

# Weekly Alert

## 2020 ISSUE 25

## RSM TAX ADVISORY (HONG KONG) LIMITED

### 羅 申 美 稅 務 諮 詢 有 限 公 司

Welcome to 2020 issue 25 of Weekly Alert covering technical development in taxation around the globe.

### TAX – Hong Kong

#### 1. Latest arrangement of Inland Revenue Department public services

On 19 July 2020, the Inland Revenue Department (“IRD”) announced that the department will suspend the provision of all of its services from 20 July, except the following:

Offices	Opening hours
Central Enquiry Counter (only for enquiries relating to tax clearance for taxpayers leaving Hong Kong)	From 9am to noon; 1.30pm to 4pm, Monday to Friday
Central Telephone Enquiry	From 9am to 12.30pm; 1.30pm to 4pm, Monday to Friday
Business Registration Office	From 9am to noon; 1.30pm to 4pm, Monday to Friday*
Stamp Office	From 9am to noon; 1.30pm to 4pm, Monday to Friday

The IRD also announced that deadlines for tax payments, lodgement of objections and holdover applications and submission of tax returns and information will be automatically extended.

#### Latest arrangement of Inland Revenue Department public services

<https://www.ird.gov.hk/eng/ppr/archives/20071901.htm>

# TAX – International

## 1. Treasury, IRS issue final and proposed regulations on income subject to a high rate of foreign tax

On 20 July 2020, the Department of the Treasury (“Treasury”) and the Internal Revenue Service (“IRS”) issued a final regulation addressing the treatment of income earned by certain foreign corporations that is subject to a high rate of foreign tax.

The final regulations allow taxpayers to exclude certain high-taxed income of a controlled foreign corporation from their Global Intangible Low Taxed Income (GILTI) computation on an elective basis.

Treasury and the IRS today also issued a proposed regulation regarding the high-tax exception with the GILTI high-tax exclusion for public comments.

### **Final regulations regarding income subject to a high rate of foreign tax**

<https://s3.amazonaws.com/public-inspection.federalregister.gov/2020-15351.pdf>

### **Proposed regulations regarding high-tax exception with the GILTI high-tax exclusion**

<https://s3.amazonaws.com/public-inspection.federalregister.gov/2020-15349.pdf>

## 2. IRS creates new Enterprise Digitalization and Case Management office

The IRS announced on 21 July 2020 the creation of the new Enterprise Digitalization and Case Management office, which will spearhead IRS efforts to empower taxpayers and IRS employees to rapidly resolve issues in a simplified digital environment.

The new stand-alone office will focus on enhancing the taxpayer experience by improving business processes and modernizing systems. The office will apply agile, customer-centered thinking and draw on leading industry test-and-learn practices to rapidly identify what combination of business process and technology works best for the IRS's customers and employees.

### **IRD creates new Enterprise Digitalization and Case Management office**

<https://www.irs.gov/newsroom/irs-creates-new-enterprise-digitalization-and-case-management-office-smith-abold-labreche-to-serve-as-co-directors>

## 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.

The aim of Weekly Alert is to alert readers to recent developments. The information is general in nature and it is not to be taken as a substitute for specific advice. Accordingly RSM Hong Kong accepts no responsibility for any loss that occurs to any party who acts on information contained herein without further consultation with us. If you have any comments or require further information please contact:

**Mr. Eric Chen**

T +852 2583 1259

E [ericchen@rsmhk.com](mailto:ericchen@rsmhk.com)

**Mr. Samuel Chan**

T +852 2583 1242

E [samuelchan@rsmhk.com](mailto:samuelchan@rsmhk.com)

**Ms. Lilian Poon**

T +852 2583 1241

E [lilianpoon@rsmhk.com](mailto:lilianpoon@rsmhk.com)

**Mr. Patrick Ho**

T +852 2583 1258

E [patrickho@rsmhk.com](mailto:patrickho@rsmhk.com)

**Mr. Caesar Wong**

T +852 2508 2851

E [caesarwong@rsmhk.com](mailto:caesarwong@rsmhk.com)

**Ms. Catherine Tsang**

T +852 2583 1256

E [catherinetsang@rsmhk.com](mailto:catherinetsang@rsmhk.com)

**Ms. Joanna Lee**

T +852 2583 1317

E [joannalee@rsmhk.com](mailto:joannalee@rsmhk.com)

**Ms. Dorothy Ng**

T +852 2583 1366

E [dorothyng@rsmhk.com](mailto:dorothyng@rsmhk.com)

**Mr. Alan Chow**

T +852 2583 1378

E [alanchow@rsmhk.com](mailto:alanchow@rsmhk.com)

**Ms. Catherine Wong**

T +852 2583 1396

E [catherinewong@rsmhk.com](mailto:catherinewong@rsmhk.com)

### RSM Tax Advisory (Hong Kong) Limited

29th Floor, Lee Garden Two  
28 Yun Ping Road  
Causeway Bay, Hong Kong

T: +852 2598 5123

F: +852 2598 7230

E: [solutions@rsmhk.com](mailto:solutions@rsmhk.com)

[rsm.global/hongkong](http://rsm.global/hongkong)

RSM Tax Advisory (Hong Kong) Limited is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network.

Each member of the RSM network is an independent accounting and consulting firm, each of which practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

The RSM network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 50 Cannon Street, London EC4N 6JJ.

The brand and trademark RSM and other intellectual property rights used by members of the network are owned by RSM International Association, an association governed by article 60 et seq of the Civil Code of Switzerland whose seat is in Zug.

© RSM International Association, 2020