

Weekly Alert

2018 ISSUE 7

RSM TAX ADVISORY (HONG KONG) LIMITED 羅申美稅務諮詢有限公司

Welcome to 2018 issue 7 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. Stamp Duty Statistics

On 14 February 2018, the Inland Revenue Department (“IRD”) released the statistics on Special Stamp Duty (“SSD”), Buyer’s Stamp Duty (“BSD”) and Doubled Ad Valorem Stamp Duty (“DSD”)/New Residential Stamp Duty (“NRSD”) for January 2018. The IRD collected SSD of HK\$31.3 million, BSD of HK\$1,206.3 million and DSD/NRSD of HK\$2,313.7 million in January 2018.

Stamp Duty Statistics

https://www.ird.gov.hk/eng/ppr/mthly_statistics.htm

TAX – PRC

1. Catalog of Sensitive Industries for Outbound Investment (2018 Edition) (国家发展改革委关于发布境外投资敏感行业目录(2018年版)的通知)

The National Development and Reform Commission (“NDRC”) has released the Catalog of Sensitive Industries for Outbound Investment (2018 Edition), which will take effect from 1 March 2018.

The Catalog lists out the sensitive industries e.g. research, manufacturing, and maintenance of weaponry, exploitation and utilization of water resources across borders, news media, real estate, hospitality industry, cinemas, entertainment industry, sports clubs etc.

国家发展改革委 2018 年第 251 号

http://www.ndrc.gov.cn/gzdt/201802/t20180211_877288.html

2. Notice on Several Issues Concerning the Implementation of Tax Treaties (关于税收协定执行若干问题的公告)

On 9 February 2018, the State Administration of Taxation issued the “Notice on Several Issues Concerning the Implementation of Tax Treaties”, with effect from 1 April 2018.

The Notice clarifies the definition on permanent establishments; tax treatments on sea transportation and air transportation, entertainers and athletes; and other issues regarding the application of tax treaties.

国家税务总局公告 2018 年第 11 号

<http://www.chinatax.gov.cn/n810341/n810755/c3285782/content.html>

TAX – International

1. Withdrawal of the United Kingdom and EU Rules in the Field of Customs and Indirect Taxation

The European Commission's ("EU's") Directorate-General for Taxation and Customs Union and Directorate-General for Trade have issued a Notice to Stakeholders to explain the customs and value-added tax ("VAT") treatment after the United Kingdom ceasing to be a member of the EU.

Subject to any transitional arrangement that may be contained in a possible withdrawal agreement, as of the withdrawal date (30 March 2019), the EU rules in the field of customs and indirect taxation (VAT and excise duties) no longer apply to the United Kingdom.

As of the withdrawal date, goods which are brought into the customs territory of the EU from the United Kingdom or are to be taken out of that territory for transport to the United Kingdom, are subject to customs supervision and may be subject to customs controls in accordance with Regulation (EU) No 952/2013 of 9 October 2013 laying down the Union Customs Code. This implies inter alia that customs formalities apply, declarations have to be lodged and customs authorities may require guarantees for potential or existing customs debts.

Goods which enter the VAT territory of the EU from the United Kingdom or are dispatched or transported from the VAT territory of the EU to the United Kingdom will respectively be treated as importation or exportation of goods in accordance with Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax. This implies charging VAT at importation, while exports are exempt from VAT.

Withdrawal of the United Kingdom and EU Rules in the Field of Customs and Indirect Taxation

https://ec.europa.eu/taxation_customs/uk_withdrawal_en

RSM Tax Advisory (Hong Kong) Limited

RSM Hong Kong's dedicated and experienced tax specialists can:

- Advise on tax efficient holding and operational structures for new cross-border investment, including the formation of Hong Kong and Chinese business entities.
- Review existing cross-border investment structures, advise on identified deficiencies, quantify any potential exposure from such deficiencies, and further advise on restructuring approach and procedures.
- Assist clients to discuss and clarify matters with tax officials, including transfer pricing and advance rulings.
- Act as client representative in tax audits and tax investigations.
- Provide transaction support services on mergers and acquisitions, including tax due diligence, deal structure advice, tax health checks, related human resources arrangements and other tax compliance and consultation services.
- Advise on human resources and structuring employment arrangements in a tax-efficient manner.
- Advise on tax equalization schemes.
- Provide tax compliance services for individual and corporate clients in Hong Kong and China.

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Dicky To

T: +852 2508 2863
E: dickyto@rsmhk.com

Eric Chen

T: +852 2583 1259
E: ericchen@rsmhk.com

Lilian Poon

T: +852 2583 1241
E: lilianpoon@rsmhk.com

Samuel Chan

T: +852 2583 1242
E: samuelchan@rsmhk.com

Patrick Ho

T: +852 2583 1258
E: patrickho@rsmhk.com

Caesar Wong

T: +852 2508 2851
E: caesarwong@rsmhk.com

Catherine Tsang

T: +852 2583 1256
E: catherinetsang@rsmhk.com

Chan Ka Ho

T: +852 2583 1249
E: khchan@rsmhk.com

Joanna Lee

T: +852 2583 1317
E: joannalee@rsmhk.com

RSM Tax Advisory (Hong Kong) Limited

29th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay, Hong Kong

T: +852 2598 5123
F: +852 2598 7230
E: solutions@rsmhk.com

rsm.global/hongkong

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