

Weekly Alert

2019 ISSUE 31

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

Welcome to 2019 issue 31 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. List of Qualifying Debt Instruments (as at the end of 30 June 2019)

On 8 August 2019, the Inland Revenue Department released the updated list of the following qualifying debt instruments as at 30 June 2019:

- a) Short Term/Medium Term Debt Instruments (Issued before 1 April 2018) Eligible for Profits Tax Concession

According to Section 14A(1) of the Inland Revenue Ordinance (“IRO”), qualifying short term/medium term debt instruments are eligible for profits tax concession and chargeable at 50% of the normal profits tax rate.

- b) Long Term Debt Instruments (Issued before 1 April 2018) Eligible for Profits Tax Exemption

According to Section 26A of the IRO, qualifying long term debt instruments are eligible for profits tax exemption.

- c) Qualifying Debt Instruments (Issued on or after 1 April 2018) Eligible for Profits Tax Exemption

According to Section 14A(1B) of the IRO, qualifying debt instruments are eligible for profits tax exemption as from the year of assessment 2018/19.

List of Qualifying Debt Instruments

https://www.ird.gov.hk/eng/tax/bus_qdi.htm

TAX – PRC

1. Decision on Amending the Interim Administrative Measures of Import Tariff Quotas for Agricultural Products

(关于修改《农产品进口关税配额管理暂行办法》的决定（征求意见稿）)

On 7 August 2019, the Ministry of Commerce released the “*Decision on Amending the Interim Administrative Measures of Import Tariff Quotas for Agricultural Products*” which set out the proposed amendments for public consultation.

The amendments include the type of agricultural products subject to the tariff quota, the application date for the quota, the government authorities which will handle the quota application, etc.

Public can provide their comments by 22 August 2019.

关于修改《农产品进口关税配额管理暂行办法》的决定（征求意见稿）

<http://www.mofcom.gov.cn/article/au/av/z/201908/20190802888064.shtml>

TAX – International

1. United States and European Union Sign Breakthrough Agreement on U.S. Beef Access to EU

On 2 August 2019, the Office of United States Trade Representative (“USTR”) signed a new trade agreement with the European Union (“EU”) on duty-free exports of beef.

Under the existing agreement, U.S. duty-free beef exports to the EU are only approximately 13,000 metric tons annually, valued at approximately US\$150 million.

The new agreement establishes a duty-free tariff rate quota (“TRQ”) for exports of beef. Under the new agreement, American ranchers will have an initial TRQ of 18,500 metric tons annually, valued at approximately US\$220 million. The annual TRQ will grow to 35,000 metric tons over seven years, valued at approximately US\$420 million.

United States and European Union Sign Breakthrough Agreement on U.S. Beef Access to EU

<https://ustr.gov/about-us/policy-offices/press-office/press-releases/2019/august/united-states-and-european-union>

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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