

Weekly Alert

2019 ISSUE 35

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

Welcome to 2019 issue 35 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. Penalty Policy Has Been Updated

On 4 September 2019, the Inland Revenue Department (“IRD”) has updated the webpage on penalty policy in its website.

New sections in respect of the major penalty provisions on relief from double taxation, exchange of information, transfer pricing requirements, advance pricing arrangement, mutual agreement procedure and arbitration, etc have been added in the webpage. The IRD has also released its Section 82A penalty policy for transfer pricing adjustments in the updated webpage.

Penalty Policy

<https://www.ird.gov.hk/eng/pol/ppo.htm#B>

TAX – PRC

1. Notice on Clarifying the Value-added Tax Refund Policy for Some Advanced Manufacturing Industries

(关于明确部分先进制造业增值税期末留抵退税政策的公告)

On 31 August 2019, the State Taxation Administration and Ministry of Finance jointly released the “*Notice on Clarifying the Value-added Tax Refund Policy for Some Advanced Manufacturing Industries*”.

According to the Notice, if more than 50% of the sales of qualified advanced manufacturing enterprises are derived from manufacturing and sale of non-metallic mineral products, general equipment, special equipment, computers, communications and other electronic equipment in accordance with the Classification of National Economic Industries, these enterprises may apply to the competent tax authorities for the refund of incremental retained value-added tax (as compared with 31 March 2019) from July 2019 and following tax filing periods.

税务总局公告 2019 年第 84 号

<http://www.chinatax.gov.cn/chinatax/n810341/n810755/c5136446/content.html>

TAX – International

1. OECD Releases Phase 2 of Peer Review Reports on Country-by-Country Reporting

On 3 September 2019, the Organisation for Economic Co-operation and Development (“OECD”) released the outcomes of the second phase of peer review of the Base Erosion and Profit Shifting (“BEPS”) Action 13 on Country-by-Country (“CbC”) Reporting.

As one of the four minimum standards of the BEPS Project, CbC Reporting leads to higher transparency in large multinational enterprises (“MNEs”) to worldwide tax administrations. The second phase peer review report emphasized several significant indicators under the implementation of the minimum CbC reporting standard. For example, the review coverage has been enlarged to 116 jurisdictions with the majority of large MNEs being covered. The exchanges of CbC Report began in June 2018 and over 2200 bilateral relationships for CbC exchanges are now in place.

An automated Tax Risk Evaluation and Assessment Tool is currently being developed to help tax administrations, in particular those of developing countries, to use the CbC reports to identify important indicators of potential tax risks.

OECD/G20 Inclusive Framework on BEPS delivers tax transparency: Action 13 Country-by-Country Reporting Shows Big Progress

<http://www.oecd.org/tax/oecd-g20-inclusive-framework-on-beps-delivers-tax-transparency-action-13-country-by-country-reporting-shows-big-progress.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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