

Weekly Alert

2020 ISSUE 30

RSM TAX ADVISORY (HONG KONG) LIMITED

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Welcome to 2020 issue 30 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. HK-Macao tax arrangement in force

The Comprehensive Avoidance of Double Taxation Agreements (“CDTAs”) with Macao signed in November 2019 came into force on 20 August 2020, after the completion of the relevant approval procedures. The CDTA will have effect in respect of Hong Kong tax for any taxable period beginning on or after 1 April 2021.

Macao was the 19th largest trading partner of Hong Kong in 2019. The CDTA will bring a greater degree of certainty on tax liabilities for those who engage in cross-border business activities and help promote bilateral trade and investment activities.

HK-Macao tax arrangement in force

<https://www.ird.gov.hk/eng/ppr/archives/20082001.htm>

2. Inland Revenue Department to resume basic public services

On 21 August 2020, the Inland Revenue Department (“IRD”) announced that the department will resume public services in a safe and orderly manner and provide basic public services from 24 August 2020:

Offices	Opening hours
Central Enquiry Counter Business Registration Office Stamp Office Estate Duty Office Collection Enforcement Sections Refund Section	From 9am to noon and from 1.30pm to 4pm, Monday to Friday
Central Telephone Enquiry	From 9am to 12.30pm and from 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 further extended.

Inland Revenue Department to resume basic public services

<https://www.ird.gov.hk/eng/ppr/archives/20082101.htm>

TAX – PRC

1. **Announcement on ceasing the implementation of the Provisions on 20 commodities to be removed from tariff relief** (關於不再執行 20 種商品停止減免稅規定的公告)

Recently, the Ministry of Finance, the General Administration of Customs and the State Taxation Administration have issued the “*Announcement on ceasing the implementation of the Provisions on 20 commodities to be removed from Tariff Relief*”.

According to the Announcement, the implementation of the relevant Provisions in the Circular of the State Council on Approving and Forwarding the Opinions of the Customs Tariff Commission, the Ministry of Finance and the State Taxation Administration on the Provisions on the Second Set of Cleaning up Tariffs and Import Tax Reduction and Exemption (Guo Fa [1994] No.64) will be ceased, with effect from 5 August 2020. The said commodities include household appliance, furniture and certain food products.

財政部 海關總署 稅務總局公告 2020 年第 36 號

<http://www.chinatax.gov.cn/chinatax/n810341/n810755/c5155535/content.html>

TAX – International

1. **IRS updates procedures for designating taxpayer disputes for litigation, implementing provisions of Taxpayer First Act**

On 24 August 2020, the Internal Revenue Service (“IRS”) issued a memorandum that provides guidance to the agency’s compliance staff on requests to designate issues for litigation. Designation of issues for litigation limits a taxpayer's opportunity to administratively resolve their case with the IRS Independent Office of Appeals. Disputes between the IRS and taxpayers over designated issues must be resolved through litigation. The IRS took this step to update and clarify its designation procedures as part of its implementation of the Taxpayer First Act (“TFA”) enacted in July 2019.

The TFA codifies framework of the designation procedures and high level of oversight. It also sets forth the specific elements for the written notice required to be provided to the taxpayer and grants taxpayers the right to administratively appeal designation determinations.

IRS updates procedures for designating taxpayer disputes for litigation, implementing provisions of Taxpayer First Act

<https://www.irs.gov/newsroom/irs-updates-procedures-for-designating-taxpayer-disputes-for-litigation-implementing-provisions-of-taxpayer-first-act>

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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