

China (People’s Republic of)

Summary of key findings

1. Consistent with the agreed methodology, this first annual peer review covers: (i) the domestic legal and administrative framework, (ii) certain aspects of the exchange of information framework as well as (iii) certain aspects of the confidentiality and appropriate use of Country-by-Country (CbC) reports. China’s implementation of the Action 13 minimum standard meets all applicable terms of reference, except that it raises one definitional and one substantive issue in relation to its domestic legal and administrative framework. The report, therefore, contains two recommendations concerning these issues. China should also bring the Convention in effect as soon as possible and have Qualifying Competent Authority agreements in effect with jurisdictions of the Inclusive Framework that meet the confidentiality and consistency conditions. In addition, China should take steps to ensure that the appropriate use condition is met as soon as possible, while noting that China will not exchange CbC reports in 2018.

Part A: Domestic legal and administrative framework

2. China has rules (primary and secondary law) that impose and enforce CbC requirements on multinational enterprise groups (MNE Groups) whose Ultimate Parent Entity is resident for tax purposes in China. The first filing obligation for a CbC report in China commences in respect of fiscal years commencing on or after 1 January 2016. China meets all the terms of reference relating to the domestic legal and administrative framework,¹ with the exception of:

- the filing exemption which relates to “national security”,²
- one of the conditions for local filing which does not appear to be in line with the terms of reference.³

Part B: Exchange of information framework

3. China is a signatory of the *Multilateral Convention on Mutual Administrative Assistance in Tax Matters: Amended by the 2010 Protocol* (OECD/Council of Europe, 2011), which is not in force for fiscal year 2016 (entry in force as of 1 February 2016). The *Multilateral Convention on Mutual Administrative Assistance in Tax Matters: Amended by the 2010 Protocol* (OECD/Council of Europe, 2011) is not in effect with respect to the fiscal year starting on 1 January 2016. China has however decided not to apply local filing requirements for the 2016 fiscal year, as a transitional relief. It is also a signatory of the CbC MCAA; it has provided its notifications under Section 8 of this agreement and intends to exchange information with three signatories of this agreement. As of 12 January 2018, China has three bilateral relationships activated under the CbC MCAA. It is recommended that China bring the Convention in effect as soon as possible and have Qualifying Competent Authority agreements in effect with jurisdictions of the Inclusive Framework that meet the confidentiality and consistency conditions.⁴

Part C: Appropriate use

4. China indicates that measures are currently being developed to ensure the appropriate use of information in the six areas identified in the OECD *Guidance on the appropriate use of information contained in Country-by-Country reports* (OECD, 2017a). It notes that such measures will soon be in place and has also provided details on the next steps which are being planned. It is recommended that China take steps to ensure that the appropriate use condition is met as soon as possible, while noting that China will not exchange CbC reports in 2018.

Part A: The domestic legal and administrative framework

5. Part A assesses the domestic legal and administrative framework of the reviewed jurisdiction by reviewing the (a) parent entity filing obligation, (b) the scope and timing of parent entity filing, (c) the limitation on local filing obligation, (d) the limitation on local filing in case of surrogate filing and ((e) the effective implementation.

6. China has primary and secondary law in place⁵ which implements the BEPS Action 13 minimum standard establishing the necessary requirements, including the filing and reporting obligations.

(a) Parent entity filing obligation

Summary of terms of reference:⁶ Introducing a CbC filing obligation which applies to Ultimate Parent Entities of MNE Groups above a certain threshold of revenue, whereby all required Constituent Entities of the MNE Group are included in the CbC report and no entity is excluded from CbC Reporting other than permitted (paragraph 8 (a) of the terms of reference).

7. China has introduced a domestic legal and administrative framework which imposes a CbC filing obligation⁷ on Ultimate Parent Entities of MNE Groups⁸ above a certain threshold of revenue.

