to implement the new Law and provide an overview of the tasks the Administration faces in the coming year.

Although China is not a member of OECD, China does have a seat at the Committee on Fiscal Affairs (CFA). As such, China is directly involved in developing the OECD's work program in the tax area. In addition, China has been identified by the OECD as one of the five key countries with which the OECD wishes to enhance engagement. Direct OECD co-operation in the tax area has taken place since the mid-1990s and the OECD currently runs joint programs at the China-OECD tax centre in Yangzhou and with the Ministry of Finance in Beijing. Mr. Jeffrey Owens from the OECD will comment on the new Chinese Corporate Income Tax Law.

Mr. Ellingsworth from Shell, one of China's largest foreign investors, will address the impact of the new Law on his company and how Shell intends to deal with these changes.

Mr. Yam will discuss how foreign investment enterprises can qualify for tax incentives under the new income tax regime and what are the implications in satisfying the new parameters.

12.30-13.45 **Lunch**

13.30 **Speech by Mr. Jeffrey Owens, Director Centre for Tax Policy and Administration (CTPA), OECD**

Mr. Jeffrey Owens has been responsible for developing the OECD's extensive co-operation with China in the tax area. China's close connection with the work of the OECD rests on the fact that it has a seat at the CFA (Committee on Fiscal Affairs) table and is directly involved in the work of the CFA working parties. Mr. Owens will discuss international tax developments with particular reference to China and its role in the global economy. He will also focus on the developing relationship between Chinese tax authorities and the OECD and its impact on Chinese tax policy.

Key tax issues when doing business in China

14.15-15.45 **Panel discussion with questions from the audience**

Chair Mr. Aart Overbosch, Counsel C&A China Ltd.

Panellists:

- Mr. Huaishi Zhou, Deputy Director of the International Tax Division, SAT
- Mrs. Xuebing Lin, Director of the Tax Policy Department, Ministry of Finance
- Mr. Bill Sample, Vice-President, Global Tax Director of Microsoft
- Ms. Caroline Silberstein, Head of the Transfer Pricing Unit, CTPA
- Ms. Hélène Rives, China Business Group Leader, Landwell (PwC)
- Mr. Shiqi Ma, Senior Associate Researcher, IBFD

Topics

- Cost sharing/contribution arrangements
- New Transfer Pricing Trends, including TP Audits and Advance Pricing Agreements (APA)
- Permanent establishment under the PRC domestic law
- Tax incentives
- New anti-abuse measures

Cost contributions arrangements are a relatively new concept in the PRC corporate income tax system. Although there is a provision on cost contribution arrangements in the new Chinese Corporate Income Tax Law, only the detailed rules of the implementation will provide a better

understanding of the concrete tax consequences. Mr. Zhou will address cost sharing agreements from the Tax Administration's perspective.

Cost contribution arrangements and tax incentives have been extensively discussed in the China Project Phase II of IBFD. Discussions were mainly focused on how the cost contribution arrangements should be implemented in the practice. Also the participants of the project have exchanged the views with the tax officials on the qualification requirements for the new tax incentives. Mr. Ma will enlighten the audience about the results of these discussions.

Ms. Caroline Silberztein from the OECD will discuss Transfer Pricing aspects of the Chinese Corporate Income Tax Law, and developments in relation to Transfer Pricing audits and Advanced Pricing Agreements.

Ms. Rives will explain the important practical impact of the new "Special Tax Adjustments" clause, including general anti-avoidance rules, thin-cap rules, and transfer pricing documentation requirements on tax strategies of foreign investors in China.

In order to qualify for the tax incentives, the new high technology enterprises must possess IPR ownership. Mr. Sample from Microsoft will discuss the practical problems and importance of economic ownership.

15.45-16.15 Coffee/tea break

16.15-17.30 Panel discussion with questions from the audience

Panellists:

- Mr. Yuanwei Yang, Deputy Director-General of the Legislation Department, State Administration of Taxation
- Mr. Shixing Gao, Vice Secretary-General of CITRI (China International Tax Research Institute)
- Mr. Bill Sample, Vice-President, Global Tax Director, Microsoft
- Ms. Hélène Rives, China Business Group Leader, Landwell (PwC)
- Mr. Shiqi Ma, Senior Research Associate, IBFD
- Mr. Alan Yam, partner, PricewaterhouseCoopers (PwC), Shanghai

Topics

- China perspective in the global tax planning
- Tax risk management in China

Mr. Sample will share Microsoft's experience and views on global tax planning.

Ms. Rives will share her view on what long term plans should be formulated in view of the new challenges and opportunities.

Mr. Ma will share his views on the complexity of the new Law and its Implementation Rules, the different levels of tax administrations, lack of available information in English and other specific problems may expose foreign investors in China to more tax risks than in other jurisdictions. The panel will discuss on how to best manage tax risks in China.

17.30-17.45 Announcement of China Project Phase III of IBFD and closing remarks
By Mr. Willem Falter CEO, IBFD

17.45-19.00 Cocktail party
with Chinese tax officials