

Weekly Alert

2020 ISSUE 19

RSM TAX ADVISORY (HONG KONG) LIMITED

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Welcome to 2020 issue 19 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. Inland Revenue Department Notice – Stamp Duty Statistics

On 10 June 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 May 2020. During the month, the IRD collected SSD of HK\$16.6 million, BSD of HK\$162.3 million and DSD/NRSD of HK\$754.3 million.

Stamp Duty Statistics

<https://www.ird.gov.hk/eng/pdf/2020/3d052020.pdf>

2. File Your Tax Return on Time

On 11 June 2020, the IRD issued a notice regarding the filing of the 2019/20 tax returns for individuals. The 2019/20 tax returns were issued to taxpayers on 1 June 2020, and the filing due dates are as follows:

	<u>Due Date</u>	<u>Extended Due Date</u> (filing electronically)
For individuals	2 July 2020	3 August 2020
For sole proprietors	1 September 2020	3 October 2020

Inland Revenue Department Notice

https://www.ird.gov.hk/eng/pdf/2020/ctr_filing.pdf

TAX – International

1. Canadian Government introduced the bill on the additional COVID-19 measures

On 10 June 2020, the Canada federal government introduced Bill C-17 - “An Act respecting additional COVID-19 measures” and received first reading in the House of Commons. The bill focuses on the Canada Emergency Response Benefit (“CERB”) and address some key Canada Emergency Wage Subsidy (“CEWS”) issues.

CERB amendments

The proposed legislation contains amendments to the CERB rules, which include:

- support to individuals who experience a short-term loss of employment, quarantine themselves or care for someone diagnosed with COVID-19, whereby they will be allowed to make a claim for a two-week period rather than a four-week period under the current program
- tightening eligibility requirements whereby an individual will not be eligible for benefits if that individual fails to return to work after an employer requests their return or fails to resume self-employment, when it is reasonable to do so, and where an individual declines a reasonable job offer if they are able to work
- penalties for claimants whose applications include information that is deliberately “false or misleading,” and for those who “knowingly fail” to disclose sources of income or other relevant information in their CERB application

CEWS amendments

The bill proposes to amend the definition of qualifying entity to include an entity where payroll administration for its employees is undertaken by a “payroll service provider” and that provider has a payroll account with the Canada Revenue Agency which is used to make source deduction remittances in respect of the employees of that entity. The change would be effective from 11 April 2020.

Bill C-17 – An Act respecting additional COVID-19 measures

<https://www.parl.ca/DocumentViewer/en/43-1/bill/C-17/first-reading>

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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