

Weekly Alert

2020 ISSUE 11

RSM TAX ADVISORY (HONG KONG) LIMITED

羅 申 美 稅 務 諮 詢 有 限 公 司

Welcome to 2020 issue 11 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. Inland Revenue Department Notice – Stamp Duty Statistics

On 9 April 2020, 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”) collected in March 2020. The IRD collected SSD of HK\$16.4 million, BSD of HK\$63.9 million and DSD/NRSD of HK\$600.5 million in March 2020.

Stamp Duty Statistics

<https://www.ird.gov.hk/eng/pdf/2020/3d032020.pdf>

2. Automatic Extension of 2018/19 Tax Payment Deadlines for 3 Months

As a relief measure to ease the financial burden and cash flow of businesses and individuals arising from COVID-19, the IRD announced on 9 April 2020 that for Salaries Tax, Personal Assessment and Profits Tax demand notes for the year of assessment 2018/19 which fall due between April to June 2020, their deadline for payment of all tax payable thereon will be automatically extended for three months.

For taxpayers who have promptly settled the first instalment of their respective demand notes under Salaries Tax, Personal Assessment and Profits Tax for the year of assessment 2018/19, the deadline for payment of the second instalment will be automatically extended for three months from the due date as specified on the demand note.

If the extended tax payment deadline falls on a Saturday, Sunday or public holiday, the deadline will be the next working day.

However, please note that the above relief measure is not applicable to taxpayers who have to settle their tax liabilities before departing Hong Kong, taxpayers paying Property Tax and taxpayers who have been approved to pay their taxes by instalments.

Automatic Extension of 2018/19 Tax Payment Deadlines for 3 Months

<https://www.ird.gov.hk/eng/tax/extension.htm>

Tax Payment Deadline Automatically Extended by Three Months

<https://www.ird.gov.hk/eng/ppr/archives/20040901.htm>

3. Gazettal of Amendment Notices Made Under Inland Revenue Ordinance

The Inland Revenue Ordinance (Amendment of Section 50A) Notice 2020 (“Section 50A Order”) and the Inland Revenue Ordinance (Amendment of Schedule 17D) Notice 2020 (“Schedule 17D Order”) will be gazetted on 17 April 2020.

Section 50A Order seeks to expand the definition of controlling persons of partnerships whereas Schedule 17D Order concerns a specific requirement in relation to the determination of controlling persons by financial institutions. These two amendment Orders will bring Hong Kong’s automatic exchange of financial account information in tax matters (“AEOI”) legislative framework into line with the prevailing international standard.

The two Orders will be tabled at the Legislative Council for negative vetting on 22 April 2020.

Gazettal of Amendment Notices Made Under Inland Revenue Ordinance

<https://www.ird.gov.hk/eng/ppr/archives/20041501.htm>

TAX – PRC

1. Announcement on Expanding the Pilot Program for Selective Imposition of Tariffs on Domestic Sales

(关于扩大内销选择性征收关税政策试点的公告)

On 14 April 2020, the Ministry of Finance, General Administration of Customs and State Taxation Administration jointly issued the “*Announcement on Expanding the Pilot Program for Selective Imposition of Tariffs on Domestic Sales*”.

According to the Announcement, the pilot policy for selective imposition of tariffs on domestic sales, as mentioned in the “*Circular of the Ministry of Finance, the General Administration of Customs and the State Taxation Administration on Expanding the Pilot Program for Selective Imposition of Tariffs on Domestic Sales*” (Cai Guan Shui [2016] No.40), will be expanded to cover all comprehensive bonded zones starting from 15 April 2020.

财政部公告 2020 年第 20 号

<http://www.chinatax.gov.cn/chinatax/n810341/n810755/c5148445/content.html>

TAX – International

1. Tax and Fiscal Policy Should Continue to Support Households and Businesses Through Containment, then Shift to Bolstering Recovery

A Report “*Tax and Fiscal Policy in Response to the Coronavirus Crisis*” was presented by the Organisation for Economic Co-operation and Development (“OECD”) on 15 April 2020 during a virtual meeting of G20 Finance Ministers and Central Bank Governors.

The Report summarized the emergency tax and fiscal policy measures introduced by countries worldwide. It shows the importance of the government’s tax and fiscal policy responses in reducing the hardship caused by containment measures by discussing how the policies can cushion the impact of continued repression and mitigation policies and support economic recovery afterwards.

The Report outlined the different measures adopted by the governments, including extension of tax filing deadlines, deferral of tax payments, faster tax refunds, more generous loss offset provisions and tax exemptions, can assist businesses to maintain their cash flows, which has been a core goal of the fiscal policy measures. As containment is gradually relaxed, the Report suggests that expansionary fiscal policy may be necessary for a sustained period to stimulate broader household consumption and business investment.

Tax and Fiscal Policy Should Continue to Support Households and Businesses Through Containment, then Shift to Bolstering Recovery

<https://www.oecd.org/tax/tax-and-fiscal-policy-should-continue-to-support-households-and-businesses-through-containment-then-shift-to-bolstering-recovery.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.

The aim of Weekly Alert is to alert readers to recent developments. The information is general in nature and it is not to be taken as a substitute for specific advice. Accordingly RSM Hong Kong accepts no responsibility for any loss that occurs to any party who acts on information contained herein without further consultation with us. If you have any comments or require further information please contact:

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

RSM Tax Advisory (Hong Kong) Limited is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network.

Each member of the RSM network is an independent accounting and consulting firm, each of which practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

The RSM network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 50 Cannon Street, London EC4N 6JJ.

The brand and trademark RSM and other intellectual property rights used by members of the network are owned by RSM International Association, an association governed by article 60 et seq of the Civil Code of Switzerland whose seat is in Zug.

© RSM International Association, 2020