



IBFD Online International Tax Conference 2024

**Alternatives to Pillar One, China's Advance Tax Ruling and Compliance
with Pillar Two in the European Union**

Programme

19 November 2024



IBFD International Tax Conference

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Introduction

Although the Inclusive Framework still has a long way to go to achieve the desired results of the two-pillar solution project, international tax cooperation has proceeded steadily. The fact that almost 150 countries and regions have united in one international body to discuss tax solutions is unprecedented and inspires hope. History has taught us that, with or without geopolitical tensions or wars, trade and investment have always found a way to continue. As long as trade and investment persist, international tax matters will remain and continue to arise. IBFD is committed to providing a platform to keep up with the pace of international tax development through our annual conferences.

We are delighted to invite you to our complimentary International Tax Conference of 2024. This year marks the 15th anniversary of the IBFD International Tax Conference, with a focus on China. The conference is online and available to all of our international tax friends and clients across the world.

The half-day event will be held on 19 November 2024, from 15:00 to 18:00 (CST), and will cover three topics that we believe are relevant to the Chinese international tax community and beyond.

Topics and Summaries

Alternatives to Pillar One

While the GloBE rules of Pillar Two have entered the implementation phase in many countries, Amount A under Pillar One is still hotly debated. At the time of drafting this programme, the Multilateral Convention on Amount A has not been signed by countries. The success of Amount A highly depends on countries like the United States and China, where most in-scope multinational companies originate. Until now, these countries have not indicated that they will act expeditiously. Despite the recent declaration by G20 ministers restating the commitment to the two-pillar solution, thus Pillar One, consensus on and acceptance of Pillar One are still far from being reached.

To address the issue of taxation of “residual profit” derived by large multinational companies from a jurisdiction without physical presence under the current international tax system, some scholars believe there are other options than Amount A. We are very pleased that Mr Philip Baker, an IBFD Board of Trustees member, is prepared to provide some deep insights into the issue of Pillar One and to explore alternatives to it if it comes to the new nexus and reallocation of taxing rights.

Advance tax rulings in China

In international taxation, advance tax rulings have always been considered an effective means of providing tax certainty for taxpayers and, if appropriately applied, are appreciated by large enterprise taxpayers. For a long time, China has had discussions about introducing advance tax rulings and has incorporated the concept into the draft of new Tax Collection Law, which has not yet been enacted. In an effort to reinforce foreign investors' confidence and enhance taxpayer certainty, the Shanghai tax authority issued the Administrative Guidance on Advance Tax Rulings on 29 December 2023. The Guidance defines the ruling as a service regarding the application of tax policy in a specific tax case that is expected to occur in the future. Furthermore, within the scope of non-application, it provides that if “the matter is clearly regulated under the current laws and regulations, these laws and regulations will be applied directly”. Such a formulation may require more clarity where, for example, uncertainty exists regarding the realm of rulings in respect of the existence of a permanent establishment or classification of certain types of income or tax deferral of reorganization. To this end, we have invited a tax official from the State Taxation Administration of the Shanghai tax authority to elaborate on the details and practical questions.



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In the meantime, Shanghai and other tax authorities have also issued their measures and guidance on advance tax rulings, and the IBFD moderator will briefly discuss the similarities and differences between these rulings.

Compliance with Pillar Two in the European Union

According to the Pillar Two Directive of the European Union, all EU Member States were required to enact the laws in compliance with this Directive by 31 December 2023. For in-scope multinational companies operating in the European Union, it is vital to understand the impact of these new laws issued by different EU Member States and the steps they need to take to prepare in terms of tax compliance and the adaptation of global tax strategies. Given the complexity of the rules, this could be a time-consuming and arduous exercise. After all, calculating the effective tax rate and top-up tax is different from the conventional calculation of a single entity's taxable profit.

This discussion session will examine the use of data to perform calculations necessary under the GloBE rules and the operational readiness of in-scope enterprises by elaborating on every aspect of the GloBE rules such as IIR, UTPR and QDMTT. The speaker will outline the related issues from a practitioner's point of view.

General information

- ▶ The conference will be held online.
- ▶ It will be conducted in English.
- ▶ The schedule of the conference indicated in the programme below is based on Beijing time.
- ▶ Participants wishing to try out the IBFD Tax Research Platform free of charge for 2 weeks should contact the IBFD China Office. For more information, please contact: K.li@ibfd.org (Ms Kun Li) or YZhang@ibfd.org (Ms Yixuan Zhang).

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Programme (Beijing time)

15:00

Introduction

Moderator

Shiqi Ma (Head of IBFD China Office and Principal Associate)

Opening address

Speaker:

Victor van Kommer (Director of Capacity Building and member of IBFD Board of Directors)

Topic 1: Alternatives to Pillar One

With a focus on:

- ▶ Problem to be resolved with Amount A
- ▶ Challenges of reaching consensus on Amount A
- ▶ Alternatives

Speaker:

Mr Phillip Baker

(Member of Board of Trustees IBFD, Barrister and King's Counsel in the United Kingdom, author and editor of many publications in international taxation, a visiting professor of among others, Oxford and Harvard Universities)

Topic 2: China's Advance Tax Rulings

With a focus on:

- ▶ Overview of the administrative guidance and legal effect of the ruling
- ▶ Coverage of the tax matters eligible for rulings
- ▶ Attention points in respect of the application procedures (i.e. duration and the competent authority)
- ▶ Regulations on advance tax rulings in Shanghai

Speaker:

Ms Jing Yu

(Chief Accountant of Shanghai Tax Bureau of State Taxation Administration)

Topic 3: Compliance with Pillar Two in the European Union

With a focus on:

- ▶ The implementation of GloBE rules by Member States
- ▶ Impact and consequences of non-compliance for in-scope multinationals from outside European Union
- ▶ Key issues of getting ready for compliance with GloBE rules for operations in European Union

Speaker:

Mr. Jurriaan Weerman



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(Partner of PwC in the Netherlands)

17:15

Q&A

All the speakers will be present to answer questions from the audience.

Registration

How to register

If you are interested in attending the conference on 19 November 2024, please register online:

For more information, contact IBFD at info@ibfd-conferences.org or call Ms Kun Li at +86-10-5907 1260.