

China Should Voice Out for Structuring (Reforming) International Tax Orders and Reforms

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China has risen as a key global economic development engine and player over the past three decades. An evidentiary lynchpin derived from such mighty economic advances is China's gradually escalating role to be a discourse power drive from a passive norm taker in various international arenas. China should play a more important role in designing and maintaining reasonable order in the international tax area. For example, China has been a driving force in G20 in the context of BEPS and the Global Forum on Fiscal Transparency framework. Active participation forged ahead by China in the 2013 G20 BEPS implementation plan manifests China's initiative, assured willingness and bossing position thereof.

Notwithstanding China's recurrent efforts to attract FDIs, previously acclaimed tax incentives for FDIs have been progressively abolished, removed or revised in a large context especially after the passage of EIT Law (2007) and for the fulfillment of WTO Protocol accepted by China. Moreover, an inspiring challenge faced by China is how to safeguard China's fiscal interests as more Chinese-owned capitals going overseas for business opportunities with investments. Therefore, G20 in the context of BEPS and frameworks alike engineer China an unprecedented task for participating the international rule making and fuel leadership in implementation.

China also desires to retain a robust position as a capital importer to further its economic development and fiscal reform and the "going-overseas" campaign. This stimulating dilemma pressures China to conclude tax treaties and design domestic tax policies from a global stance and horizon by following internationally accepted fiscal principles. For instance, for China's macroeconomic stability, tax policies and treaty provisions especially those relating to tax cuts should be implemented cautiously and discretionally. Fairness wise, protection of taxpayers' rights and tax dispute resolution measures should be administered and adjudicated compatibly under international tax routines. For the sake of efficiency, predictability of tax burden, compliance costs, tax-hostile distortions and enforcement cooperation etc. should be fully mediated and wielded.

Moreover, as China plays a much more important role in international tax framework, Chinese central tax authorities such as SAT or MOF should combine both academic and professional contribution in formulating international tax policies. More academic exchange should be conducted and absorbed to enrich and help neutralize tax technical services provided by commercial inputs from major accounting firms' tax services. Personally, I have made successful Sino-US tax academia exchange on tax policies over 14 years, for example, Michigan Law has constructed firm partnership with many institutions in China such as Renmin University of China Law School (Professor Tianlong Hu) and Peking University Law School to promote tax policy research and studies. I hope that such academic cooperation and exchange would further contribute to the international policy making in China.