

Weekly Alert

2020 ISSUE 15

RSM TAX ADVISORY (HONG KONG) LIMITED

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Welcome to 2020 issue 15 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. Tax Obligations of Taxpayers and Employers

The Inland Revenue Department (“IRD”) issued a Notice of “*Tax Obligations of Taxpayers and Employers*” (“the Notice”) on 14 May 2020.

The Notice reminds (i) taxpayers of their obligations to inform the Commissioner under Section 51(2), 51(6), 51(7) and 51(8) of the Inland Revenue Ordinance (“IRO”); and (ii) employers of their obligations to inform the Commissioner under Section 52(4), 52 (5), 52(6) and 52(7) of the IRO.

Tax Obligations of Taxpayers and Employers

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

2. Stamp Duty Statistics

On 12 May 2020, the 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”) for April 2020. The IRD collected SSD of HK\$9.9 million, BSD of HK\$81.2 million and DSD/NRSD of HK\$469 million in April 2020.

Stamp Duty Statistics

<https://www.ird.gov.hk/eng/pdf/2020/3d042020.pdf>

TAX – PRC

1. Announcement on the Second Exclusion List for the Second Batch of United States Imports Subject to Additional Tariffs

(國務院關稅稅則委員會關於第二批對美加徵關稅商品第二次排除清單的公告)

On 12 May 2020, the Customs Tariff Commission of the State Council issued the “Announcement on the Second Exclusion List for the Second Batch of United States Imports Subject to Additional Tariffs”.

Pursuant to the Announcement, the Chinese government will exempt a new batch of imported products from the US from punitive tariffs. Products on the list - 79 items including rare-earth ore, gold ore and medical disinfectant - will no longer be subject to additional tariffs from May 19, 2020 to May 18, 2021.

稅委會公告〔2020〕4號

http://big5.www.gov.cn/gate/big5/www.gov.cn/zhengce/zhengceku/2020-05/12/content_5510945.htm

2. Announcement on Extending the Applicable Period of the Value-added Tax Reduction and Exemption Policy for Small-scale Taxpayers

(關於延長小規模納稅人減免增值稅政策執行期限的公告)

On 30 April 2020, the State Taxation Administration issued the “Announcement on Extending the Applicable Period of the Value-added Tax Reduction and Exemption Policy for Small-scale Taxpayers”.

According to the Announcement, in order to support the small-scale enterprises and resumption of work and production, the deadline for the preferential value-added tax (VAT) policy will be extended to 31 December 2020.

財政部 稅務總局公告〔2020〕24號

<http://www.chinatax.gov.cn/chinatax/n810341/n810755/c5149526/content.html>

TAX – International

1. IRS Provides Tax Relief through Increased Flexibility for Taxpayers in Section 125 Cafeteria Plans

On 12 May 2020, the Internal Revenue Service has released guidance to allow temporary changes to Section 125 cafeteria plans. These changes extend the claims period for health flexible spending arrangements (FSAs) and dependent care assistance programs and allow taxpayers to make mid-year changes.

The guidance issued addresses unanticipated changes in expenses because of the 2019 Novel Coronavirus (COVID-19) pandemic and provides that previously provided temporary relief for high deductible health plans may be applied retroactively to January 1, 2020, and it also increases for inflation the \$500 permitted carryover amount for health FSAs to \$550.

IRS Provides Tax Relief through Increased Flexibility for Taxpayers in Section 125 Cafeteria Plans

<https://www.irs.gov/newsroom/irs-provides-tax-relief-through-increased-flexibility-for-taxpayers-in-section-125-cafeteria-plans>

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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