
VAT Rate Structure in China: Implications of the EU Experience

A Comparative Study of Transfer Pricing Taxation System between China and Australia

Long Zhaohui[☆] Huang Shuoyu

Abstract: As defined, transfer pricing is the setting of price for goods and services or intangible assets sold between related entities within an enterprise. In international economic activities, international companies could shift transfer pricing in order to achieve best profit in a way setting major profit into an entity within a country which has relatively lower tax rate. Under economic globalization, international business contributed enormously in the growth of global economy, which explains why transfer pricing has growing concern among policy makers all around the world. Currently, we have already founded a relatively complete transfer pricing taxation policies, and empirically developed for decades. However, as we are in our ‘starter’ period, there are still huge gap between us and developed countries. Recent data shows that we had experienced extraordinary tax loss on transfer pricing at RMB 30 billion in financial year 2012-2013. Meanwhile, Australia, where china imports most of ores and wools from and exports technique products and textile to, these two country have had an integral business relationship and relies on each other. This article would basically compare transfer pricing in these two countries and would come up with approaches in approving transfer pricing taxation policies in China.

[☆]Zhaohui Long, Associate Professor, Lingnan College, Sun Yat-Sen University.

1. Introduction

In recent years, Chinese anti-avoidance work continues to face serious challenges. In 2005, the world's top 500 invested in Shenzhen to set up a technology company. In 2006, the company's main business revenue has exceeded 10 billion yuan and its operating profit amounted to more than 200 million yuan. In just over three years after the exemption period, the company transformed the business mode from feed processing into the processing mode, the processing fee income to sales revenue. Later, the main business income of the company has undergone a sharp decline, while operating profit also significantly reduced, which, according to estimation, even seriously affected Shenzhen's GDP level in the year. In 2012, Shenzhen Municipal Office, SAT has successfully completed the "transfer pricing" audit to this company and recovered over 100 billion yuan of taxes, the process lasting one and a half year.

At the G20 St. Petersburg Summit in 2013, OECD proposed 15 base erosion and profit-shifting (BEPS) Plan of Action, and then many countries revised international tax rules to curb tax avoidance of global multinationals and erosion of the tax group. October 2015, 15 projects on BEPS Action Plan launched significant achievements in transfer pricing and in making up a series of regulatory gaps in the domestic tax rules and institutions. It also provides a good example of multilateral cooperation to jointly cope with the international tax challenges.

In this international tax reform, China participated as a partner of OECD in the BEPS Action Plan, and China's State Administration of Taxation (SAT for short) has established a special leading group to comprehensively promote BEPS Action Plan. 2013-2015, China's position and statements submitted by the SAT to the OECD are no less than 1000, which made important contributions to the successful completion of the achievements of BEPS Action Plan. After 15 reports were completed, the group organized personnel to translate them quickly, comprehensively and actively learned from the results of OECD work, and had a choice to combine localization BEPS results with our reality, introducing series of regulations and normative documents to strengthen anti-avoidance management, such as "anti-avoidance management approaches", and "property management approaches of indirect transfer between the non-residents and enterprises". Combined with BEPS achievements, our anti-avoidance laws and regulations have been further improved. The tax authorities around our country carried out special anti-avoidance filing investigations 265, of which 188 were finished and which had contributed 58 billion to tax increase.

Australia, as the G20 major economies and the world's major exporter of agricultural products and energy minerals, has mature market economy systems which match with its own sound legal systems and regulatory modes of governance. As China's important economic partner countries, the largest importer of energy minerals, and the important part of Anglo-American legal systems, Australian's methods and regulatory models on BEPS really deserves Chinese learning.

This article will briefly describe the two country's existing laws and regulations related to transfer pricing and its development and improvement process. Comparing the two different requirements and regulation on transfer pricing issues, it can further

improve possible directions and recommendations for our transfer pricing regulations. Through the analysis of transfer pricing in Australia, it provides references for further cooperation between Chinese and Australia enterprises, promotes bilateral cooperation in the tax authorities, thus deepening their economic and trade cooperation

2. The Overview of Chinese Transfer Pricing Policies

2.1 The Taxation Norms of Chinese Transfer Pricing

Our Transfer Pricing Tax Administration comes from the "Interim Measures of Shenzhen Special Economic Zone enterprises with foreign investment and related transactions business of tax administration," Shenzhen promulgated in 1987. In 1991, the National People's Congress passed the "People's Republic of China Foreign Investment Enterprise and Foreign Enterprise Income Tax Law" (hereinafter referred to as Tax Law) and related implementation details, therefore our transfer pricing systems and management began to be gradually formed. In 2008, the new Enterprise Income Tax Law has been carried out. The following year, SAT issued "Implementation Measures of Special Tax Adjustments (Trial)" (the "Implementation Measures"), which has made further improvement of China's transfer pricing regulations systems.

