

Weekly Alert

2020 ISSUE 2

RSM TAX ADVISORY (HONG KONG) LIMITED

羅 申 美 稅 務 諮 詢 有 限 公 司

Welcome to 2020 issue 2 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. Inland Revenue Department Notice - Change of Postal Address of Employer

The Inland Revenue Department (“IRD”) will issue the Employer’s Return of Remuneration and Pensions (Form BIR56A) on 1 April 2020.

If a company has changed its postal address and not yet informed the IRD, the company can notify the IRD by completing the Notification of Change of Address Slip and return the same to the IRD by post or by fax immediately.

Inland Revenue Department Notice – Change of Postal Address of Employer

https://www.ird.gov.hk/eng/pdf/2019/er_change_address.pdf

2. Inland Revenue Department Notice – Business Registration

On 8 January 2020, the IRD issued a notice regarding business registration in Hong Kong.

Every person carrying on a sole proprietorship or partnership business in Hong Kong regardless of the mode of business must register his business within 1 month of commencement of business. Businesses carried on through the Internet are required to be registered if the daily business operations are carried out in Hong Kong. The IRD will not accept any applications for registration of businesses which have never existed or have yet to commence operation.

Business Registration Office of IRD will issue business registration renewal demand notes to registered business about 1 month before their current Business Registration Certificates expire. The IRD may impose penalties if renewal demand notes are overdue.

Any person who fails to comply with the provisions of the Business Registration Ordinance is liable to a maximum penalty of a fine of HK\$5,000 and imprisonment for one year.

Inland Revenue Department Notice – Business registration

https://www.ird.gov.hk/eng/pdf/br_202001_e.pdf

3. Inland Revenue Department Notice – Change of Postal Address of Taxpayer

The IRD will issue the Tax Return - Individuals (Form BIR60) on 4 May 2020. Taxpayers have to notify the IRD of the change of their postal address no later than 5 March 2020 to ensure that the tax returns can be sent to their new address.

Inland Revenue Department Notice – Change of Postal Address of Taxpayer

https://www.ird.gov.hk/eng/pdf/2019/tp_change_address.pdf

4. Inland Revenue Department Notice – Pay Promptly as Tax is Falling Due

Tax demand notes for the year of assessment 2018/19 are being issued by the IRD from December 2019 onwards. The vast majority of the demand notes for the year of assessment 2018/19 are expected to be issued before the end of March 2020.

Tax payment due dates are generally set 6 weeks after the respective dates of issue of the demand notes. As such, tax is mostly falling due from January to May 2020. The IRD reminds taxpayers to note their due dates as stated on their demand notes and make prompt payments.

Inland Revenue Department Notice – Pay Promptly as Tax is Falling Due

https://www.ird.gov.hk/eng/pdf/2020/notice_jan_2020.pdf

TAX – PRC

1. Announcement on Matters Concerning Administration of VAT Collection Including the Cancellation of the Time Limit for Verification and Confirmation of VAT Vouchers (关于取消增值税扣税凭证认证确认期限等增值税征管问题的公告)

The State Taxation Administration has released the “*Announcement on Matter Concerning Administration of Value-added Tax (“VAT”) Collection Including the Cancellation of the Time limit for Verification and Confirmation of VAT Vouchers*”.

According to the Announcement, with effect from 1 March 2020, for special VAT invoices, special import VAT payment advices, unified invoices for sale of motor vehicles and electronic ordinary VAT invoices for toll roads issued on or after 1 January 2017 and received by VAT general taxpayers, the time limits for verification and confirmation for claiming deduction for these invoices will be cancelled.

国家税务总局公告 2019 年第 45 号

<http://www.chinatax.gov.cn/chinatax/n810341/n810755/c5142086/content.html>

TAX – International

1. U.S. Public Hearing on Proposed Action to France’s Digital Services Tax

On 7 January 2020, an off-camera public hearing was held by the Office of the U.S. Trade Representative (“USTR”) regarding the proposed action in response to France’s Digital Services Tax (“DST”).

The French DST law impose a 3% tax on annual revenues generated by some companies which provide certain digital services to, or aimed at, French users. Companies with annual revenues from the covered services of at least Euro 750 million globally and Euro 25 million in France will be subject to the DST.

For digital services, U.S. firms are global leaders. USTR has determined that France’s DST is unreasonable or discriminatory and restricts U.S. commerce. USTR has proposed action in the form of additional duties of up to 100% on certain products of France.

Public Hearing on Proposed Action to France’s Digital Services Tax

<https://ustr.gov/about-us/policy-offices/press-office/press-releases/2020/january/public-hearing-proposed-action-frances-digital-services-tax>

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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Mr. Eric Chen
T +852 2583 1259
E ericchen@rsmhk.com

Mr. Samuel Chan
T +852 2583 1242
E samuelchan@rsmhk.com

Ms. Lilian Poon
T +852 2583 1241
E lilianpoon@rsmhk.com

Mr. Patrick Ho
T +852 2583 1258
E patrickho@rsmhk.com

Mr. Caesar Wong
T +852 2508 2851
E caesarwong@rsmhk.com

Ms. Catherine Tsang
T +852 2583 1256
E catherinetsang@rsmhk.com

Mr. Chan Ka Ho
T +852 2583 1249
E khchan@rsmhk.com

Ms. Joanna Lee
T +852 2583 1317
E joannalee@rsmhk.com

Ms. Dorothy Ng
T +852 2583 1366
E dorothyng@rsmhk.com

Mr. Alan Chow
T +852 2583 1378
E alanchow@rsmhk.com

Ms. Catherine Wong
T +852 2583 1396
E catherinewong@rsmhk.com

RSM Tax Advisory (Hong Kong) Limited

29th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay, Hong Kong

T: +852 2598 5123
F: +852 2598 7230
E: solutions@rsmhk.com

rsm.global/hongkong

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