

Bills Committee on Inland Revenue (Amendment) (No. 6) Bill 2017

**List of follow-up actions arising from the discussion
at the meeting on 6 March 2018**

The Administration is requested to consider:

- (a) setting out in the relevant provisions of the Inland Revenue Ordinance (Cap. 112), instead of in a Departmental Interpretation and Practice Note of the Inland Revenue Department as proposed in paragraph 10 of the Administration's paper (LC Paper No. CB(1)657/17-18(02)), that transfer pricing rules would generally not be applied to domestic transactions between associated persons which do not give rise to actual tax difference; and
- (b) further relaxing the proposed thresholds of total annual revenue/total assets of \$200 million in respect of exemption from transfer pricing documentation based on the size of business, so as to relieve more enterprises from the burden to prepare such documentation, and taking into account that the Organisation for Economic Co-operation and Development has not prescribed the threshold levels in this regard.

Council Business Division 1
Legislative Council Secretariat
19 March 2018