

Weekly Alert

2019 ISSUE 8

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Welcome to 2019 issue 8 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. 2019/20 Budget – Tax Measures

The Financial Secretary delivered the 2019/20 Budget on 27 February 2019. The main proposed tax measures are highlighted as follows:

Profits Tax

- Reducing 75% of profits tax for 2018/19, subject to a ceiling of HK\$20,000.
- Offering a 50% of profits tax concession to eligible insurance businesses which includes the marine insurance industry.

Salaries Tax & Personal Assessment

- Reducing 75% of salaries tax and tax under personal assessment for 2018/19, subject to a ceiling of HK\$20,000.
- Introducing a tax deduction of qualified premium for eligible health insurance products under the Voluntary Health Insurance Scheme (capped at HK\$8,000 per insured person).
- Introducing a tax deduction of Annuity Premiums and MPF Voluntary Contributions (capped at HK\$60,000).

The Financial Secretary also proposed to waive business registrations for the year 2019/20.

2019/20 Budget – Concessionary Measures

<https://www.ird.gov.hk/eng/tax/budget.htm>

2019/20 Budget Speech

https://www.budget.gov.hk/2019/eng/pdf/e_budget_speech_2019-20.pdf

TAX – PRC

1. Notice on the Work Allocation on Supporting the Implementation of the Reform Measures in the China (Guangdong) Pilot Free Trade Zone (广东省人民政府关于印发支持自由贸易试验区深化改革创新若干措施分工方案的通知)

On 22 February 2019, the Guangdong Provincial Government issued the “*Notice on the Work Allocation on Supporting the Implementation of the Reform Measures in the China (Guangdong) Pilot Free Trade Zone (“GDFTZ”)*”.

The Notice lists out the responsible departments and authorities for the investment and operation in GDFTZ. For example, the approval license on construction work and the approval on qualification for foreign enterprises to establish construction entities will be handled by the Provincial Housing and Urban Construction Department and Guangzhou, Shenzhen and Zhuhai local government.

粤府函〔2019〕36号

http://www.gd.gov.cn/zwgk/wjk/qbwj/yfh/content/post_2172066.html

2. Notice on Several Tax Policies for Enterprises Transformed from Cultural Operating Units under the Reform System (关于继续实施文化体制改革中经营性文化事业单位转制为企业若干税收政策的通知)

The Ministry of Finance, State Administration of Taxation and the Publicity Department of CPC Central Committee have jointly issued the “*Notice on Several Tax Policies for Enterprises Transformed from Cultural Operating Units under the Reform System*”. The Notice would take effect from 1 January 2019 to 31 December 2023.

According to the Notice, cultural operating units transformed into enterprises will be exempted from enterprise income tax for five years from the date when the transformation is registered. For the enterprises which completed the transformation before 31 December 2018, these enterprises can enjoy their enterprise income tax exemption for five years starting from 1 January 2019.

财税〔2019〕16号

http://szs.mof.gov.cn/zhengwuxinxi/zhengcefabu/201902/t20190226_3178709.html

TAX – International

1. US IRS Released Tax Time Guide to Help Taxpayers File an Accurate Tax Return

In view of the 2018 US tax reform, the Internal Revenue Service (“IRS”) has released some online resources such as “*Tax Reform: Basics for Individual and Families*” and “*Tax Time Guide*” to help taxpayers understand how tax reform affects them and how to file an accurate tax return.

The main tax reform in 2018 included lower tax rates, more standard deduction, new credit for other dependents etc. Taxpayers can find the relevant publications, forms, instructions and easy-to-use tools online at the website of IRS.

Tax Time Guide: Most People Affected by Major Tax Reform Changes; Special Publication, Other Online Resources Can Help

<https://www.irs.gov/newsroom/tax-time-guide-most-people-affected-by-major-tax-reform-changes-special-publication-other-online-resources-can-help>

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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