

Weekly Alert

2019 ISSUE 50

RSM TAX ADVISORY (HONG KONG) LIMITED 羅 申 美 稅 務 諮 詢 有 限 公 司

Welcome to 2019 issue 50 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. Country-by-Country Reporting – Deadline for Local Filing

Pursuant to Section 58F of the Inland Revenue Ordinance, subject to any applicable exception, a Hong Kong entity (“Local Filing Entity”) of a reportable group which adopts a year end 31 December will be required to submit the first country-by-country (“CbC”) return for the year ended 31 December 2018 via the Inland Revenue Department’s (“IRD’s”) CbC Reporting Portal by 31 December 2019.

As the discussion of some bilateral arrangements for exchange of CbC reports between Hong Kong and other jurisdictions is still underway and such arrangements (if concluded) may relieve the Local Filing Entity from its filing obligation, on 18 December 2019, the IRD announced in its website that for the first relevant accounting period ended between 31 December 2018 and 31 March 2019, the Local Filing Entity or its service provider can submit the CbC return via the CbC Reporting Portal on or before **31 March 2020**.

Country-by-Country Reporting – Deadline for Local Filing

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

2. e-Stamping of Share Transfer Instruments

With effect from 16 December 2019, the Stamp Office has launched a new electronic service allowing stamping of contract notes and instruments of transfer of Hong Kong stocks via e-stamping.

As an alternative to conventional stamping, the e-Stamping service allows users to submit stamping applications without presenting the original instruments to the Stamp Office. Users are required to input details of the share transactions and upload the required supporting documents. Upon submission of a completed e-Stamping application and successful payment of stamp duty, a stamp certificate will be generated via the e-Stamping system. This stamp certificate has the same legal status as a conventional stamp.

Certain share transfer instruments cannot be submitted via the e-Stamping system for stamping, such as share transfers involving derivatives or share swap, indebtedness incurred taken as whole or part of the consideration, or the consideration is subject to adjustment.

Stamping Procedures and Explanatory Notes – e-Stamping of Share Transfer Instruments

https://www.ird.gov.hk/eng/pdf/sog_pn10a.pdf

TAX – PRC

1. The China and Botswana Double Tax Agreement in Force

(关于《中华人民共和国政府和博茨瓦纳共和国政府对所得避免双重征税和防止偷漏税的协定》生效执行的公告)

On 9 December 2019, the State Taxation Administration released the “*Announcement on the Effectiveness and Implementation of China and Botswana Double Tax Agreement*”.

According to the Announcement, the China and Botswana Double Tax Agreement would be applied in China for income derived beginning on or after 1 January 2019. For Botswana, the Double Tax Agreement would be applied for withholding tax charged for income derived beginning on or after 19 October 2018. For other Botswana tax, the Double Tax Agreement would be applied from 1 July 2019.

国家税务总局公告 2019 年第 40 号

<http://www.chinatax.gov.cn/chinatax/n810341/n810755/c5141377/content.html>

TAX – International

1. United States and China Reach Phase One Trade Agreement

The United States and China have reached agreement on Phase One trade deal. The key agreed items are summarised as follows:

For the United States, it will

- reduce the 15% additional tariffs on about US\$120 billion worth of goods to 7.5%;
- suspend the imposition of the planned additional tariffs of 15% on Mainland products, which was scheduled to take effect on 15 December 2019; and
- continue to impose 25% additional tariffs on US\$250 billion worth of Mainland products.

For China, it will

- suspend the imposition of planned tariffs of 5% and 10% on some US imported goods which was scheduled to take effect on 15 December 2019; and
- continue to suspend tariffs on US automobiles and parts.

United States and China Reach Phase One Trade Agreement

<https://ustr.gov/about-us/policy-offices/press-office/press-releases/2019/december/united-states-and-china-reach>

Notice of the Customs Tariff Commission No.7/2019 税委会公告〔2019〕7号

http://www.gov.cn/xinwen/2019-12/15/content_5461332.htm

Note:

The next Weekly Alert will be issued on 3 January 2020. We wish you a Merry Christmas and Happy New Year!



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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