

China (People's Republic of)

1. China was reviewed as part of the 2017/2018 and the 2018/2019 peer reviews. This report is supplementary to those previous reports (OECD, 2019^[1]) (OECD, 2018^[2]).
2. The first filing obligation for a CbC report in China commences in respect of financial years beginning on or after 1 January 2016.

Summary of key findings

3. China's implementation of the Action 13 minimum standard meets all applicable terms of reference (OECD, 2017^[3]) relating to the domestic legal and administrative framework, except for the following:
 - China's 2017/2018 peer review included a recommendation that China clarify the exact scope, conditions and legal basis under the minimum standard and/or the exchange of information framework for the filing exemption in relation to information relating to National Security. This recommendation remains in place.
 - China's 2017/2018 peer review included a recommendation that China amend its legislation or otherwise takes steps to ensure that local filing is only required in the circumstances contained in the terms of reference. This recommendation remains in place.
4. It is recommended that China should continue to work actively towards putting in place qualifying competent authority arrangements with jurisdictions of the Inclusive Framework that meet the confidentiality, consistency and appropriate use conditions and with which China has an international exchange of information agreement in effect that allows for the automatic exchange of tax information. This recommendation remains unchanged since the 2018/2019 peer review.
5. It is recommended that China take steps to implement processes or written procedures to ensure that the exchange of information is conducted in a manner consistent with the terms of reference relating to the exchange of information framework ahead of its first exchanges of information. This recommendation remains unchanged since the 2018/2019 peer review.

Part A: The domestic legal and administrative framework

6. China has primary and secondary laws in place to implement the BEPS Action 13 minimum standard, establishing the necessary requirements, including the filing and reporting obligations.

(a) Parent entity filing obligation

7. China's 2017/2018 peer review included a recommendation that China clarify the exact scope, conditions and legal basis under the minimum standard and/or the exchange of information framework for the filing exemption in relation to information relating to National Security. This recommendation remains in place. China confirm that, as at 31 March 2020, no MNEs have been exempted from filing under this provision.

(b) Scope and timing of parent entity filing

8. No changes were identified.

(c) Limitation on local filing obligation

9. China's 2017/2018 peer review included a recommendation that China amend its legislation or otherwise takes steps to ensure that local filing is only required in the circumstances contained in the terms of reference. This recommendation remains in place. China confirm that, as at 31 March 2020, no foreign MNEs have been required to comply with local filing rules.

(d) Limitation on local filing in case of surrogate filing

10. No changes were identified.

(e) Effective implementation

11. No changes were identified.

Conclusion

12. It is recommended that China clarify the exact scope, conditions and legal basis under the minimum standard and/or the exchange of information framework for the filing exemption in relation to information relating to National Security. This recommendation remains in place since the 2017/2018 peer review.

13. It is recommended that China amend its legislation or otherwise takes steps to ensure that local filing is only required in the circumstances contained in the terms of reference. This recommendation remains in place since the 2017/2018 peer review.

Part B: The exchange of information framework***(a) Exchange of information framework***

14. As at 31 March 2020, China has 45 bilateral relationships activated under the CbC MCAA and under bilateral agreements. Within the context of its international exchange of information agreements that allow automatic exchange of information, China should continue to take steps to have qualifying competent authority agreements in effect with jurisdictions of the Inclusive Framework that meet the confidentiality, consistency and appropriate use conditions.

(b) Content of information exchanged

15. No changes were identified.

(c) Completeness of exchanges

16. No changes were identified.

(d) Timeliness of exchanges

17. No changes were identified.

(e) Temporary suspension of exchange or termination of QCAA

18. No changes were identified.

(f) Consultation with other Competent Authority before determining systemic failure or significant non-compliance

19. No changes were identified.

(g) Format for information exchange

20. No changes were identified.

(h) Method for transmission

21. No changes were identified.

Conclusion

22. It is recommended that China should continue to work actively towards putting in place qualifying competent authority arrangements with jurisdictions of the Inclusive Framework that meet the confidentiality, consistency and appropriate use conditions and with which China has an international exchange of information agreement in effect that allows for the automatic exchange of tax information. This recommendation remains unchanged since the 2018/2019 peer review.

23. It is recommended that China implement a process to ensure that each of the mandatory fields of information required in the CbC reporting template are present in the information exchanged. This recommendation remains unchanged since the 2017/2018 peer review.

Part C: Appropriate use**Appropriate use**

24. No changes were identified.

Conclusion

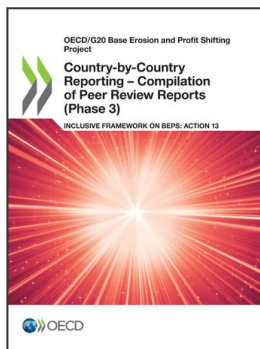
25. China meets all the terms of reference in relation to appropriate use.

Summary of recommendations on the implementation of Country-by-Country Reporting

Aspect of the implementation that should be improved		Recommendation for improvement
Part A	Domestic legal and administrative framework	It is recommended that China clarify the exact scope and legal basis under the minimum standard and/or the exchange of information framework for the filing exemption in relation to national security.
Part A	Domestic legal and administrative framework	It is recommended that China amend its legislation or otherwise take steps to ensure that local filing is only required in the circumstances contained in the terms of reference.
Part B	Exchange of information framework	It is recommended that China should continue to work actively towards putting in place qualifying competent authority arrangements with jurisdictions of the Inclusive Framework that meet the confidentiality, consistency and appropriate use conditions and with which China has an international exchange of information agreement in effect that allows for the automatic exchange of tax information.
Part B	Exchange of information framework	It is recommended that China implement a process to ensure that each of the mandatory fields of information required in the CbC reporting template are present in the information exchanged.
Part C	Appropriate Use	-

References

- OECD (2019), *Country-by-Country Reporting – Compilation of Peer Review Reports (Phase 2): Inclusive Framework on BEPS: Action 13*, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, <https://dx.doi.org/10.1787/f9bf1157-en>. [1]
- OECD (2018), *Country-by-Country Reporting – Compilation of Peer Review Reports (Phase 1): Inclusive Framework on BEPS: Action 13*, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264300057-en>. [2]
- OECD (2017), *Terms of reference for the conduct of peer review of the Action 13 minimum standard on country-by-country reporting*, OECD Publishing, <https://www.oecd.org/tax/beps/beps-action-13-on-country-by-country-reporting-peer-review-documents.pdf>. [3]



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