

# Weekly Alert

2020 ISSUE 23

## RSM TAX ADVISORY (HONG KONG) LIMITED 羅申美稅務諮詢有限公司

Welcome to 2020 issue 23 of Weekly Alert covering technical development in taxation around the globe.

### TAX – International

#### 1. OECD releases global tax reporting framework for digital platforms in the sharing and gig economy

On 3 July 2020, the OECD released a new global tax reporting framework, the Model Rules for Reporting by Platform Operation with respect to Sellers in the Sharing and Gig Economy (“MRDP”). Under the MRDP, digital platforms are required to collect information on the income realised by those offering accommodation, transport and personal services through platforms and to report the information to tax authorities.

The MRDP are designed to help taxpayers in being compliant with their tax obligations, while ensuring a level-playing field with traditional businesses, in key sectors of the sharing and gig economy. They further seek to avoid a proliferation of different and unilateral reporting regimes, allow for the use of novel technology solutions and help create a sustainable environment supporting the growth of the digital economy.

**OECD releases global tax reporting framework for digital platforms in the sharing and gig economy**

<https://www.oecd.org/tax/exchange-of-tax-information/oecd-releases-global-tax-reporting-framework-for-digital-platforms-in-the-sharing-and-gig-economy.htm>

## 2. New corporate tax statistics provide fresh insights into the activities of multinational enterprises

On 8 July 2020, the OECD released new data in its annual *Corporate Tax Statistics* publication. It provides aggregated information on the global tax and economic activities of nearly 4,000 multinational enterprise (MNE) groups headquartered in 26 jurisdictions and operating across more than 100 jurisdictions worldwide.

The new statistics suggest a number of preliminary insights:

- There is a misalignment between the location where profits are reported and the location where economic activities occur, with MNEs in investment hubs reporting a relatively high share of profits compared to their share of employees and tangible assets.
- Revenues per employee tend to be higher where statutory CIT rates are zero and in investment hubs.
- On average, the share of related party revenues in total revenues is higher for MNEs in investment hubs.
- The composition of business activity differs across jurisdiction groups, with the predominant business activity in investment hubs being “holding shares and other equity instruments”.

### **New corporate tax statistics provide fresh insights into the activities of multinational enterprises**

<https://www.oecd.org/tax/new-corporate-tax-statistics-provide-fresh-insights-into-the-activities-of-multi-national-enterprises.htm>

## 3. IRS finalizes guidance on deduction for foreign-derived intangible income and global intangible low-taxed income

On 9 July 2020, the Internal Revenue Service issued final regulations that provide guidance on deductions for foreign-derived intangible income (FDII) and global intangible low-taxed income allowed to domestic corporations under the Internal Revenue Code.

These final regulations provide guidance on both the computation of the deductions available and the determination of FDII, as well as the computation of FDII in the consolidated return context.

### **IRS finalizes guidance on deduction for foreign-derived intangible income and global intangible low-taxed income**

<https://www.irs.gov/newsroom/irs-finalizes-guidance-on-deduction-for-foreign-derived-intangible-income-and-global-intangible-low-taxed-income>

## 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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