8. The secondary law defines an “Ultimate Parent Entity” as follows:⁹ “*The resident enterprise is the ultimate holding company of a multinational enterprise’s (hereafter referred to as the “MNE”) group having total consolidated group revenue of more than 5.5 billion RMB during the fiscal year immediately preceding the reporting fiscal year as reflected in its consolidated financial statements for such preceding fiscal year. Ultimate holding company is the enterprise that can consolidate the financial statements of all constituent entities that belong to its MNE group and cannot be included in the consolidated financial statements of another enterprise*”. It is unclear from this wording whether Ultimate Parent Entities which would be required to prepare Consolidated Financial Statements if their equity interests were traded on a public securities exchange in China would be captured or not by this definition.¹⁰ However, China confirms that non-listed Chinese companies are bound by the accounting rules to produce consolidated financial statements when certain conditions of shareholding and/or control are met.¹¹

9. Under the terms of reference,¹² an entity which prepares consolidated financial statements is only an Ultimate Parent Entity if it is required to do so or would be required to do so if its equity interests were traded on a public securities exchange in its jurisdiction of tax residence. Therefore there may be cases where an entity prepares

Consolidated Financial Statements but is not an Ultimate Parent Entity. It is unclear under China’s legislation whether an Ultimate Parent Entity which would prepare Consolidated Financial Statements, without being required to do so, would fall within the scope of the CbC filing obligation. However, China confirms that an Ultimate Parent Entity which would prepare Consolidated Financial Statements, without being required to do so, would not fall within the scope of the CbC filing obligation.

10. No other inconsistencies were identified with respect to China’s domestic legal framework in relation with the parent entity filing obligation.¹³

(b) Scope and timing of parent entity filing

11. China indicates that the first filing obligation for a CbC report in China commences in respect of periods commencing on or after 1 January 2016. The CbC report must be filed yearly by the “ultimate holding company” or the resident enterprise (tax resident in China) that has been appointed by the MNE Group to file the CbC report at the time of submitting its annual Enterprise Income.¹⁴

12. With respect to paragraph 8 (a) iv. of the terms of reference (OECD, 2017b), China’s rules¹⁵ provide for a full or partial filing exemption as follows: “*For an MNE Group whose ultimate holding company is a resident enterprise in the People’s Republic of China, if its information is related to national security, it can be exempted from filing the Country-by-Country Report in whole or in part in accordance with the applicable laws and regulations*”. China’s rules do not detail the exact scope and conditions of such filing exemption, i.e. the entities to which it may apply, the circumstances and conditions under which such exemption would apply, the definition of “national security” matters, the activities or the types of information covered by the exemption, etc. Thus, this filing exemption may be interpreted in a broad way whereas the minimum standard states that “*no exemptions from filing the Country-by-Country Report should be adopted apart from the exemptions outlined in this section [exemption based on the EUR 750 million threshold]. In particular, no special industry exemption should be provided, no general exemption for investment funds should be provided, and no exemption for non-corporate entities or non-public corporate entities should be provided*”.¹⁶ It is therefore recommended that China clarify the exact scope, conditions and legal basis for such an exemption.¹⁷

13. No other inconsistencies were identified with respect to the parent entity filing obligation.

(c) Limitation on local filing obligation

Summary of terms of reference: If local filing requirements have been introduced, that such requirements may apply only to Constituent Entities which are tax residents in the reviewed jurisdiction, whereby the content of the CbC report does not contain more than that required from an Ultimate Parent Entity, whereby the reviewed jurisdiction meets the confidentiality, consistency and appropriate use requirements, whereby local filing may only be required under certain conditions and whereby one Constituent Entity of an MNE Group in the reviewed jurisdiction is allowed to file the CbC report, satisfying the filing requirement of all other Constituent Entities in the reviewed jurisdiction (paragraph 8 (c) of the terms of reference).

14. China has introduced local filing requirements¹⁸ as from the reporting period starting on or after 1 January 2016.

15. With respect to the conditions under which local filing may be required (paragraph 8 (c) iv. a) of the terms of reference (OECD, 2017b), the tax administration can request the enterprise (that is not an ultimate holding company or resident enterprise that has been appointed by the MNE Group to file the CbC report) to provide the CbC report during a special tax investigation if the MNE to which the enterprise belongs is required to prepare the Country-by-Country Report in accordance with the relevant regulations of another country and the MNE has not filed the CbC report to any other countries. These provisions reflect a different situation than under the first condition mentioned in the terms of reference¹⁹ (a circumstance which is not envisaged by China’s rules) and aim at obtaining a CbC report through a Constituent Entity in China when no CbC report has been obtained through a Surrogate Parent Entity. However, as drafted, these provisions may be applied in situations where

1. there is an international instrument and a QCAA in effect between China and the jurisdiction of residence of the Ultimate Parent Entity but the latter has not complied with this obligation. This is normally a situation for which it is up to the jurisdiction of residence of the Ultimate Parent Entity to deal with, through its enforcement measures²⁰
2. there is no international instrument China and the jurisdiction of residence of the Ultimate Parent Entity²¹
3. where the tax authority in the residence jurisdiction of the Ultimate Parent Entity of an MNE Group has failed to exchange the MNE Group’s CbC report with China, but this falls short of systemic failure.

