

Weekly Alert

2019 ISSUE 6

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

Welcome to 2019 issue 6 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. Filing Deadline for Country-by-Country Return in respect of Accounting Periods Beginning before 1 January 2018

A Hong Kong ultimate parent entity may voluntarily file a Country-by-Country (“CbC”) Return in respect of an accounting period beginning on or after 1 January 2016 but before 1 January 2018 by the filing deadline, which is the date on which a period of 12 months after the end of the accounting period expires.

The Inland Revenue Department (“IRD”) has indicated in its website that it will not accept voluntary filing of a CbC Return for an accounting period ended on or before 31 March 2018 from 1 April 2019.

Filing Deadline for CbC Return in respect of Accounting Periods Beginning before 1 January 2018

<https://www.ird.gov.hk/eng/new/index.htm>

2. Stamp Duty Statistics

On 15 February 2019, the 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 2019. The IRD collected SSD of HK\$19.8 million, BSD of HK\$500.9 million and DSD/NRSD of HK\$1,573.7 million in January 2019.

Stamp Duty Statistics

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

TAX – PRC

1. **Notice on Clarifying the Value-added Tax Exemption Policy on Elderly Care Institutions and Other Policies** (关于明确养老机构免征增值税等政策的通知)

On 2 February 2019, the Ministry of Finance and State Administration of Taxation jointly issued the “*Notice on Clarifying the Value-added Tax Exemption Policy on Elderly Care Institutions and Other Policies*” which took effect from the date of promulgation.

The Notice clarifies the definition of elderly care institutions and VAT treatments on medical institutions and refundable personal insurance products with a term of not less than one year.

财税〔2019〕20号

<http://www.chinatax.gov.cn/n810341/n810755/c4053113/content.html>

TAX – International

1. **New Zealand: Simplified Tax for Short-stay Accommodation Providers Proposed**

On 5 February 2019, the New Zealand Inland Revenue Department released a draft proposal to simplify tax obligations for people who rent out their property as short-term accommodation for public consultation.

Under the proposed rules, New Zealand will set standard nightly costs, which reflect the likely average costs incurred by short-stay accommodation hosts, for deductions. The proposed standard costs are NZD 50 a night if the hosts own their home, and NZD 45 a night if the hosts rent their home.

If a host qualifies to use the proposed rules, the host can choose to use the standard nightly costs. This means that the host does not have to work out the actual costs incurred. Income from short-stay accommodation guests up to the amount of the standard costs would not have to be declared. Hosts would only need to return income in excess of the standard cost amount.

The public consultation is open until 22 March 2019.

Simplified Tax for Short-stay Accommodation Providers Proposed

<https://media.ird.govt.nz/articles/simplified-tax-for-short-stay-accommodation-providers-proposed/>

2. **Australia: Changes to Deductions for Non-compliant Payments to Workers**

On 12 February 2019, Australian Tax Office announced that the deductibility of payments made by employer to employee would be stringent.

Effective from 1 July 2019, payments made to employees are deductible only if the employer has met the “pay as you go” withholding obligation. If no amount is withheld or reported or if an incorrect amount is withheld or reported, the non-compliant payments will be non-deductible unless the employer makes a voluntary disclosure.

Changes to Deductions for Non-compliant Payments to Workers

<https://www.ato.gov.au/Business/Large-business/In-detail/Business-bulletins/Articles/Changes-to-deductions-for-non-compliant-payments-to-workers/>

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.

The aim of Weekly Alert is to alert readers to recent developments. The information is general in nature and it is not to be taken as a substitute for specific advice. Accordingly RSM Hong Kong accepts no responsibility for any loss that occurs to any party who acts on information contained herein without further consultation with us. If you have any comments or require further information please contact:

Dicky To

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

Samuel Chan

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

Catherine Tsang

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

Eric Chen

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

Patrick Ho

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

Chan Ka Ho

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

Lilian Poon

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

Caesar Wong

T: +852 2508 2851
E: caesarwong@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

RSM Tax Advisory (Hong Kong) Limited is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network.

Each member of the RSM network is an independent accounting and consulting firm, each of which practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

The RSM network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 50 Cannon Street, London EC4N 6JJ.

The brand and trademark RSM and other intellectual property rights used by members of the network are owned by RSM International Association, an association governed by article 60 et seq of the Civil Code of Switzerland whose seat is in Zug.

© RSM International Association, 2018

