

Weekly Alert

2019 ISSUE 10

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Welcome to 2019 issue 10 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. Government Welcomes European Union's Removal of Hong Kong from Watchlist on Tax Co-operation

On 13 March 2019, the Hong Kong Special Administrative Region Government welcomed the decision of the European Union (“EU”) to remove Hong Kong from its watchlist on tax co-operation in recognition of the efforts made by Hong Kong on the international tax co-operation front.

The initiatives implemented by Hong Kong include the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (“MCAA”) and the amendments on tax regimes.

The MCAA allows Hong Kong to effectively implement the automatic exchange of financial account information in tax matters (“AEOI”). The first exchanges under the AEOI with the relevant jurisdictions were smoothly conducted in September and October 2018.

The Inland Revenue (Amendment) (No. 6) Bill 2017 and the Inland Revenue (Profits Tax Exemption for Funds) (Amendment) Bill 2018, which were passed in July 2018 and February 2019 respectively, amend the tax regimes in respect of corporate treasury centres, professional reinsurance, captive insurance, offshore funds and offshore private equity funds by extending the coverage of the relevant tax concessions from non-domestic transactions to domestic transactions so as to comply with international requirements.

Government Welcomes EU's Removal of Hong Kong from Watchlist on Tax Co-operation

<https://www.ird.gov.hk/eng/ppr/archives/19031301.htm>

2. Stamp Duty Statistics

On 11 March 2019, 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 February 2019. The IRD collected SSD of HK\$25.2 million, BSD of HK\$208.7 million and DSD/NRSD of HK\$719.7 million in February 2019.

Stamp Duty Statistics

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

3. Block Extension Scheme for Lodgement of 2018/19 Tax Returns

On 11 March 2019, the IRD issued a Circular Letter to Tax Representatives regarding the details of the Block Extension Scheme for lodgement of 2018/19 tax returns. According to the Circular Letter, the issuance dates and extended filing deadlines of 2018/19 profits tax returns under the block extension scheme will be as follows:

<u>Date</u>	<u>Event</u>
1 Apr 2019	Bulk issue of profits tax returns (for active files)
2 Apr 2019	Bulk issue of profits tax returns (for inactive files)
2 May 2019	Due date for “N” code returns
15 Aug 2019	Extended due date for “D” code returns
15 Nov 2019	Extended due date for “M” code returns
31 Jan 2020	Final extended due date for “M” code current year loss cases

Block Extension Scheme for Lodgement of 2018/19 Tax Returns

<https://www.ird.gov.hk/eng/pdf/bel19e.pdf>

TAX – PRC

1. Decision on Cancelling a Batch of Tax Certification Items

(关于取消一批税务证明事项的决定)

On 8 March 2019, the State Administration of Taxation (“SAT”) released the “*Decision on Cancelling a Batch of Tax Certification Items*” which took effect from the date of promulgation.

The SAT has abolished 12 certificates (e.g. certificate for management of resource tax, certificate for qualified tax refund shops, disability certificate etc), that are previously requiring taxpayers to provide for verification and administration purposes. Some of these certificates will be verified and checked internally between the relevant government authorities.

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<http://www.chinatax.gov.cn/n810341/n810755/c4108834/content.html>

TAX – International

1. Fair Taxation: EU Updates List of Non-cooperative Tax Jurisdictions

The EU Finance Ministers have updated the EU list of non-cooperative tax jurisdictions.

Over the course of last year, the European Commission assessed 92 countries based on tax transparency, good governance and real economic activity, as well as one indicator, the existence of a zero corporate tax rate. Based on the Commission's screening, 15 countries are black-listed. They are American Samoa, Guam, Samoa, Trinidad and Tobago, US Virgin Islands, Barbados, United Arab Emirates, Marshall Islands, Aruba, Belize, Bermuda, Fiji, Oman, Vanuatu and Dominica. Another 34 countries will be monitored (as grey list) in 2019.

Fair Taxation: EU Updates List of Non-cooperative Tax Jurisdictions

http://europa.eu/rapid/press-release_IP-19-1606_en.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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