

Weekly Alert

2021 ISSUE 1

RSM TAX ADVISORY (HONG KONG) LIMITED

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Welcome to 2021 issue 1 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. Hong Kong-Serbia tax treaty in force

On 30 December 2020, the Comprehensive Avoidance of Double Taxation Agreement (CDTA) with Serbia signed in August 2020 came into force after the completion of the relevant ratification procedures.

The CDTA will have effect in respect of Hong Kong tax for any year of assessment beginning on or after 1 April 2021.

Hong Kong-Serbia tax treaty in force

<https://www.ird.gov.hk/eng/ppr/archives/20123101.htm>

2. Stock Borrowing Relief – Filing of Return of Stock Borrowing Transactions

On 4 January 2021, the Stamp Office issued the circular on Stock Borrowing Relief reminding the borrowers to file a return of stock borrowing transactions as required under section 19(13) of the Stamp Duty Ordinance.

According to the relief, borrowers are required to file the return for the 6 months period within 1 month. The filing of the return for the 6 months period ended 31 December 2020 is due on 1 February 2021.

A borrower who fails to comply with the requirement to file the return to Stamp Office shall incur a penalty at level 2 (i.e. HK\$5,000).

Stamping Circular No. 01/2021

https://www.ird.gov.hk/eng/pdf/sdo/ext_cir/so_ext_cir_01_2021_e.pdf

TAX – PRC

1. Announcement on the list of Qualified Charitable Organizations for Pre-tax Deduction of Public Welfare Donations

(財政部 稅務總局 民政部關於 2020 年度--2022 年度公益性社會組織捐贈稅前扣除資格名單的公告)

On 30 December 2020, the Ministry of Finance, State Taxation Administration (“STA”) and Ministry of Civil Affairs announced the list of qualified charitable organizations and other social organizations for the pre-tax deduction of public welfare donations, with effect from fiscal year 2020.

According to the announcement, the list will remain effective until the end of 2022.

財政部 稅務總局 民政部公告 2020 年第 46 號

www.chinatax.gov.cn/chinatax/n362/c5160479/content.html

2. Announcement of the State Taxation Administration on Issues concerning the Revision of Annual Enterprise Income Tax Return

(國家稅務總局關於修訂企業所得稅年度納稅申報表的公告)

On 30 December 2020, the STA announced the changes to certain forms and completion instructions of the Annual Enterprise Income Tax Return (Type A, 2017 Edition).

The Announcement applies to the filing for the settlement and payment of Enterprises Income Tax for fiscal year 2020 and onwards.

The revised forms and completion instructions could be found in the [Appendix](#) to the Announcement.

國家稅務總局公告 2020 年第 24 號

www.chinatax.gov.cn/chinatax/n362/c5160521/content.html

TAX – International

1. Trade Agreements reached between UK and EU

On 24 December 2020, UK and EU reached agreement to conclude the UK-EU Trade and Cooperation Agreement (“UK-EU TCA). The UK-EU TCA will govern the UK and EU’s economic and trading relationship from 2021 onwards.

Some of the positive outcomes for trade are highlighted below:

- There will be no tariffs or quotas on the movement of goods between UK and EU if certain requirements are met.
- Non-tariff barriers for medical products, automotive, chemical products, organic products and wine will be reduced.
- UK hauliers can continue to operate between UK and EU without European Conference of Ministers of Transport permits.
- Air transport services between UK and EU can continue to operate without quantitative restrictions.

UK-EU Trade and Cooperation Agreement - Summary

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/948093/TCA_SUMMARY_PDF.pdf

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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