

Weekly Alert

2020 ISSUE 4

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

Welcome to 2020 issue 4 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. Inland Revenue (Amendment) (Ship Leasing Tax Concessions) Bill 2020 Gazetted

The Inland Revenue (Amendment) (Ship Leasing Tax Concessions) Bill 2020 was gazetted on 17 January 2020.

The Bill seeks to amend the Inland Revenue Ordinance to provide tax incentives for qualifying ship lessors (at 0% profits tax rate) and qualifying ship leasing managers (generally at 8.25% profits tax rate). Anti-abuse provisions are included in the Bill to safeguard the integrity of the tax system and comply with international tax rules.

The Bill will be introduced into the Legislative Council for first and second readings on 12 February 2020.

Inland Revenue (Amendment) (Ship Leasing Tax Concessions) Bill 2020 Gazetted

<https://www.ird.gov.hk/eng/ppr/archives/20011701.htm>

TAX – PRC

1. Announcement on Export Tax Refund Policy of Fuel Oil Used to Refuel International Voyage Vessels

(关于对国际航行船舶加注燃料油实行出口退税政策的公告)

The Ministry of Finance (“MOF”), State Taxation Administration (“STA”) and General Administration of Customs jointly issued the “*Announcement on Export Tax Refund Policy of Fuel Oil Used to Refuel International Voyage Vessels*” on 22 January 2020, which will take effect from 1 February 2020.

The Announcement states that export tax refund/exemption policy will be applied to fuel oil (under product code 27101922) used at coastal ports in China to refuel international voyage vessels. The export value-added tax refund rate is set at 13%.

财政部 税务总局 海关总署公告〔2020〕4号

http://szs.mof.gov.cn/zhengcefabu/202001/t20200121_3462588.htm

2. Announcement on Individual Income Tax Policy for Foreign-sourced Income (关于境外所得有关个人所得税政策的公告)

The MOF and STA have jointly issued the “*Announcement on Individual Income Tax Policy for Foreign-sourced Income*”.

The Announcement clarifies the definition and calculation basis of foreign-sourced income. The Announcement also states the conditions for claiming foreign tax credit and the formulas for calculation of the foreign tax credit under different situations.

财政部 税务总局公告〔2020〕3号

http://szs.mof.gov.cn/zhengcefabu/202001/t20200122_3463137.htm

TAX – International

1. IRS Tax Withholding Estimator

The US Internal Revenue Service (“IRS”) has launched a new and improved Tax Withholding Estimator, which designed to help taxpayers to target the refund they prefer by having the right amount of federal income tax taken out of their pay.

Starting in 2020, income tax withholding is no longer based on an employee’s marital status and withholding allowances, tied to the value of the personal exemption. Instead, income tax withholding is generally based on taxpayer’s expected filing status and standard deduction for the year. In addition, taxpayers can choose to have itemized deductions, the Child Tax Credit and other tax benefits reflected in their withholding for the year.

The Tax Withholding Estimator will give taxpayers specific recommendations on how to fill out their Form W-4 based on the refund amount selected. This new feature allows users who seek either larger refunds at the end of the year or more money on their paychecks throughout the year to have the right amount withheld to meet their preference.

The IRS urges everyone to see if they need to adjust their withholding by using the Tax Withholding Estimator.

Improved Tax Withholding Estimator Helps Workers Target the Refund They Want; Shows How to Fill Out New 2020 W-4

<https://www.irs.gov/newsroom/improved-tax-withholding-estimator-helps-workers-target-the-refund-the-y-want-shows-how-to-fill-out-new-2020-w-4>



Wishing you a happy, healthy
and prosperous year of the RAT
from all of us at RSM

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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