

Weekly Alert

2021 ISSUE 13

RSM TAX ADVISORY (HONG KONG) LIMITED

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Welcome to 2021 issue 13 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. Suspension of Service for Filing of Tax Return - Individuals through eTAX

To facilitate system update, the Inland Revenue Department (“IRD”)’s Internet filing service for Tax Return - Individuals is temporarily suspended from 30 March 2021 to 2 May 2021.

The IRD reminds taxpayers to file their Tax Return - Individuals in paper form during this period. The service will resume on 3 May 2021 for filing of Tax Return - Individuals for the years of assessment 2018/19, 2019/20 and 2020/21. The bulk issue of 2020/21 Tax Return - Individuals will take place on 3 May 2021.

The suspension does not affect the Internet filing of property tax returns, employer's returns and profits tax returns.

Suspension of Service for Filing of Tax Return - Individuals through eTAX

https://www.ird.gov.hk/eng/tax/efiling_20210330.htm

2. IRD Notice: Pay Promptly as Second Instalment is Falling Due

The second instalments of tax for the year of assessment 2019/20 are generally falling due in April. The IRD urges taxpayers to note their due dates as stated on their demand notes and make prompt payments.

In addition, the IRD reminds taxpayers to pay tax on time to avoid penalty and the inconvenience that might be caused by recovery actions taken by the IRD.

Taxpayers with financial difficulties in settling their bills by the due dates may write in to the IRD to apply for payment by instalments.

Inland Revenue Department Notice: Pay Promptly as Second Instalment is Falling Due

https://www.ird.gov.hk/eng/pdf/2021/notice_mar_2021.pdf

3. Circular Letter to Tax Representatives – Block Extension Scheme for Lodgement of 2020/21 Tax Returns

The bulk issue of 2020/21 Profits Tax Returns to corporations and partnership businesses will take place on 1 April 2021 (for the files of which fall within the “active” category in the IRD) and on 7 April 2021 (for “inactive” corporations and partnership businesses) respectively.

For taxpayers who are represented, the compliance date specified in the notice on page 1 of the 2020/21 Profits Tax Return will be extended as follows:

Accounting Date	Extended Due Date
1 April 2020 – 30 November 2020 (Accounting Date Code “N”)	31 May 2021
1 December 2020 – 31 December 2020 (Accounting Date Code “D”)	16 August 2021
1 January 2021 – 31 March 2021 (Accounting Date Code “M”)	15 November 2021

Circular Letter to Tax Representatives – Block Extension Scheme for Lodgement of 2020/21 Tax Returns

<https://www.ird.gov.hk/eng/pdf/bel21e.pdf>

TAX – International

1. IRS to Recalculate Taxes on Unemployment Benefits; Refunds to Start in May

On 31 March 2021, the Internal Revenue Service (“IRS”) announced to recalculate taxes on unemployment benefits.

According to the legislation signed on 11 March 2021, the 2020 unemployment benefits (up to US\$20,400 if married filing jointly and US\$10,200 for all other eligible taxpayers) would be excluded from taxes for taxpayers who earned less than \$150,000 in modified adjusted gross income.

The IRS will take steps to automatically refund money this spring and summer to people who filed their tax return reporting unemployment compensation before the recent changes made by the American Rescue Plan. The first refunds are expected to be made in May and will continue into the summer.

IRS to recalculate taxes on unemployment benefits; refunds to start in May

<https://www.irs.gov/newsroom/irs-to-recalculate-taxes-on-unemployment-benefits-refunds-to-start-in-may>

2. Tax transparency moves forward as no or only nominal tax jurisdictions first exchange information on the substance of entities

On 31 March 2021, the first tax information exchanges under the Forum on Harmful Tax Practice's ("FHTP") global standard on substantial activities among twelve no or only nominal tax jurisdictions began. The twelve jurisdictions are: Anguilla, the Bahamas, Bahrain, Barbados, Bermuda, British Virgin Islands, Cayman Islands, Guernsey, Isle of Man, Jersey, Turks and Caicos Islands, and the United Arab Emirates.

These new annual exchanges cover information on the Identity, activities and ownership chain of entities established in no or only nominal tax jurisdictions that are either non-compliant with substance requirements or engage in intellectual property or other high-risk activities.

The FHTP is monitoring both the legal and practical implementation of the standard by no or only nominal tax jurisdiction through an annual peer review process under Action 5 of the OECD/G20 inclusive Framework on BEPS. The next annual results will be released in December 2021.

Tax transparency moves forward as no or only nominal tax jurisdictions first exchange information on the substance of entities

[Tax transparency moves forward as no or only nominal tax jurisdictions first exchange information on the substance of entities - OECD](#)

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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