

Weekly Alert

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RSM TAX ADVISORY (HONG KONG) LIMITED

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Welcome to 2020 issue 17 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. List of Qualifying Debt Instruments (as at the end of 31 March 2020)

The Government published “*List of Qualifying Debt Instruments (as at the end of 31 March 2020)*” on 22 May 2020.

The list included Short Term/ Medium Term Debt Instruments Eligible for Profits Tax Concession and Long Term Debt Instruments Eligible for Profits Tax Exemption

List of Qualifying Debt Instruments (as at the end of 31 March 2020)

https://www.ird.gov.hk/eng/tax/bus_qdi.htm#a03

2. Tax exemption for Anti-epidemic Fund

The Exemption from Salaries Tax and Profits Tax (Anti-epidemic Fund) Order will be gazetted and take effect on May 29, as well as tabled at the Legislative Council for negative vetting on June 3. The Order seeks to implement tax exemption from the year of assessment (YA) 2019-20 to most of the financial assistance or relief under the Anti-epidemic Fund (AEF) provided to businesses or individuals.

The Government has established the AEF and two rounds of relief measures have been rolled out in view of the COVID-19 epidemic. Apart from certain measures that have no tax consequences in respect of the sums received under the AEF, other measures entail tax liabilities under the Inland Revenue Ordinance.

According to the Order, the beneficiaries shall be exempt from the payment of profits tax and salaries tax in respect of the assistance unless the sums are paid for general business activities and are not paid in a matching arrangement.

A summary of the proposed tax treatment for the two rounds of measures under the AEF is in the [Annex](#). The Government will adopt the same principles to provide tax exemption as and when further relief measures are rolled out under the AEF.

Employers and employees need not report the sums exempted in tax returns upon commencement of the Order. Taxpayers that have already filed their tax returns can furnish the Inland Revenue Department with a written notification to amend relevant information. Employers should file a revised Employer's Return for the relevant employee(s).

Tax exemption for Anti-epidemic Fund

<https://www.ird.gov.hk/eng/ppr/archives/20052701.htm>

TAX – International

1. Singapore Government announced the fourth COVID-19 Stimulus Package

Singapore has announced another SGD 33 billion stimulus package on 26 May 2020 to help the economy turn the COVID-19 tide bringing the total stimulus to nearly SGD 100 billion, about 20% of GDP.

Named as “The Fortitude Budget”, the new supplementary budget builds on previous three such budgets (Unity, Resilience, and Solidarity budgets) to provide more support for workers, businesses, households, communities and frontline agencies dealing with the pandemic. The main focus of the new package is preserving jobs by further enhancing the jobs support scheme, extended waiver of foreign worker levy, rental grants for SMEs, and measures to create 40,000 new jobs in public and private sectors this year.

The Inland Revenue Authority of Singapore has updated its website with essential information about tax changes under the latest COVID-19 stimulus measures.

COVID-19 Support Measures and Tax Guidance

<https://www.iras.gov.sg/irashome/COVID-19-Support-Measures-and-Tax-Guidance/COVID-19-Support-Measures-and-Tax-Guidance/>

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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