16. These situations are however not covered by the terms of reference. China indicates that the differences between China’s domestic legislation and the terms of reference are solely attributed to the differences in language conventions and legislation structures. It was not the intent of China’s domestic legislation to deviate from the Model Legislation when defining local filing obligations. However, taking into account that there might be unintended implications due to the specific wording in China’s domestic legislation as described above, and in order to ensure consistency with the terms of reference, China will issue an internal guidance (or internal instructions in other forms, depending on the administrative process) to monitor and control the implementation of local filing. 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.

17. With respect to the conditions under which local filing may be required (paragraph 8 (c) iv. b) of the terms of reference (OECD, 2017b), the tax administration can also request an enterprise to provide the CbC report during a special tax investigation if the MNE to which the enterprise belongs is required to prepare the CbC report in accordance with the relevant regulations of another country, and although the MNE has filed the CbC report to another country, there is no mechanism in place to exchange CbC report between China and that country. Although this condition does not reflect the details of paragraph 8 (c) iv. b) of the terms of reference (OECD, 2017b), China confirms that it will apply this provision in accordance with the wording of these terms of reference. As such, no recommendation is made but this aspect will be further monitored.

18. With respect to the conditions under which local filing may be required (paragraph 8 (c) iv. c) of the terms of reference (OECD, 2017b), the tax administration

can also request an enterprise (that is not an ultimate holding company or resident enterprise that has been appointed by the MNE Group to file the CbC report) to provide the CbC report during a special tax investigation if the MNE to which the enterprise belongs is required to prepare the CbC report in accordance with the relevant regulations of another country and although the MNE has filed the CbC report to another country, and there is a mechanism in place to exchange the CbC report between China and that country, the CbC report has not been successfully exchanged to China.²² Although this condition does not reflect the details of paragraphs 8 (c) iv. c) and 21 of the terms of reference (OECD, 2017b) in particular in regard of the concept of “Systemic Failure”, and may be interpreted in a broader meaning than the situation of a “Systemic Failure”, China confirms that it will apply this provision in accordance with the wording of these terms of reference. As such, no recommendation is made but this aspect will be further monitored.

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

Summary of terms of reference: If local filing requirements have been introduced, that local filing will not be required when there is surrogate filing in another jurisdiction when certain conditions are met (paragraph 8 (d) of the terms of reference).

19. China’s local filing requirements will not apply if there is surrogate filing in another jurisdiction.²³ No inconsistencies were identified with respect to the limitation on local filing in case of surrogate filing.

(e) Effective implementation

Summary of terms of reference: Providing for enforcement provisions and monitoring relating to CbC Reporting’s effective implementation including having mechanisms to enforce compliance by Ultimate Parent Entities and Surrogate Parent Entities, applying these mechanisms effectively, and determining the number of Ultimate Parent Entities and Surrogate Parent Entities which have filed, and the number of Constituent Entities which have filed in case of local filing (paragraph 8 (e) of the terms of reference).

20. China has legal mechanisms in place to enforce compliance with the minimum standard: there are penalties in place in relation to the filing of a CbC report: (i) penalties for failure to file a CbC report and (ii) penalties for inaccurate information.²⁴ It is noted that there is no specific mechanism to validate whether all Ultimate Parent Entities and Surrogate Parent Entities that are to file in China did so. China indicates that power to compel the production of a CbC report is within the purview of the State Administration of Taxation. The enforcement powers are divided into several steps. The first step was to release the PN 42 to require the filing of CbC reports. The second step will be for the taxpayers to file the CbC reports by the way of filing income tax returns. The third step will be for the tax authorities at the local level to review the CbC reports and apply the penalty for the noncompliance to the taxpayers if deemed necessary.