China has also actively participated in and promoted BEPS (Base Erosion and Profit Shifting) Plan of Action, and uplifted international tax management to a new level. According to Chinese transfer pricing, the adjustment methods for transfer pricing include the comparable uncontrolled price method, resale price method, cost plus pricing and other reasonable methods. However, due to the limitation from experience and cost, China often adopts cost-plus and profit margin methods in the course of practice. But the adopted methods are relatively simple and rarely involve in the transfer of tangible or intangible assets and other complex issues, and they lack researches on the issue of comparability in the practice, which is considered the most important by the international community. For example, OECD, in the item 8 of BEPS action plan, defines intangible assets as "the non-financial assets that companies can own or control non-physical form in commercial activities, and the use or transfer of this type of asset need to be compensated when it occurs in the case of Independent Trade." It is divided into commercial marketing and trading intangible assets. In China, the definition of intangible assets mainly roots from the accounting standards and the "Implementation Measures of Special Tax Adjustments (Trial)". "Implementation measures" take consideration of the expansion of intangible assets advocated by OECD, but still can't comprehensively consider the marketing intangible assets. In addition, because of cost and lack of information, China's transfer pricing audit in practice focuses on large companies, SMEs less involved.

2.2 Our Tax Incentives and Policy Reform of Foreign Investment Enterprises

At beginning of reform and opening up, Chinese government gave foreign investment enterprises many preferential tax policies to encourage foreign investment in China, such as investment incentives in corporate income tax areas,

industrial enterprises in two exemptions and three halved, tax incentives in basic industry, tax rebates in reinvestment. These policies played an important role for China to attract foreign investment, but also resulted in unfair tax burden between domestic and foreign investment enterprises. According to the survey, before the "unified tax" in 2008, nominal rate of income tax rate between foreign-funded enterprises in China and domestic enterprises, are 33%, but its actual rate only 15%, far below the level of the tax-funded enterprises, especially the state-owned big and medium enterprises, resulting in unfair competition.

In 2008, China promulgated the new "Enterprise Income Tax Law", in which income tax system of foreign and domestic enterprises are combined and its basic tax rate is 25%. But those enterprises that originally enjoy the policies like "two exemptions and three half-free" or even "five exemptions and five half-free", will continue to enjoy them until original tax laws expire. But to those unprofitable enterprises who did not enjoy tax benefits, their preferential time period shall be calculated from the year 2008. The central government tighten foreign preferential tax policies while at the same time some local governments still introduce foreign investment, even at the introduction of local policies and incentives. November 2014, the State Council issued "The Notice on Clearance of Specification of Tax and Other Preferential Policies," which was used to clean up local tax incentives and also marked the further tightening of incentives for foreign investment enterprises. "Unified tax" could lead some foreign companies to withdraw from the Chinese market, but it will help create a fair market environment, eliminate unfair competition, optimize resources and allocation of production factors to promote the development of domestic enterprises.

2.3 Regulation and Punishment of Transfer Pricing Tax in China

Compared to Western countries, China's current transfer pricing punishment still exists a big gap. When our transfer pricing tax avoidance under investigation, in most cases it is only adjusted with little cash penalties, reducing the risk of transfer pricing tax avoidance by multinational companies, so that some companies caught a chance. China's "business dealings between associated enterprises Tax Management Regulations" merely regulated the punishment about the behaviour of "relevant companies fail to submit their annual returns about business transactions with related party to the competent tax authority," but no specific provisions for transfer pricing behaviour punishment. In 2008, China implemented the new "Enterprise Income Tax Law"; in 2009, China promulgated the "Special Tax Adjustments (Trial)", effectively regulated the transfer pricing practices, and has made considerable progress in anti-avoidance of transfer pricing but still did not make transfer pricing tax avoidance severely punished. Coupled with the local government investment impulse, so that China's tax laws to a large extent suffer Administrative intervention. Law enforcement don't have strong independence, which could eventually lead to that the transfer pricing enforcement to multinationals is lax.

