

# Weekly Alert

2019 ISSUE 49

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

Welcome to 2019 issue 49 of Weekly Alert covering technical development in taxation around the globe.

### TAX – Hong Kong

#### 1. **Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Bill 2019 gazetted**

On 6 December 2019, the Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Business) Bill 2019 was gazetted.

Currently, in Hong Kong, for insurance industry, there are only tax incentives for captive insurance business and reinsurance businesses of professional reinsurers in Hong Kong at 50% of the profits tax rate.

The Bill seeks to amend the Inland Revenue Ordinance by reducing the profit tax rate by 50% for all general reinsurance business of direct insurers, selected general insurance business of direct insurers and selected insurance brokerage business. The Bill will be introduced into the Legislative Council for first reading on 18 December 2019.

#### **Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Bill 2019 gazetted**

<https://www.ird.gov.hk/eng/ppr/archives/19120601.htm>

#### 2. **Stamp Duty Statistics**

On 10 December 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 November 2019. The IRD collected SSD of HK\$13.6 million, BSD of HK\$360.4 million and DSD/NRSD of HK\$935.9 million in November 2019.

#### **Stamp Duty Statistics**

<https://www.ird.gov.hk/eng/pdf/2019/3d112019.pdf>

### 3. **Fifth Protocol to Avoidance of Double Taxation Arrangement between the Mainland and Hong Kong in Force**

The Fifth Protocol to the Comprehensive Avoidance of Double Taxation Arrangement between the Mainland and Hong Kong, which provides tax relief to eligible Hong Kong and Mainland teachers and researchers working on the other side, came into force on 6 December 2019. It will apply in Hong Kong to income derived in the years of assessment beginning on or after 1 April 2020.

#### **Fifth Protocol to Avoidance of Double Taxation Arrangement between the Mainland and Hong Kong in Force**

<https://www.ird.gov.hk/eng/ppr/archives/19121101.htm>

## TAX – PRC

### 1. **Announcement of the Trial Measures for Electronic Delivery of Tax Documents** (关于发布《税务文书电子送达规定(试行)》的公告)

The State Taxation Administration has released the “*Announcement of the Trial Measures for Electronic Delivery of Tax Documents*” which will take effect from 1 April 2020.

According to the Announcement, if taxpayers agree to receive their tax documents in electronic format, they can sign a confirmation letter for using electronic delivery services. The tax bureau will then send electronic tax documents to these taxpayers through the designated online computer system. After sending out the electronic tax documents, the tax bureau will alert the taxpayers by phone or by message.

国家税务总局公告 2019 年第 39 号

<http://www.chinatax.gov.cn/chinatax/n810341/n810755/c5140928/content.html>

## TAX – International

### 1. **Treasury, IRS Issue Final Regulations on the Foreign Tax Credit**

The US Internal Revenue Service (“IRS”) has issued final regulations on the Foreign Tax Credit following the major changes to the tax laws under the Tax Cuts and Jobs Act (“TCJA”).

The TCJA changed how taxable income is calculated for purposes of the Foreign Tax Credit limitation by disregarding certain expenses and repealing the use of the fair market value method for allocating interest expense.

The IRS has also issued proposed regulations relating to creditable foreign taxes, foreign tax redeterminations, availability of Foreign Tax Credits under the Transition Tax, and the application of the Foreign Tax Credit limitation to consolidated groups.

#### **Treasury, IRS Issue Final Regulations on the Foreign Tax Credit**

<https://www.irs.gov/newsroom/treasury-irs-issue-final-regulations-on-the-foreign-tax-credit>

## 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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