21. There are no specific processes in place that would allow to take appropriate measures in case China is notified by another jurisdiction that such other jurisdiction has reason to believe that an error may have led to incorrect or incomplete information reporting by a Reporting Entity or that there is non-compliance of a Reporting Entity with

respect to its obligation to file a CbC report. As no exchange of CbC reports has yet occurred, no recommendation is made but this aspect will be further monitored.

Conclusion

22. In respect of paragraph 8 of the terms of reference (OECD, 2017b), China has a domestic legal and administrative framework to impose and enforce CbC requirements on MNE Groups whose Ultimate Parent Entity is resident for tax purposes in China. China meets all the terms of reference relating to the domestic legal and administrative framework, with the exception of the filing exemption which relates to “national security” (paragraph 8 (a) iv. of the terms of reference (OECD, 2017b)) and local filing conditions (paragraphs 8 (c) iv. a) of the terms of reference (OECD, 2017b)).

Part B: The exchange of information framework

23. Part B assesses the exchange of information framework of the reviewed jurisdiction. For this first annual peer review process, this includes reviewing certain aspects of the exchange of information framework as specified in paragraph 9 (a) of the terms of reference (OECD, 2017b).

Summary of terms of reference: within the context of the exchange of information agreements in effect of the reviewed jurisdiction, having QCAAs in effect with jurisdictions of the Inclusive Framework which meet the confidentiality, consistency and appropriate use prerequisites (paragraph 9 (a) of the terms of reference).

24. China has domestic legislation that permits the automatic exchange of CbC reports. It is a Party to (i) the *Multilateral Convention on Mutual Administrative Assistance in Tax Matters: Amended by the 2010 Protocol* (OECD/Council of Europe, 2011) (the Convention) (signed on 27 August 2013 and in force on 1 February 2016) and (ii) multiple bilateral Double Tax Agreements and Tax Information and Exchange Agreements which allow Automatic Exchange of Information.²⁵ The Convention is not in effect with respect to the fiscal year starting on 1 January 2016. This means that China will not be able to exchange (either send or receive) CbC reports with respect to 2016 fiscal year and will not send or receive CbC reports under the Convention and CbC MCAA on the first exchange date in mid-2018. It is recommended that China take steps to enable exchanges of CbC reports relating to the fiscal year 2016, e.g. lodging a Unilateral Declaration in order to align the effective date of the Convention with first intended exchanges of CbC reports under the CbC MCAA, as permitted under paragraph 6 of Article 28 of the Convention,²⁶ or relying on Double Tax Agreements or Tax Information and Exchange Agreements. China indicates that it was not able to lodge a Unilateral Declaration as this requires a Parliamentary process. China has however decided not to apply local filing requirements for the 2016 fiscal year, as a transitional relief.

25. China signed the CbC MCAA on 12 May 2016. It has submitted notifications under section 8 of the CbC MCAA on 15 June 2017. It intends to have the CbC MCAA in effect with Competent Authorities of France, Germany and the United Kingdom. As of 12 January 2018, China has three bilateral relationships activated under the CbC MCAA. It is recommended that China take further steps to have Qualifying Competent Authority

agreements in effect with jurisdictions of the Inclusive Framework that meet the confidentiality and consistency conditions.

Conclusion

26. It is recommended that China bring the Convention in effect as soon as possible and have Qualifying Competent Authority agreements in effect with jurisdictions of the Inclusive Framework that meet the confidentiality and consistency conditions.

Part C: Appropriate use

27. Part C assesses the compliance of the reviewed jurisdiction with the appropriate use condition. For this first annual peer review process, this includes reviewing certain aspects of appropriate use.

Summary of terms of reference: (a) having in place mechanisms (such as legal or administrative measures) to ensure CbC reports which are received through exchange of information or by way of local filing are only used to assess high-level transfer pricing risks and other BEPS-related risks, and, where appropriate, for economic and statistical analysis; and cannot be used as a substitute for a detailed transfer pricing analysis of individual transactions and prices based on a full functional analysis and a full comparability analysis; and are not used on their own as conclusive evidence that transfer prices are or are not appropriate; and are not used to make adjustments of income of any taxpayer on the basis of an allocation formula (paragraphs 12 (a) of the terms of reference).

