

Weekly Alert

2021 ISSUE 4

RSM TAX ADVISORY (HONG KONG) LIMITED

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Welcome to 2021 issue 4 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. Inland Revenue Department to resume basic public services

On 27 January 2021, the Inland Revenue Department announced that the following offices will provide basic public services from 28 January 2021:

Offices	Opening hours
Central Enquiry Counter Business Registration Office Stamp 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 above services will be provided at a reduced scale and a longer waiting time is expected. The department encourages the public to use electronic services to handle tax affairs as much as possible. A list of such services can be found in the department's website at www.ird.gov.hk/eng/ese/index.htm.

Since tax payments, lodgement of objections and holdover applications, and submission of tax returns and information can be made or performed without social contact, the relevant deadlines will not be extended. If members of the public experience difficulties in handling the relevant matters, they should contact the department by electronic means, by post or by fax (www.ird.gov.hk/eng/cu_enqs.htm).

Inland Revenue Department to resume basic public services

<https://www.ird.gov.hk/eng/ppr/archives/21012702.htm>

2. Relief measures

On 27 January 2021, the Secretary for Financial Services and the Treasury, Mr Christopher Hui, replied to questions raised by the Hon Paul Tse regarding the relief measures for the unemployed. The tax related questions raised by the Hon Paul Tse are as follow:

- (1) *as I urged the Government time and again in the past that in the light of the unprecedented economic blow dealt to members of the public during the epidemic, it should waive the payment of or substantially reduce the salaries tax payable by them and waive the payment of provisional tax, but the Government stated every time in its replies that members of the public who had difficulties in paying tax might, by providing to the Inland Revenue Department their estimated income/the causes for the reduction of income with relevant information, apply for the holding over of payment of part or the whole of the tax, whether the Government will maintain the same stance in responding to the demand of the aforesaid unions;*
- (2) *as quite a number of members of the public criticised after noting the Government's response mentioned in (1) that the officials concerned were "indifferent and apathetic", "detached from reality" and "ignorant about people's hardships" and only knew "playing with bureaucratic rhetoric", whether the Government will adopt a more pragmatic attitude to assess if the employers and employees of private organisations as well as small and medium enterprises have more pressing needs for being granted tax concessions (especially a waiver of payment of provisional tax).*

Mr Christopher Hui replied to the tax related question as follows:

To relieve the financial burden of the public, the 2020-21 Budget has provided one-off reduction of salaries tax and tax under personal assessment by 100 per cent for the year of assessment (YA) 2019/20, subject to a ceiling of \$20,000 per case. The measure benefits about 1.95 million taxpayers and reduces their tax liabilities by a total of about \$18.8 billion. About 1.32 million of the taxpayers do not have to pay tax for the YA concerned.

Furthermore, individuals in need may also apply for holding over of provisional tax, payment by instalments, and waiver of surcharges for instalment settlement of demand notes for the YA 2019/20. These measures are all targeted to support taxpayers to cope with their financial difficulties.

LCQ16: Relief measures

<https://www.ird.gov.hk/eng/ppr/archives/21012701.htm>

TAX – International

1. 11th meeting of the OECD/G20 Inclusive Framework on BEPS

The 11th plenary meeting of the OECD/G20 Inclusive Framework on BEPS was held on 27 and 28 January 2021 virtually and open to the public, allowing a glimpse into the various international tax-related workstreams undertaken by the Inclusive Framework to date. The event took stock of the unparalleled transformation in international tax policy and administration in recent years, discussed current challenges and what the future holds.

Highlight of the meetings are as follows:

Day 1

- a global economic outlook on the current and post COVID-19 challenges that countries face in rebuilding their economies in the future
- a session with senior international experts focusing on progress towards the Sustainable Development Goals and the role that tax can play in achieving them
- a discussion on the importance of tax morale among businesses and how to strengthen it, and assess if there is a common ground between tax administration and business

Day 2

- a panel discussion among Ministers on the tax challenges arising from digitalisation and the future of international taxation, including 2021 priorities of the G20
- a de-brief of the public consultation on the Pillar One and Pillar Two Blueprints
- a brief update on the ongoing work on BEPS and tax certainty, on tax transparency policies and exchange of information, and on tax administration 3.0
- a discussion on the crucial issue of tax and the environment, considering options for a sustainable, resilient, prosperous tax system and pathways to greener, more inclusive growth through tax post-COVID

In addition, the OECD organized a series of briefings on current projects covering tax and development work which are open to the Inclusive Framework membership and the public on 29 January 2021.

11th meeting of the OECD/G20 Inclusive Framework on BEPS

<https://www.oecd.org/tax/beps/oecd-g20-inclusive-framework-on-beps-meeting-january-2021.htm>

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- Advise on human resources and structuring employment arrangements in a tax-efficient manner.
- Advise on tax equalization schemes.
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