

Weekly Alert

2020 ISSUE 20

RSM TAX ADVISORY (HONG KONG) LIMITED

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Welcome to 2020 issue 20 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. DIPN No. 42 (Revised)

The Inland Revenue Department (“IRD”) has revised the Departmental Interpretation and Practice Notes No. 42 (“DIPN 42”) to:-

- (a) reflect the legislative changes made by the Inland Revenue (Amendment) (No. 2) Ordinance 2019 in relation to the taxation of gains or losses of financial instruments to which Hong Kong Financial Reporting Standard 9 Financial Instruments (HKFRS 9) applies; and
- (b) explain the tax treatment regarding foreign exchange differences.

Departmental Interpretation and Practice Notes No. 42 (Revised)

<https://www.ird.gov.hk/eng/pdf/dipn42.pdf>

2. Online Appointment Booking for Business Registration Office Counter Services

Effective from 9:00 a.m. on 22 June 2020, users can make prior appointments for the next 5 working days through the Online Appointment Booking Service for the following Business Registration (“BR”) Office services:

- New business / branch registration
- Submission of BR forms / reissue of renewal demand notes / other enquiries

Please note that no more than two cases for new business / branch registration or no more than twenty cases for submission of BR forms / reissue / enquiry cases will be processed in each appointment.

Online Appointment Booking for Business Registration Office Counter Services

https://www.ird.gov.hk/eng/pdf/brbs_news_e.pdf

3. Tax Obligations of Property Owners

On 18 June 2020, the IRD issued a Notice on the Obligations of Property Owners. Property owners are reminded to inform the IRD in writing if they are liable to tax and supply the details of the property and rental income not later than 4 months after the end of the basis period for the year of assessment (i.e. on or before 31 July 2020 for the year of assessment 2019/20), unless they have already received and submitted the appropriate tax returns. Notification to the IRD can be made by completing the form “Notification of Letting of Properties” (IR6129) which can be downloaded from the IRD’s website.

Inland Revenue Department Notice

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

TAX – International

1. Treasury, IRS provide tax relief to investors and businesses affected by COVID-19 in new markets tax credit transactions

On 12 June 2020, the Treasury Department and the Internal Revenue Service released tax relief to support the community development entities (CDEs) and qualified active low-income community businesses (QALICBs) which had been affected by the 2019 Novel Coronavirus (COVID-19) pandemic.

The CDEs and QALICBS would receive relief for certain specified time-sensitive acts including making investment, reinvestment and expending amounts for construction of real property in the low-income communities performed between 1 April and 31 December 2020.

Treasury, IRS provide tax relief to investors and businesses affected by COVID-19 in new markets tax credit transactions

<https://www.irs.gov/newsroom/treasury-irs-provide-tax-relief-to-investors-and-businesses-affected-by-covid-19-in-new-markets-tax-credit-transactions>

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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