

Weekly Alert

2020 ISSUE 24

RSM TAX ADVISORY (HONG KONG) LIMITED

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Welcome to 2020 issue 24 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. Inland Revenue Department Notice – Stamp Duty Statistics

On 10 July 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 June 2020. During the month, the IRD collected SSD of HK\$19.7 million, BSD of HK\$164.3 million and DSD/NRSD of HK\$889.9 million.

Stamp Duty Statistics

<https://www.ird.gov.hk/eng/pdf/2020/3d062020.pdf>

2. DIPN No. 47 (Revised)

The IRD has revised the Departmental Interpretation and Practice Notes No. 47 (“DIPN 47”) to:-

- (a) include the Convention on Mutual Administrative Assistance in Tax Matters as one of the instruments for exchange of information with other jurisdictions; and
- (b) reflect the latest international standards on exchange of information (“EOI”), including EOI on request and automatic exchange of information.

Departmental Interpretation and Practice Notes No. 47 (Revised)

<https://www.ird.gov.hk/eng/pdf/dipn47.pdf>

3. Block Extension Scheme for Lodgement of 2019/20 Tax Returns [for ‘D’ code Returns]

On 14 July 2020, the IRD announced to extend the due date for filing Profits Tax returns for 2019/20 with Accounting Date Code D (i.e. accounting date falls within 1 December 2019 to 31 December 2019) from 17 August 2020 to 15 September 2020.

Circular Letter to Tax Representatives - Block Extension Scheme for Lodgement of 2019/20 Tax Returns [Extended Due Date for ‘D’ Code Returns]

<https://www.ird.gov.hk/eng/pdf/bel20ea.pdf>

4. DIPN No. 48 (Revised)

The IRD has revised the Departmental Interpretation and Practice Notes No. 48 (“DIPN 48”) to:-

- (a) reflect the legislative changes made by the Inland Revenue (Amendment) (No. 6) Ordinance 2018 regarding the statutory advance pricing arrangement (APA) regime; and
- (b) explain the streamlined APA process (i.e. early engagement, APA application, monitoring and compliance).

Departmental Interpretation and Practice Notes No. 48 (Revised)

<https://www.ird.gov.hk/eng/pdf/dipn48.pdf>

TAX – International

1. IRS says a Paycheck Checkup helps avoid tax surprises

On 10 July 2020, the Internal Revenue Service (“IRS”) reminded the taxpayers to do Paycheck Checkup by using the IRS Tax Withholding Estimator to help them avoid tax surprises when filing next year.

Since income taxes are pay-as-you-do, taxpayers are required by law to pay most of their tax as income is received. There are two ways to do this:

- through withholding from paychecks, pension payments, Social Security benefits or certain other government payments.
- making quarterly estimated tax payments throughout the year for income not subject to withholding.

The taxpayers are recommended to check their withholding annually and when life changes occur, such as marriage, childbirth, adoption and buying a home.

IRS says a Paycheck Checkup helps avoid tax surprises

<https://www.irs.gov/newsroom/irs-says-a-paycheck-checkup-helps-avoid-tax-surprises>

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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