China's lack of tax professionals caused difficulties for supervision and audit. According to tax officials, every probability of foreign-funded enterprises being audited is about eight hundredths in accordance with the existing human, material and technical means. Taking Suzhou as an example, the anti-avoidance staff in all districts and counties of Suzhou Municipal, SAT are a total of only 15 people, but have to supervise more than 7900 foreign companies opened. A serious shortage of

personnel objectively could not finish many foreign audits, which also makes foreign-funded enterprises increase awareness of luck.

There is a big gap on technology between our tax departments and foreign-funded companies. Since foreign companies, especially well-known multinationals with more advanced and diverse systems and software generally, our tax departments can't control and supervise so many complex systems, resulting in the information channels of tax departments not perfect. The information between China and foreign enterprises is not asymmetric, which makes law enforcement and anti-avoidance tax authorities can't carry out the work smoothly.

2.4 The Internationally Bilateral or Multilateral Cooperation on Transfer Pricing

We actively cooperate with all parties in international economy. Up to October 2016, international tax agreements that China signed into force with foreign countries reached 97.¹ November 17, 1988, China and Australia signed Tax treaties, and introduced on January 1, 1991. These international tax treaties effectively regulate the behavior of multinational corporations to pay taxes and strengthen international tax cooperation. However, compared to the increasingly complex international economic situation and tax structure, our country should further strengthen international tax cooperation, and actively seek the right to speak on the international tax affairs.

In 2014, China has signed "Australia FTA" with Australia. In terms of openness, Australia eventually reduced tariffs of all Chinese products to zero while China eventually reduced most products in Australia to zero; and in service areas, the two have made promises to each other, promises covering many sectors and high-quality open; in the field of investment, the two countries agree to grant each other the most-favored- nation treatment from the date of the Agreement entering into force while significantly reduce investment review thresholds, to increase market access opportunities for business investment, predictability and transparency. Agreement includes total of more than 10 areas, covering trade in goods and services, investment and rules. It also covers "21st century economic and trade issues" like e-commerce and government procurement.

3. The Transfer Pricing Tax systems in Australia

3.1 Australia's Tax Structure

Australia is a federal state in the southern hemisphere, made up of six states and two directly administered territories. Commonwealth of Australia is composed by the federal central government, state government and local government. Accordingly, the taxation systems are thus differentiated into three levels of government taxation system.

¹ The information originates from ATO. <http://www.chinatax.gov.cn/n810341/n810770/>

Federal taxation includes income tax, goods and services tax, fringe benefits tax, of which income tax consists of personal and corporate income tax. After 1942, income tax is levied by the federal government independently according to income classification while they will collect medical tax according to income level. High-income individual income tax is up to 47%, while whose annual income is less than \$ 66,667 yuan can enjoy preferential tax policies, the maximum reduction up to 445 Australian dollars. Small businesses whose annual turnover is less than two million Australian dollars can enjoy tax benefits, up to \$ 1,000. Income tax is the main source of government tax revenue in Australia, accounting for 58% of total Australia tax revenue in 2014-2015.² Australia is a high-income country where personal income tax threshold is lower but tax burden is higher, which expands the tax base groups, increases national tax awareness, and thereby improves the citizen tax consciousness. GST (Goods and Service Tax) is the tax on goods or services that is taxed on customers. General tax expenses are included in the price of commodities at 10% of the value of the goods or services levy. Fringe benefits tax refers to the taxation of non-wage benefits provided by employers to employees outside a tax, such as employer-provided transportation, lodging, entertainment, interest-free or below-market interest rates loans and other benefits. State and local government taxes cover payroll taxes, capital gain tax (CGT), and stamp duty.

Australia is a high-tax country. The Australian tax revenue in GDP reached 25.8% in the statistics of American Heritage Foundation in 2015, higher than China's 22 percent; but still lower than most developed countries (such as Japan 28.3%, Germany 40.6%, Spain 37.3%, US 26.9%, UK 39%). At the same time as a developed country, Australia is the 'profitable financial', that is the government financial abundant without spending pressures. When government revenue grows faster than GDP growth or income is greater than expenditure needs, the government will adopt tax cuts, so the Australian taxation growth and GDP growth rate remains basically consistent.

