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China TP Documentation Reminder

By June 2016, some companies are required to prepare and submit the 2015 transfer pricing (TP) documentation to the Chinese tax authority. We highlight some reminders below for your attention.

Contact:

Martin Ng,
Managing Partner,
WTS China
(martin.ng@wts.cn)

Xiaojie Tang,
TP Manager,
WTS China
(xiaojie.tang@wts.cn)

Key items	Remarks
TP documentation threshold	<p>Companies should check whether their related party transactions have met any of these China's TP documentation criteria:</p> <ul style="list-style-type: none"> ➤ Related party purchase and sale amount over RMB 200 million; ➤ Other related party transactions is below RMB40 million; or ➤ Companies in China with limited functions and risks (e.g. processing trade, distribution or contract R&D, etc.) but still incurring losses. <p>The TP documentation should cover the period from 1 January 2015 to 31 December 2015.</p>
Deadline for submission	<p>The deadline for completing 2015 TP documentation is 31 May 2016.</p> <p>For submission, some tax authorities in Chongqing, Guangdong, Hunan and Hebei provinces of China has already confirmed that companies should submit the transfer pricing documentation by 20 June 2016.</p>
Related party filing	<p>When preparing the annual corporate income tax (CIT) forms, companies engaging in related party transactions should complete the related party transaction forms and confirm whether they are obligated to submit TP documentation.</p>
Consequences of late / no submission	<p>Failing to prepare / submit TP documentation, it may create TP exposure and trigger TP audit.</p> <p>Further, there will be penalty from RMB 2,000 to RMB 10,000 for late / no submission of TP documentation by companies meeting the criteria.</p>
New TP documentation requirements	<p>The 10th OECD Forum on Tax Administration (FTA) will be held in Beijing from 11 to 13 May 2016. One of the topics is BEPS implementation in China.</p> <p>China's amendment draft on TP regulation, Circular 2, containing BEPS's three-tier documentation requirements (master file, local file, country-by-country reporting), will be discussed and is expected to be enacted soon.</p>

Website:

Please find WTS China TP services in below link:
http://wts.cn/en/content/transfer_pricing_services.php