

# Weekly Alert

## 2020 ISSUE 31

## RSM TAX ADVISORY (HONG KONG) LIMITED

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Welcome to 2020 issue 31 of Weekly Alert covering technical development in taxation around the globe.

### TAX – Hong Kong

#### 1. Inland Revenue Department to resume basic public services

On 28 August 2020, the Inland Revenue Department (“IRD”) announced that the department will continue to provide basic public services from 31 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/20082802.htm>

#### 2. Hong Kong and Serbia enter into tax pact

On 28 August 2020, Hong Kong has signed a comprehensive avoidance of double taxation agreement (“CDTA”) with Serbia. This CDTA is the 44<sup>th</sup> such agreement that Hong Kong has concluded.

Under the Hong Kong-Serbia CDTA, double taxation will be avoided in that any tax paid in Serbia by Hong Kong companies in accordance with the CDTA will be allowed as a credit against the tax payable in Hong Kong on the same income, subject to the provisions of the tax laws of Hong Kong. Likewise, for Serbian companies, the tax paid in Hong Kong will be allowed as a deduction from the tax payable on the same income in Serbia.

Moreover, the Hong Kong-Serbia CDTA also provides the following tax relief arrangements:

- a) Serbia's withholding tax rates for Hong Kong resident companies on dividends, interest and royalties will be capped at 10 per cent; and
- b) Profits from international shipping transport earned by Hong Kong residents arising in Serbia will not be taxed in Serbia.

This CDTA will come into force after the completion of ratification procedures by both jurisdictions.

**Hong Kong and Serbia enter into tax pact**

<https://www.ird.gov.hk/eng/ppr/archives/20082801.htm>

### 3. Enhancements to e-Stamping of Share Transfer Instruments

The IRD Stamp Office issued the e-Stamping Circular No. 1/2020 on 31 August 2020. The circular announces that the e-Stamping of share transfer instruments will provide a new service for “Uploading Stamping Applications in Bulk” with the following features:

1. Upload stamping applications of contract notes and instruments of transfers for listed shares in bulk;
2. Upload stamping applications of contract notes and instruments of transfer for unlisted shares in bulk; and
3. Upload stamping applications of contract notes for jobbing business in bulk.

The service takes effect from 29 August 2020.

**e-Stamping Circular No. 1/2020**

[https://www.ird.gov.hk/eng/pdf/e\\_stamping\\_cir\\_1-2020.pdf](https://www.ird.gov.hk/eng/pdf/e_stamping_cir_1-2020.pdf)

## TAX – PRC

### 1. Announcement of the State Taxation Administration on Issues concerning the Levying and Administration of Resource Tax (關於資源稅徵收管理若干問題的公告)

On 28 August 2020, the State Taxation Administration issued the “*Announcement of the State Taxation Administration on Issues concerning the Levying and Administration of Resource Tax*”.

According to the Announcement, if the taxpayer:

- mixes purchased ore and self-mined ore as raw ore for sales; or
- mixes purchased mineral processing products and self-produced mineral processing products for sales;

the amount of purchased ore / purchased mineral processing products can be deducted when calculating the taxable products or sales volumes.

國家稅務總局公告 2020 年第 14 號

<http://www.chinatax.gov.cn/chinatax/n364/c5156066/content.html>

## TAX – International

### 1. IRS provides additional guidance on base erosion and anti-abuse tax

On 1 September 2020, the Inland Revenue Services (“IRS”) issued final regulations providing additional guidance on the base erosion and anti-abuse tax (BEAT).

To limit profit-shifting, the Tax Cuts and Jobs Act (“TCJA”) added a new tax, the BEAT. The BEAT focuses on large U.S. corporations that make deductible payments to related foreign parties.

The final regulations provide detailed guidance regarding how to compute certain BEAT calculations for groups of related taxpayers. The final regulations also contain rules permitting taxpayers to waive deductions for purposes of the BEAT, and additional guidance regarding partnerships and anti-abuse rules.

**IRS provides additional guidance on base erosion and anti-abuse tax**

<https://www.irs.gov/newsroom/irs-provides-additional-guidance-on-base-erosion-and-anti-abuse-tax>

## 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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