3.2 Australian Tax Authorities

Australia Taxation Office is a collection organ for Australian tax revenue and for the public to provide tax services. Since Australia's high taxes and tax systems, ATO is also the government institution playing an important role in the lives of ordinary people. ATO is consistent with its Australian taxation systems, implementing the IRS (Internal Revenue Service), state and local tax bureaus. ATO tertiary institutions are independent without any administrative and operational relations, and they exercise taxation rights independently and enjoy a part of the tax legislative power to make legislation based on practice, thus enhancing the feasibility of tax laws and the flexibility to address complex issues. Meanwhile, in the face of transfer pricing issues, ATO had no rights to directly formulate tax laws, but gave detailed guidance and requirement to corporate transfer pricing on the basis of tax laws and practice; for example, a simplified version of the Simultaneous Preparedness Requirements

² The information originates from Australia Bureau of Statistics website. <http://www.abs.gov.au/ausstats/abs@.nsf/mf/5506.0>

on Transfer Pricing, as promulgated in 2014, has facilitated small and medium-sized companies.(Zhouzi Ji, 2014).

Meanwhile, when enterprises or individuals have a dispute over tax affairs, FCT (Federal Commission of Taxation) will be responsible for the judicial component of the tax. Important FCT laws and regulations will be listed as official bills for future practice.

3.3 Main Contents in Australian Transfer Pricing

The current transfer pricing tax systems in Australia were based primarily on ITAA (Income Tax Assessment Act) 1936 , ITAA 1997 and TAA (Taxation Administration Act) 1953.³ Meanwhile, the tax law amendment passed by the House of Representatives and the Federal Senate in June 2013, has yield remarkable results in addressing tax base erosion and profit-shifting. To properly deal with transfer pricing issues, ATO issued a series of tax regulations, of which TR97/20 detailed the application and implementation of fair and independent transaction principles about transfer pricing in ITAA1936. And latest legislation, including TR (Taxation Ruling) 2014/8, TR2014 / 6, PS LA (practice Statement replaces law Administration) 2014/2, PS LA 2014/3, further extend and expand the regulations related to transfer pricing on Income Tax Assessment Act and International Tax Agreements Act. Meanwhile, Australia's transfer pricing rules clearly show that Australia is trying to be consistent with the OECD guidelines and the principle of fairness.

The methods of Australian transfer pricing divide into TNMM (Transaction Net Margin Method), the cost plus method, resale price method, profit split method and the comparable uncontrolled price method, which keeps consistence with the OECD Transfer Pricing Guidelines. Meanwhile, ATO want to analyze specific issues, to find the optimal solution for each different case, and has no preference to transfer pricing adjustment methods.

Meanwhile, in order to effectively control the transfer pricing tax avoidance, ATO has described APA (Advance Pricing Arrangement) in detail in the related regulations (TR95 / 23, PS LA 2011/1). Similar to our existing systems, Australia's APA process also includes the three parts: application- consultation - signing. In Australia, both large enterprises (annual profit of more than \$ 2.5 billion) and small and medium enterprises can take the initiative to apply for APA in the ATO and are required to disclose annually through the annual report. The ATO has been enthusiastic about APA. Starting from the first relevant law enacted in 1995, the ATO further simplify APA forms for SMEs that are required to answer only 56 questions. It will also greatly reduce APA cost for SMEs enterprises to encourage SMEs to participate in APA, but also reduces the cost of ATO audit, thereby controlling all kinds of risks.

³ The information originates from ATO website. <https://www.ato.gov.au/>

3.4 Intangible Assets Pricing in Australia

Because the intangible assets are unique and they often lack comparable market value, also, because intangible assets always are regarded as special trade secrets exist within the enterprise; it is difficult for the external agencies to define the value of intangible assets value. In actual practice, it adds a lot more difficulties for tax authorities because comparable uncontrolled laws often can't be used. Therefore, as China, Australian mainly applies for the PSM in pricing for intangible assets. ATO thinks PSM has stronger feasibility of complex administrative process than the traditional method and it also to be more likely to accepted and recognized by both the government and enterprises (Markham, 2004). But at the same time, the PSM also has its limitations. Because the PSM does not rely on an independent external data, the resulting data may be subjective and arbitrary. Although ATO agrees with the subjectivity of PSM, they think the risk of applying PSM is exaggerated.

On the pricing for intangible assets, ATO abandoned the traditional method, instead, they adopted non-profit comparison method based on transactions, PSM and formula apportionment. These methods are regarded as indirect application of the principle of fair trade by ATO. It is "a compromise when direct comparative law can't be applied in case (Markham, 2004)".

