

Weekly Alert

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RSM TAX ADVISORY (HONG KONG) LIMITED 羅申美稅務諮詢有限公司

Welcome to 2019 issue 28 of Weekly Alert covering technical development in taxation around the globe.

TAX – PRC

1. **Announcement on Implementation of the Protocol Amending the Agreement between the Government of The People’s Republic of China and the Government of the Republic of India for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income**

(关于修订《中华人民共和国政府和印度共和国政府关于对所得避免双重征税和防止偷漏税的协定》的议定书生效执行的公告)

On 9 July 2019, the State Taxation Administration issued the “*Announcement on Implementation of the Protocol Amending the Agreement between The Government of The People’s Republic of China and the Government of the Republic of India for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income*”.

The major amendments including the definitions of resident, permanent establishment and treatments of business profits and interest. The protocol has also introduced a “main purpose test” to prevent abuse of the benefits available under the treaty provisions. If it is proven that the main purpose of the entities’ arrangement was to take advantage of the treaty benefits, then the benefits of the treaty will not be granted.

For China, the Protocol will apply from the tax year beginning on or after 1 January 2020. For India, it will apply from the tax year beginning on or after 1 April 2020.

关于修订《中华人民共和国政府和印度共和国政府关于对所得避免双重征税和防止偷漏税的协定》的议定书生效执行的公告

<http://www.chinatax.gov.cn/n810341/n810755/c4527620/content.html>

关于《国家税务总局关于修订〈中华人民共和国政府和印度共和国政府关于对所得避免双重征税和防止偷漏税的协定〉的议定书生效执行的公告》的解读

<http://www.chinatax.gov.cn/n810341/n810760/c4527212/content.html>

1. OECD Invites Taxpayer Input on Ninth Batch of Dispute Resolution Peer Reviews

The Organisation for Economic Co-operation and Development (“OECD”) is now gathering input for its Mutual Agreement Procedure (“MAP”) peer reviews for Andorra, Anguilla, Bahamas, Bermuda, British Virgin Islands, Cayman Islands, Faroes Islands, Macau, Morocco and Tunisia and inviting taxpayers to submit input on specific issues relating to access to MAP, clarity and availability of MAP guidance and the timely implementation of MAP agreements.

Taxpayers and associations of taxpayers (e.g. business and industry associations) are welcomed to complete the taxpayer input questionnaire by 12 August 2019.

OECD Invites Taxpayer Input on Ninth Batch of Dispute Resolution Peer Reviews

<http://www.oecd.org/tax/oecd-invites-taxpayer-input-on-ninth-batch-of-dispute-resolution-peer-reviews-beps-action-14.htm>

2. Singapore Releases Draft Tax Guide on the GST Treatment for Digital Payment Tokens

The Inland Revenue Authority of Singapore (“IRAS”) has released a Draft Tax Guide on the Goods & Services Tax (“GST”) Treatment for Digital Payment Tokens for public consultation.

The Draft Tax Guide explains the GST treatment for transactions involving virtual currencies/cryptocurrencies that function or are intended to function as medium of exchange (named by IRAS as “Digital Payment Tokens”).

Under the current rules, the supply of Digital Payment Tokens is treated as a taxable supply of services. Therefore, the sale, issue or transfer of such tokens for consideration by a GST-registered business is subject to GST. When the tokens are used as payment for the purchase of goods or services, a barter trade resulting in two separate supplies arises i.e. a taxable supply of the tokens and a supply of the goods or services.

To better reflect the characteristics of Digital Payment Tokens, under the Draft Tax Guide, from 1 January 2020, the use of Digital Payment Tokens as payment for goods or services will not give rise to a supply of those tokens; and the exchange of Digital Payment Tokens for fiat currency or other digital payment tokens will be exempt from GST.

Public can submit their comment on the Draft Tax Guide by 26 July 2019.

IRAS e-Tax Guide (Draft) - GST: Digital Payment Tokens

[https://www.iras.gov.sg/irashome/uploadedFiles/IRASHome/GST/Draft%20e-Tax%20Guide%20 GST Digital%20Payment%20Tokens.pdf](https://www.iras.gov.sg/irashome/uploadedFiles/IRASHome/GST/Draft%20e-Tax%20Guide%20GST%20Digital%20Payment%20Tokens.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.

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:

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