

Weekly Alert

2020 ISSUE 14

RSM TAX ADVISORY (HONG KONG) LIMITED

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Welcome to 2020 issue 14 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. Latest Arrangements for Public Services of Inland Revenue Department

The Inland Revenue Department (“IRD”) has resumed its normal public services from 4 May 2020.

In light of public health considerations, all visitors entering or remaining in the IRD’s premises are required to wear surgical masks. To reduce social contact, the IRD encourages the public to contact it by telephone, send documents to it by post and use its electronic services to handle their tax matters.

Latest Arrangements for Public Services of Inland Revenue Department

<https://www.ird.gov.hk/eng/ppr/archives/20042902.htm>

2. Interest on Tax Reserve Certificate

Starting from 4 May 2020, the annual interest rate of tax reserve certificates has been decreased from 0.3167% to 0.2333% i.e. the new rate is HK\$0.0194 per month per HK\$100.

Interest on Tax Reserve Certificates

<https://www.ird.gov.hk/eng/ppr/archives/20042901.htm>

TAX – PRC

1. Notice on Clarifying Matters Concerning the Extension of the Tax Filing Deadline for May 2020 (关于明确 2020 年 5 月纳税申报期限有关事项的通知)

On 27 April 2020, the State Taxation Administration (“STA”) issued the “*Notice on Clarifying Matters Concerning the Extension of the Tax Filing Deadline for May 2020*”.

According to the Notice, in order to support the epidemic control and resumption of work and production, the deadline for the monthly filing of May will be extended to 22 May 2020. Further extension can be applied where necessary.

稅總函〔2020〕73 号

<http://www.chinatax.gov.cn/chinatax/n810341/n810755/c5149175/content.html>

2. Announcement on Extension of the Enterprise Income Tax Policy for Great Western Development (關於延續西部大開發企業所得稅政策的公告)

On 29 April 2020, the Ministry of Finance, STA and National Development and Reform Commission jointly issued the “*Announcement on Extension of the Enterprise Income Tax (“EIT”) Policy for Great Western Development*”.

Pursuant to the Accouchement, the EIT rate for the enterprises engaged in the encouraged industries in the western regions is 15% during the period from 1 January 2021 to 31 December 2030. The encouraged industries are listed in the Catalogue of Encouraged Industries in the Western Regions and their main business income accounts for over 60% of their own gross revenue.

財政部 稅務總局 國家發展改革委公告 2020 年第 23 號

http://big5.www.gov.cn/gate/big5/www.gov.cn/zhengce/zhengceku/2020-04/28/content_5506990.htm

TAX – International

1. IASB Proposes Deferring IAS 1 Amendments’ Effective Date due to COVID-19

The International Accounting Standard Board (“IASB”) has proposed to defer the effective date of *Classification of Liabilities as Current or Non-current*, which amends *IAS 1 Presentation of Financial Statements*.

In response to the COVID-19 pandemic, in order to provide companies with more time to implement any classification changes resulting from the amendment, the Board has proposed to defer the effective date of IAS 1 amendments by one year to annual reporting periods beginning on or after 1 January 2023.

IASB Proposes Deferring IAS 1 Amendments’ Effective Date due to COVID-19

<https://www.ifrs.org/news-and-events/2020/05/classification-of-liabilities-deferral-exposure-draft/>

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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