

Weekly Alert

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RSM TAX ADVISORY (HONG KONG) LIMITED

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Welcome to 2020 issue 21 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. **Inland Revenue (Amendment) (Ship Leasing Tax Concessions) Ordinance 2020 gazetted**

On 19 June 2020, the Government published in the Gazette the Inland Revenue (Amendment) (Ship Leasing Tax Concessions) Ordinance 2020 (“Ordinance”) to implement the 2019 Policy Address initiative of providing tax concessions to qualifying ship lessors and qualifying ship leasing managers. The Ordinance takes retrospective effect from 1 April 2020.

The Ordinance provides tax exemption for qualifying profits derived from ship leasing activities in relation to operating leases and funding leases carried out by ship lessors. At the same time, to facilitate the operation of ship lessors, qualifying profits derived from ship leasing management activities carried out by ship leasing managers for ship lessors can generally enjoy half-tax concession (i.e. a tax rate of 8.25 per cent). The Ordinance has built in anti-abuse provisions to safeguard the integrity of the tax system and comply with the latest international tax rules.

Inland Revenue (Amendment) (Ship Leasing Tax Concessions) Ordinance 2020 gazetted
<https://www.ird.gov.hk/eng/ppr/archives/20061901.htm>

TAX – PRC

1. Zero-tariff Treatment Offered to 97% Taxable Goods from Bangladesh

(國務院關稅稅則委員會關於給予孟加拉人民共和國 97%稅目產品零關稅待遇的公告)

The Customs Tariff Commission of the State Council has recently issued an Announcement on Offering Zero Tariff Treatment to 97% of Taxable Goods Originating from the People's Republic of Bangladesh (the "Announcement").

In light of China's commitment to those least developed countries that have established diplomatic ties with China, starting 1 July 2020, 97% of taxable goods (which includes a total of 8,256 taxable items) originating from the People's Republic of Bangladesh will be entitled to preferential zero tariff rate.

稅委會公告〔2020〕5號

http://gss.mof.gov.cn/gzdt/zhengcefabu/202006/t20200618_3534450.htm

2. CCTAA to Regulate Tax Planning Business for Enterprise Restructurings

(關於通訊審議並徵求《企業重組稅收策劃業務指引(徵求意見稿)》等四項業務指引意見的通知)

The China Certified Tax Agents Association ("CCTAA") recently issued four business guidelines including the Guidelines for Tax Planning Business for Enterprise Restructurings (Draft for Comment) (the "Draft for Comment") and the Guidelines for Advisory Business concerning Tax Risk Management for Outbound Investment of Enterprises, to seek opinions from the entities concerned by 30 June 2020.

The 51-article Draft for Comment is organized into five chapters, namely general provisions, business definitions and goals, business implementation, business records and output, and supplementary provisions. Among others, the Draft for Comment proposes that the trust protection principle should be applied to the tax agents and their staff members rendering the enterprise restructuring tax planning services. In the event that some of the agreed business has been completed, service fees shall be charged as per the agreement, and a disclaimer announcing that liability for the matters completed shall be borne by the client, rather than by the tax agent or its staff members offering the tax-related services, shall be issued.

中稅協發[2020]24號

<http://www.cctaa.cn/zczd/zxwj/2020-06-12/CCON20900000028016.html>

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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