28. In order to ensure that a CbC report received through exchange of information or local filing can be used only to assess high-level transfer pricing risks and other BEPS-related risks, and, where appropriate, for economic and statistical analysis, and in order to ensure that the information in a CbC report cannot be used as a substitute for a detailed transfer pricing analysis of individual transactions and prices based on a full functional analysis and a full comparability analysis; or is not used on its own as conclusive evidence that transfer prices are or are not appropriate; or is not used to make adjustments of income of any taxpayer on the basis of an allocation formula (including a global formulary apportionment of income), China indicates that measures are currently being developed to ensure the appropriate use of information in the six areas identified in the *OECD Guidance on the appropriate use of information contained in Country-by-Country reports* (OECD, 2017a). It notes that such measures will soon be in place and has also provided details on the next steps which are being planned. It is recommended that China take steps to ensure that the appropriate use condition is met as soon as possible, while noting that China will not exchange CbC reports in 2018.

Conclusion

29. In respect of paragraph 12 (a) of the terms of reference (OECD, 2017b), it is recommended that China take steps to ensure that the appropriate use condition is met as soon as possible, while noting that China will not exchange CbC reports in 2018.

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 - Scope and timing of parent entity filing - filing exemption	It is recommended that China clarify the exact scope, conditions and legal basis for the filing exemption which relates to "national security".
Part A	Domestic legal and administrative framework - Limitation on local filing	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.
Part B	Exchange of information framework	It is recommended that China bring the Convention in effect as soon as possible and have Qualifying Competent Authority agreements in effect with jurisdictions of the Inclusive Framework that meet the confidentiality and consistency conditions.
Part C	Appropriate use	It is recommended that China take steps to ensure that the appropriate use condition is met as soon as possible, while noting that China will not exchange CbC reports in 2018.

Notes

¹ Paragraph 8 of the terms of reference (OECD, 2017b).

² Paragraph 8 (a) iv. of the terms of reference (OECD, 2017b).

³ Paragraph 8 (c) iv. a) of the terms of reference (OECD, 2017b).

⁴ Paragraph 9 (a) of the terms of reference (OECD, 2017b).

⁵ Primary law consists of Article 43 of the “Enterprise Income Tax Law of the People’s Republic of China” (or “Enterprise Income Tax Law”), of Article 114 of the Interpretation Regulations of the Enterprise Income Tax Law, as well as Articles 62 and 64 of the “Tax Collection and Administration Law”. Secondary law consists of Articles 5 to 9 of the Public Notice of the State Administration of Taxation [2016] 42 (hereafter “PN 42”) relating to “Matters regarding Refining the Filing of Related Party Transactions and Administration of Contemporaneous Transfer Pricing Documentation”.

⁶ The « summary of terms of reference » is provided to facilitate the reading of the report. Reference should be made to the exact wording of the terms of reference published in February 2017 (OECD, 2017b).

⁷ China confirms that state-owned companies are subject to the same CbC Reporting filing requirements as any other type of companies in China.

⁸ Although there is no definition of an « MNE Group » as such in China’s legislation, China confirms that the situation of a group with a Chinese head office and one/several overseas permanent establishments (PEs) will be caught by CbC Reporting requirements since Chinese accounting rules require Chinese head offices to include the financial data of overseas PEs in their financial reports regardless of whether the PEs are required to prepare separate financial statements in the jurisdictions in which the PEs are situated.

⁹ See Article 5 of PN 42.

¹⁰ Under the terms of reference (paragraphs 8 (a) i. and 18 i. of the terms of reference (OECD, 2017b)), the Ultimate Parent Entity of a group includes an entity that does not prepare Consolidated Financial Statements, but would be required to do so if its equity interests were

traded on a public securities exchange in its jurisdiction of tax residence (“deemed listing provision”).

¹¹ In addition, China indicates that it has followed the Model Legislation for the definition of “Constituent Entities” in its domestic legislation which captures the “deemed listing” situation. Under China’s domestic legislation, Constituent Entities would include any entity that would be included in the consolidated financial statements of the MNE group if equity interests in such entity were traded on a public securities exchange.

¹² Paragraph 18 i. of the terms of reference (OECD, 2017b).

¹³ See Article 5 of PN 42.

¹⁴ See Articles 1 and 5 of PN 42.

