

Weekly Alert

2020 ISSUE 27

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Welcome to 2020 issue 27 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. Latest arrangement of Inland Revenue Department public services

On 31 July 2020, the Inland Revenue Department (“IRD”) announced that the department will continue to suspend the provision of all of its services from 3 August, 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 to August 10.

Latest arrangement of Inland Revenue Department public services

<https://www.ird.gov.hk/eng/ppr/archives/20073101.htm>

TAX – PRC

1. Announcement of the State Taxation Administration on Improving and Adjusting the Method for the Withholding and Prepayment of Individual Income Tax of Certain Taxpayers (關於完善調整部分納稅人個人所得稅預扣預繳方法的公告)

The State Taxation Administration recently announced the improvement of and adjustment to the method for withholding and prepayment of IIT for those who receive wages and salaries for the first time in the middle of the year. The Announcement came into force as of 1 July 2020.

The related improvement and adjustment are as follows:

- a. For an individual resident who receives wages and salaries for the first time in a taxable year, the withholding agent may calculate the cumulative deductions by multiplying CNY 5,000 per month by the number of months of the taxpayer as of the current month for the taxable year.
- b. If a student who is receiving full-time academic education obtains remuneration for labor services due to internship, the withholding agent may calculate, withhold and prepay the IIT in accordance with the cumulative withholding method stipulated in the Announcement of the State Administration of Taxation on Issuing the Administrative Measures for the Withholding and Declaration of Individual Income Tax (for Trial Implementation) ([2018] No.61).
- c. Taxpayers who are qualified in accordance with the Announcement and can withhold and prepay IIT as per the above-mentioned provisions shall promptly make a declaration to the withholding agents and provide relevant supporting information or letter of commitment.
- d. For the purpose of the Announcement, the individual residents who have received wages and salaries for the first time are those who have not received wages and salaries or who have not been withheld and prepaid IIT on remuneration for continuous services in accordance with the cumulative withholding method since the first month of the taxable year until the time they are newly employed.

國家稅務總局公告 2020 年第 13 號

<http://www.chinatax.gov.cn/chinatax/n810341/n810755/c5154948/content.html>

TAX – International

1. IRS suggested tax professional to use virtual private network to protect remote location

The Internal Revenue Service (“IRS”) and Security Summit partners urged practitioners to protect remote locations by using virtual private networks (“VPNS”) against cyber intruders.

VPNS provide secure, encrypted tunnels through which data can be transmitted between remote users over the Internet and corporate networks. VPNS are critical to protecting and securing Internet connections during a coronavirus infection, as telecommuting or working from home continues.

Failure to use VPNs risks remote takeovers by cyberthieves, giving criminals access to the tax professional's entire office network simply by accessing an employee's remote internet.

Virtual work: Use virtual private network to protect remote location

<https://www.irs.gov/newsroom/working-virtually-use-a-virtual-private-network-to-secure-remote-locations-part-3-of-security-summit-tips-for-tax-professionals>

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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