

# Notice of the State Administration of Taxation on Intensifying the Transfer Pricing Follow-up Administration

Circular Guoshuihan [2009] No. 188

State taxation bureaus and local taxation bureaus of all provinces, autonomous regions and municipalities directly under the central government and cities under separate state planning,

Pursuant to the provisions in Implementation Measures of Special Tax Adjustment (Provisional) (Circular Guoshuifa [2009] No. 2), some relevant issues regarding intensifying the transfer pricing follow-up administration are hereby notified as below:

1. For the transfer pricing adjustment cases concluded after January 1, 2008, the tax authorities should follow up with the enterprise for five years from the year after the most recent year for which the taxable income was adjusted.
2. During the follow-up years, where the transfer pricing adjustment for 2008 is involved, the enterprise should submit the contemporaneous documentation for 2008 to the tax authorities before December 31, 2009; where the transfer pricing adjustments for 2009 and the years after are involved, the enterprise should submit the contemporaneous documentation for each of the follow-up years before June 20 of the year after the relevant follow-up year. The tax authorities should focus on the analysis and evaluation based on the contemporaneous documentation and tax filing materials of the enterprise.
3. The tax authorities of all levels should develop a comprehensive monitoring system for the administration of transfer pricing follow-up measures. For enterprises that apply for APA during the follow-up years, before the official signing of the APA, the tax authorities should strictly follow the transfer pricing adjustment plan and follow up with the enterprise for the application to its related party transactions, so as to prevent the decrease in profits and to ensure the full and timely collection of tax payment.

The State Administration of Taxation  
April 16, 2009