¹⁵ See Article 6 of PN 42.

¹⁶ See paragraph 55 of the Action 13 Report (OECD, 2015).

¹⁷ China indicates that it is in the process of drafting the guidance on the scope and conditions of the exemption (which would also explain the legal basis). This will be finalised soon and will be presented in the report for China later during the peer review process.

¹⁸ See Article 8 of PN 42. It is noted that it is unclear from the provisions of China’s legislation whether local filing requirements only apply to Constituent Entities which are “resident for tax purposes” in China, as per paragraph 8 (c) i. of the terms of reference (OECD, 2017b). Article 8 of PN 42 uses the word “enterprise”.

¹⁹ Paragraph 8 (c) iv. a) of the terms of reference (OECD, 2017b).

²⁰ This is an aspect which is assessed during the peer review process.

²¹ regardless of whether the Ultimate Parent Entity has complied or not with the filing obligation in its jurisdiction of residence.

²² See Articles 5 (ii) and 8 (i) of PN 42.

²³ See Article 8. (i) of PN 42.

²⁴ China indicates that the penalty for a failure to file any tax-related documents and information, a late filing of any tax-related documents and information, inaccurate filing of any tax-related documents provided by the Tax Collection and Administration Law of the People’s Republic of China also applies to the non-compliance with respect to the filing of a CbC report. See Articles 62 and 64 of the Tax Collection and Administration Law of the People’s Republic of China:

Article 62: For the taxpayer not completing the tax declaration and not submitting the data of tax payments before the set deadline or the withholding agents not reporting the report forms of the withholding and remitting, collecting and remitting the taxation and relative documents to the tax authorities before the set deadline, the tax authorities shall order them to remedy before a deadline. The tax authorities may impose fines below CNY 2 000 and in case of serious circumstances, between CNY 2 000 and RMB 10 000.

Article 64: The tax authorities shall order the taxpayer and the withholding agents fabricating the false tax accounting basis to make remedy before a set deadline and impose fines below CNY 50 000.

As for the taxpayer not declaring the tax, not paying or underpaying the tax payable, the tax authorities shall recover the tax payments and arrearages not paid and impose fines of more than 50% but less than quintuple of the tax payments not paid or less paid.

²⁵ China indicates that it has such agreements with Albania, Algeria, Armenia, Australia, Austria, Azerbaijan, Bahrain, Bangladesh, Barbados, Belarus, Belgium, Bosnia and Herzegovina, Botswana, Brazil, Brunei Darussalam, Bulgaria, Cambodia, Canada, Chile, Croatia, Cuba, Cyprus, Czech Republic, Denmark, Ecuador, Egypt, Estonia, Ethiopia, Finland, Former Yugoslav Republic of Macedonia, France, Georgia, Germany, Greece, Hungary, Iceland, India, Indonesia, Iran, Ireland, Israel, Italy, Jamaica, Japan, Kazakhstan, Korea, Kuwait, Kyrgyzstan, Lao People’s Democratic Republic, Latvia, Lithuania, Luxembourg, Malaysia, Malta, Mauritius, Mexico, Moldova, Mongolia, Montenegro, Morocco, Nepal, Netherlands, New Zealand, Nigeria, Norway, Oman, Pakistan, Papua New Guinea, Philippines, Poland, Portugal, Qatar, Romania, Russia, Saudi Arabia, Serbia, Seychelles, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sri Lanka, Sudan, Sweden, Switzerland, Syria, Tajikistan, Thailand, Trinidad and Tobago, Tunisia, Turkey, Turkmenistan, Uganda, Ukraine, United Arab Emirates, United Kingdom, United States, Uzbekistan, Venezuela, Viet Nam, Zambia, Zimbabwe, as well as double tax agreements with Hong Kong Special Administration Region, Macau Special Administration Region, and Chinese Taipei.

Note by Turkey

The information in this document with reference to “Cyprus” relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey shall preserve its position concerning the “Cyprus issue”.

Note by all the European Union Member States of the OECD and the European Union

The Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

²⁶ Paragraph 6 of Article 28 of the Convention reads as follows: “[...] Any two or more Parties may mutually agree that the Convention [...] shall have effect for administrative assistance related to earlier taxable periods or charges to tax.”

References

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