

Weekly Alert

2019 ISSUE 1

RSM TAX ADVISORY (HONG KONG) LIMITED 羅 申 美 稅 務 諮 詢 有 限 公 司

Welcome to 2019 issue 1 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. **HK, Finland Tax Treaty in Force**

The Comprehensive Avoidance of Double Taxation Agreement (“CDTA”) signed between Hong Kong and Finland in May 2018 came into force on 30 December 2018. The CDTA will have effect in respect of Hong Kong tax for any year of assessment beginning on or after 1 April 2019.

The CDTA with Finland is the 40th CDTA signed by Hong Kong and the first one signed with a Nordic country.

HK, Finland Tax Treaty in Force

<https://www.ird.gov.hk/eng/ppr/archives/18122801.htm>

2. **Annual Open Data Plans**

The Inland Revenue Department (“IRD”) drew up the annual open data plans to set out the datasets which will be released on the Public Sector Information (PSI) Portal (<https://data.gov.hk>) in the coming three years. Under the IRD’s plans, monthly statistics on new business registration and statistics on the number of partners in partnership business will be released from April 2019.

The IRD is now collecting feedback and suggestions on these plans. Public can submit their Feedback Form online.

Annual Open Data Plans

<https://www.ird.gov.hk/eng/abo/annual.htm>

3. Stock Borrowing Relief – Filing of Return of Stock Borrowing Transactions

The Stamp Office issued the “*Stamping Circular No. 01/2019 Stock Borrowing Relief – Filing of Return of Stock Borrowing Transactions*” on 2 January 2019.

The purpose of the Circular is to remind borrowers under stock borrowing and lending agreements with the Stamp Office their obligation of filing a return of stock borrowing transactions as required under Section 19(13) of the Stamp Duty Ordinance.

The due date for filing return of stock borrowing transactions for the period from 1 July 2018 to 31 December 2018 is **31 January 2019**. Penalty will be imposed on late filing.

Stock Borrowing Relief – Filing of Return of Stock Borrowing Transactions

https://www.ird.gov.hk/eng/pdf/sdo/ext_cir/so_ext_cir_01_2019_e.pdf

TAX – PRC

1. Vehicle Purchase Tax Law and Cultivated Land Occupation Tax Law were passed by the Seventh Session of the Standing Committee of the 13th National People's Congress (全国人大常委会通过车辆购置税法 and 耕地占用税法)

The Vehicle Purchase Tax Law and Cultivated Land Occupation Tax Law were passed by the Seventh Session of the Standing Committee of the 13th National People's Congress on 29 December 2018.

The Vehicle Purchase Tax Law lists out the details on how the vehicle purchase tax will be charged. The vehicle purchase tax rate is 10%. The Vehicle Purchase Tax Law will take effect from 1 July 2019.

The Cultivated Land Occupation Tax Law states the calculation basis of tax amount on cultivated land, which have four tax levels depending on the area of cultivated land per square metre. The Cultivated Land Occupation Tax Law will take effect from 1 September 2019.

中华人民共和国车辆购置税法

http://www.npc.gov.cn/npc/xinwen/2018-12/29/content_2069910.htm

中华人民共和国耕地占用税法

http://www.npc.gov.cn/npc/xinwen/2018-12/29/content_2069862.htm

2. The Customs Tariff Commission of the State Council Released the 2019 Tariff Schedule for Imports and Exports (国务院关税税则委员会关于发布《中华人民共和国进出口税则（2019）》的公告)

On 29 December 2018, the Customs Tariff Commission of the State Council released the 2019 Tariff Schedule of the People's Republic of China for Imports and Exports which took effect from 1 January 2019.

税委会公告〔2018〕11号

http://gss.mof.gov.cn/zhengwuxinxi/zhengcefabu/201812/t20181229_3111629.html



TAX – International

1. Macao: Repeal of the Legal Regime of the Offshore Services

On 27 December 2018, the Law No. 15/2018 – “Repeal of the Legal Regime of the Offshore Services” was published in the Official Gazette of the Macao Special Administrative Region.

According to the Law No. 15/2018, the existing Macao offshore companies are entitled to the income tax exemption up to 31 December 2020. Regulations and laws constituting the legal regime of offshore services of Macao will be revoked with effect from 1 January 2021.

Repeal of the Legal Regime of the Offshore Services

<https://www.ipim.gov.mo/en/services/offshore-service/repeal-of-the-legal-regime-of-the-offshore-service/>

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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