

Weekly Alert

2018 ISSUE 50

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Welcome to 2018 issue 50 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. Inland Revenue (Profits Tax Exemption for Funds) (Amendment) Bill 2018 Gazetted

On 7 December 2018, the Inland Revenue (Profits Tax Exemption for Funds) (Amendment) Bill 2018 was gazetted.

Under this Bill, through satisfying certain conditions, all eligible funds, regardless of their structure, their location of central management and control, their size or the purpose that they serve, can enjoy profits tax exemption.

The Bill will be introduced into the Legislative Council on 12 December 2018. Upon the passage of the Legislative Council, the Bill will come into operation on 1 April 2019.

Inland Revenue (Profits Tax Exemption for Funds) (Amendment) Bill 2018 Gazetted

<https://www.ird.gov.hk/eng/ppr/archives/18120701.htm>

2. Stamp Duty Statistics

On 12 December 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/New Residential Stamp Duty (“DSD/NRSD”) for November 2018. The IRD collected SSD of HK\$10.78 million, BSD of HK\$428.4 million and DSD/NRSD of HK\$1,283.2 million in November 2018.

Stamp Duty Statistics

<https://www.ird.gov.hk/eng/pdf/2018/3d112018.pdf>

3. **Inland Revenue and MPF Schemes Legislation (Tax Deductions for Annuity Premiums and MPF Voluntary Contributions) (Amendment) Bill 2018 Gazetted**

On 7 December 2018, the Inland Revenue and MPF Schemes Legislation (Tax Deductions for Annuity Premiums and MPF Voluntary Contributions) (Amendment) Bill 2018 was gazetted. The Bill seeks to implement the 2018/19 Budget initiative of introducing tax deductions for deferred annuity premiums and Mandatory Provident Fund Tax Deductible Voluntary Contributions (“MPF TVCs”) to encourage voluntary savings for retirement.

Under this Bill, taxpayers can claim deductions under salaries tax and personal assessment up to the cap of HK\$60,000 per year for their aggregate payment on MPF TVCs and/or deferred annuity premiums. Further, the Bill proposes that a taxpaying couple can allocate tax deductions for deferred annuity premiums amongst themselves in order to claim the total deductions of HK\$120,000, provided that the deductions claimed by each taxpayer do not exceed the individual limit.

The Bill will be introduced into the Legislative Council for first reading on 12 December 2018.

Inland Revenue and MPF Schemes Legislation (Tax Deductions for Annuity Premiums and MPF Voluntary Contributions) (Amendment) Bill 2018 Gazetted

<https://www.ird.gov.hk/eng/ppr/archives/18120702.htm>

TAX – PRC

1. **Notice on Extending Implementation of the Consumption Tax Exemption Policy for Oil Products Made from Waste Mineral Oil**

(关于延长对废矿物油再生油品免征消费税政策实施期限的通知)

On 7 December 2018, the Ministry of Finance and the State Administration of Taxation (“SAT”) jointly distributed the “*Notice on Extending the Implementation of the Consumption Tax Exemption Policy for Oil Products Refined from Waste Mineral Oil*”.

According to the Notice, the consumption tax exemption policy for oil products made from waste mineral oil will be extended for another five years, retrospectively from 1 November 2018 to 31 October 2023.

财税〔2018〕144号

<http://hd.chinatax.gov.cn/gdnps/content.jsp?id=3941327>

2. **Notice on Clarifying the Matters related to the Issuance of Tax Clearance Certificates**

(关于明确《税收完税证明》(文书式)开具管理有关事项的通知)

On 5 December 2018, the SAT issued the “*Notice on Clarifying the Matters related to the Issuance of Tax Clearance Certificates*”.

From 1 January 2019, the PRC tax bureau will not issue formal Tax Clearance Certificates for individual income tax purposes. The PRC tax bureau will only issue a Tax Payment Record to the taxpayer.

税总函〔2018〕628号

<http://www.chinatax.gov.cn/n810341/n810755/c3942405/content.html>

TAX – International

1. **Transparency on Tax Rulings Significantly Increased, according to OECD Peer Reviews on BEPS Action 5 Minimum Standard**

On 13 December 2018, the Organization for Economic Co-operation and Development (“OECD”) released the 2017 Peer Review Reports on the Exchange of Information on Tax Ruling.

This annual peer review of the transparency framework covers 92 jurisdictions. All jurisdictions already have, or have undertaken steps to implement, the necessary legal framework for spontaneous exchange of information on rulings for the year in review.

As at 31 December 2017, almost 16,000 tax rulings in the scope of the transparency framework had been issued by the jurisdictions being reviewed. Around 21,000 exchanges of information took place by 31 December 2017, with almost 14,000 exchanges undertaken during 2017 and over 6,000 exchanges during 2016.

Transparency on Tax Rulings Significantly Increased, according to OECD Peer Reviews on BEPS Action 5 Minimum Standard

<http://www.oecd.org/tax/transparency-on-tax-rulings-significantly-increased-according-to-oecd-peer-reviews-on-beps-action-5-minimum-standard.htm>

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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