

Weekly Alert

2020 ISSUE 22

RSM TAX ADVISORY (HONG KONG) LIMITED

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Welcome to 2020 issue 22 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. The Departmental Interpretation and Practice Notes No. 61 has been issued to set out the Department’s interpretation and practice on the provisions in the Inland Revenue (Profits Tax Exemption for Funds) (Amendment) Ordinance 2019

On 30 June 2020, the Inland Revenue Department (“IRD”) published the Departmental Interpretation and Practice Notes No. 61 (“DIPN No. 61”) on Profits Tax Exemption for Funds on the provision in the Inland Revenue (Profits Tax Exemption for Funds) (Amendment) Ordinance 2019 (“the 2019 Ordinance”).

The 2019 Ordinance, which came into operation on 1 April 2019, provides profits tax exemption for privately offered funds operating in Hong Kong, whether domiciled inside or outside Hong Kong.

Details of tax treatments before 1 April 2019 for offshore funds and offshore private equity funds can be found in DIPN No. 43 and DIPN No. 51.

Departmental Interpretation and Practice Notes No. 61

<https://www.ird.gov.hk/eng/pdf/dipn61.pdf>

2. Tax Guide for Charitable Institutions and Trusts of a Public Character

Charitable institutions and trusts of a public character may be granted tax exemption under section 88 of the Inland Revenue Ordinance (“IRO”). The IRD has uploaded the Chinese Version of the Tax Guide for Charitable Institutions and Trusts of a Public Character to its website on 2 July 2020 for reference by the public.

Tax Guide for Charitable Institutions and Trusts of a Public Character (Chinese Version)

https://www.ird.gov.hk/chi/pdf/tax_guide_for_charities.pdf

3. Tax Obligations of Taxpayers and Employers

On 2 July 2020, the IRD issued a notice on the tax obligations of taxpayers and employers.

Taxpayers are reminded to furnish information of the income chargeable to tax to the IRD under Sections 51(2), (6), (7) and (8) of the IRO within the specific time frame.

On the other hand, employers should notify the IRD the details of employee who is chargeable to Salaries Tax under Sections 52 (4), (5), (6) and (7) of the IRO.

Tax Obligations of Taxpayers and Employers

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

4. Stamp Borrowing Relief – Filing of Return of Stock Borrowing Transactions

On 2 July 2020, the Stamp Office issued the Stamping Circular No. 02/2020 on the Stock Borrowing Relief – Filing of Return of Stock Borrowing Transactions. Borrowers under stock borrowing and lending agreements registered with Stamp Office are reminded to file a return of stock borrowing transactions as required under section 19(13) of the Stamp Duty Ordinance.

Stamping Circular No. 02/2020

https://www.ird.gov.hk/eng/pdf/sdo/ext_cir/so_ext_cir_02_2020_e.pdf

TAX – PRC

1. Announcement of the State Taxation Administration on Revising the Tax Return for the Monthly (Quarterly) Prepayment of Enterprise Income Tax of the People's Republic of China (Category A, 2018 Version) and Other Forms

(國家稅務總局關於修訂《中華人民共和國企業所得稅月(季)度預繳納稅申報表(A類,2018年版)》等報表的公告)

On 29 June 2020, the State of Taxation Administration announced that the tax return for monthly (quarterly) Prepayment of Enterprise Income Tax (Category A, 2018 version) and (Category B, 2018 version) has been revised according to the Law of the People's Republic of China on Enterprise Income Tax (Revised in 2018), with effect from 1 July 2020.

國家稅務總局公告〔2020〕12號

<http://www.chinatax.gov.cn/chinatax/n810341/n810755/c5153910/content.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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