

Weekly Alert

2019 ISSUE 17

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Welcome to 2019 issue 17 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. Press Conference 2 May 2019 - The Gist of CIR's Speech and Major Statistics

On 2 May 2019, the Commissioner of Inland Revenue (“CIR”) gave a speech on issuance of the 2018/19 tax returns for individuals, new or changed items for the year of assessment 2018/19 and revenue collections in 2018/19.

The Inland Revenue Department (“IRD”) issued 2.68 million tax returns for individuals for the year of assessment 2018/19 on 2 May 2019. The filing due dates for these 2018/19 tax returns are as follows:

	<u>Due Date</u>
For individuals	3 June 2019
For sole proprietors	2 August 2019

An automatic extension of 1 month will be granted to taxpayers who file their tax returns through the Internet.

Starting from 1 April 2019, a taxpayer may claim tax deduction for qualifying premiums paid by him/her or his/her spouse as a policy holder of a Voluntary Health Insurance Scheme policy for an insured person who is the taxpayer or a specified relative of the taxpayer. The ceiling for deduction is HK\$8,000 per insured person. There is no cap on the number of dependants that are eligible for tax deduction.

In the year 2018/19, the IRD collected revenue of HK\$341.4 billion which is 4% more than that of last year and the increase mainly came from profits tax collection, which was HK\$166.6 billion, 20% higher than that of last year while salaries tax and stamp duty collection were decreased by 1% to \$60.1 billion and decreased by 16% to HK\$80 billion respectively.

Press Conference 2 May 2019 - The Gist of CIR's Speech and Major Statistics

https://www.ird.gov.hk/eng/pdf/2019/cir_speech.pdf

TAX – PRC

1. **Announcement on Applying Electronic Information on Vehicle Purchase Tax Payments for Registration of Vehicle** (关于应用车辆购置税电子完税信息办理车辆注册登记业务的公告)

The State Taxation Administration ("STA") and the Ministry of Public Security ("MPS") have jointly released the "*Announcement on Applying Electronic Information on Vehicle Purchase Tax Payments for Registration of Vehicle*".

According to the Announcement, the pilot program of applying electronic information on vehicle purchase tax payments for registration of vehicle will be expanded nationwide. Starting from 1 June 2019, tax authorities will no longer issue vehicle purchase tax payment receipts in paper form; and such paper tax payment receipts will not be required for vehicle registration with the relevant department of MPS.

国家税务总局 公安部公告 2019 年第 18 号

<http://www.chinatax.gov.cn/n810341/n810755/c4295474/content.html>

2. **Announcement on Optimizing the Manner of Handling Tax Matters for Real Estate Transactions** (关于优化房地产交易办税方式的公告)

The STA has issued the "*Announcement on Optimizing the Manner of Handling Tax Matters for Real Estate Transactions*", which took effect from 24 April 2019.

The Announcement advocates the establishment of an integrated one-stop counter for handling real estate transactions and the related tax and registration matters. The counter will also collate information and documents related to the real estate transactions for other government departments and pass the relevant information to the corresponding departments internally. Taxpayers will not be required to submit the information repeatedly to different departments.

国家税务总局公告 2019 年第 19 号

<http://www.chinatax.gov.cn/n810341/n810755/c4295534/content.html>

TAX – International

1. **BVI Issues Draft Economic Substance Code**

On 24 April 2019, the International Tax Authority of British Virgin Islands ("BVI") issued a draft Economic Substance Code. The Code sets out the effect of the legislation enacted by the BVI to secure compliance with international standards on economic substance for entities in zero or nominal tax jurisdictions and provides guidance to ensure that legal entities which fall within the scope of the legislation are aware of the actions they need to take to ensure compliance.

Draft Economic Substance Code

<https://bvifinance.vg/Portals/0/xBlog/uploads/2019/4/24/DraftITACode.pdf>

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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