3.5 Australian Transfers Pricing Regulation and Punishment

ATO actively participated and promoted BEPS Action Plan, and also published a statement -- under the environment of BEPS, Australia should focus on the full impact of electricity supplier network, hybrid mismatch and restore international and domestic tax and the reduce of future BEPS from the perspective of opportunity rules, the transparency, certainty and predictability and other issues.⁴ Australian IRS TR98 / 16 expressly provides for transfer pricing penalties (Bonu). In the regulations, as for the different behavior of transfer pricing, Australia may impose an extra tax of 10-50%; and extra 20% of tax for persons responsible for deliberately obstructing ATO audit the income transfer pricing, that is, the income taxes can be up to 70%. TR98 / 16 discussed the different motives of transfer pricing tax avoidance and detailed the different penalties for various different specific issues, which made it intuitive and feasible.

In addition to establish the departments of dealing with holding tax, transfer pricing and international tax issues of international tax, meanwhile there was a specialized team that deals with transfer pricing issues. In addition, while the Australia ATO is dealing complex cases, they often seek for the advice of external economists. Meanwhile, as for the regulation, the Australian authorities have different concerns for large enterprises, small and medium enterprises. For example, in 2010 and 2014, they have published two guidebooks on transfer pricing issues. In the regulatory process, ATO mainly concerns for related corporate lending, mergers and acquisitions and restructuring, research and development costs of large enterprises, and negative profits and low taxation of small and medium enterprises. This

⁴ The information originates from ATO website <https://www.ato.gov.au/Media-centre/Speeches/Other/BEPS-Action-Plan-Update/>

arrangement allows more focus on the relevant regulation of authorities, and also improves supervision; facilitate the execution of the program.

4. Mirror Australian Experience and Improve China Transfer Pricing Tax System

4.1 Perfection of APA

APA is the agreement between tax authorities and enterprises through cooperative manner with the manner of voluntariness, equality, mutual trust, which effectively deals with transfer pricing issues and potential transfer pricing disputes. According to APA annual SAT report on December 2015, as of December 31, 2014, China's tax authorities have signed total number of 70 unilateral APAs and 43 bilateral APAs. With the perfection of our tax policy, we must be also fully aware of the big gap between China and the developed countries in the APA. From the one calendar year from 2014 to 2015, Australian completed 19 bilateral APAs and 12 unilateral APA,⁵ while over the same period,⁶ China only completed 6 bilateral APAs and 3 unilateral APA.

APA is intended to reducing management costs and effort of the tax authorities and to help companies to reduce the risk of transfer prices through cooperation. The arrangement of the APA process in China is still relatively tedious and time-consuming. From a formal application to completion takes longer time (one-third of six bilateral APAs of 2014 took over three years to reach, the average time was more than two years, while in the same period in Australia, bilateral pricing arrangements took an average of 20 months, and the area of bilateral APAs area relatively fixed. Therefore, China needs to continue to improve the APA, to simplify the application process in the future with the APA expectations of workload continuing to increase. Also, China also needs to improve work efficiency, which further reduces administrative costs of tax authorities and help businesses reduce the risk of transfer prices. We can learn from the Australian experience, focus on the analysis of specific cases. As for the less risky businesses or SMEs, the process can simplify. In this way, it not only reduces the cost of small and medium enterprises, and encourages more enterprises to participate in the APA, but also saves the tax authorities of manpower and material resources.

4.2 Expansion of the Transfer Pricing Methods

When we are dealing with transfer pricing issues, although the basic adjustment method used is consistent with international and OECD, but in practice, due to the limitations of experience and information, transfer pricing methods are more limited, which further cause the difficulty of solving complex problems. When we expand the transfer pricing methods, we must firstly establish a sound mechanism to strengthen information supervision. We should start from the following aspects: the

⁵ The information originates from ATO website <https://www.ato.gov.au/Business/International-tax-for-business/In-detail/Advance-Pricing-Arrangements/Advance-pricing-arrangements/>

⁶ Due to the fiscal year in Australia begins at July in the year and ends at June in the following year, we take data of Australia from July 1st, 2014 to June 30th, 2015 and data of China from January to December, and make comparison between them.

first is to establish an information communication mechanism with multinational corporation; the second is to deepen cooperation with state tax authorities under the premise of autonomy and, strengthen exchanges and communication, further to sign the agreements related to tax; the third is to strengthen supervision of the Chinese subsidiaries of multinational companies. These measures are intended to achieve the purpose of sufficient information for the tax department on enterprise's reasonableness assessment on the profit distribution in the value chain of the Group, which further solves current problems of information inequality between government and enterprises.

At the same time, our country should strengthen the training relevant personnel; strengthen education, especially business education on tax. In order to train a large number of talents with professional knowledge, we can start from two aspects: one is to develop strong and professional tax team dedicated to practice, to solve the problem of professional personnel shortage; the other one is to organize a group of academic experts with rich experience, to build a solid theoretical foundation for the country in the management of complex and volatile international situation and to make the voice of China heard by the world in the field of transfer pricing, and to provide advice to our tax department as a private think tank.

4.3 Increasing Intensity of Punishment and Supervision

Through the foregoing analysis, we can see that there are big shortages in the regulation and punishment of tax system in our country still. First, China needs to strengthen legislation. From the perspective of national conditions, China should combine practice and learn from foreign advanced experience, and further promote the legal process of transfer pricing, and also promoting China's tax uniformity. Meanwhile, China can also learn the practice of Australia to put attention on the details of the proposed disposal methods and to put different focus for different types of enterprises, rather than auditing only the large companies and neglecting SMEs. Meanwhile, it is also important to pay attention to our own experience and international practice. The independent legislation should be adapted to the international regulatory form, and also in conformity with China's national conditions; secondly, strict law enforcement. There should be separation of powers between administration and enforcement. With the introduction of foreign capital, we should also pay attention to the supervision of foreign-funded enterprises. Other than that, we should always firmly obey the introduction of regulations and policies, and actively clean up the foreign investment tax incentives set by focusing on penalties, reducing the chances of illegal enterprises.

At the same time, because the transfer pricing legislation is still in its infancy, we have to do it step by step. Through the 'mild' reform, at the request of the smallest touch group's interest, we should improve the regulatory transfer pricing. As the example of transfer pricing of intangible assets, because our country is still in net import stage of intangible assets (such as technology, trademarks, etc.), although China has become the world's largest exporter of high-tech products, our products are often made of foreign technology, and also our factory is only responsible for assembly and packaging. Since cross-border trade of intangible assets in our country is destined to be a long-term presence in the country, and we are still the transferee for the transfer of intangible assets, supervision of intangible assets in our country

must be taken seriously. First, under the guidance of OECD action plan, China needs to pay attention to the definition of intangible assets, and clear the ownership of intangible assets, fully taking the links of value creating of intangible assets into account. Applying to Western experiences and lessons learned in the process of transfer pricing of intangible assets, together with national conditions, China should select the best priority method that suites for the condition of available information and resources. And for more, we should strengthen supervision in this process, and actively solve the problem of tax avoidance. Second, our country mainly uses the PSM in pricing of intangible assets, so we can't ignore the problem of defining risks of the profits split method of intangible assets.

Therefore, under BEPS international circumstance, we must proceed from China's national conditions, combine with the international situation, considering the problems and challenges of tax encountered in practice, and further to achieve the improvement of legislation, strict law enforcement and supervision strengthen.

4.4. Promote Technological Development

From the weak technology of the intangible transfer pricing in our country, it is not difficult to see the situation: in the multinational companies and joint ventures in present stage, since foreign investment provides "advanced management experience" and "advanced production technology," which causes foreign investment to grasp the policy direction of most practical problems. Taking the bag production enterprises as an example, foreign investors produce leather domestically, and then they establish the joint venture factories in China. Foreign investors import leather from the parent company and the price is much more expensive than Chinese leather of the same level. Then the joint venture plants sell the products to parent company at low prices, which finally led to the transfer of profits. So, in order to solve the transfer of profits from the perspective of enterprise, enhancing the voice right of business is a top priority.

By the advantage of technology and brand, multinational companies clamp Chinese partners, so our business is at a disadvantage in long-term. Therefore, China must vigorously develop science and technology, and apply them in daily production and manufacturing enterprises, and then realize the transformation of “from ‘Made in China’ to ‘Chinese wisdom made’”.

In addition, multinational technical advantages also caused certain obstacles for our tax department audit. The promoting of the development of technology can also improve the daily audit work of the tax department. Also, accounting software and systems development is a key reason to improve the efficiency of the tax department. To a certain extent, it can also decrease the challenge of shortage professionals in tax department.