

Weekly Alert

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RSM TAX ADVISORY (HONG KONG) LIMITED

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Welcome to 2021 issue 20 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. Submission of Employer's Return in Computerized Format

From 14 May 2021 onwards, employers can apply for preparation of IR56 Form(s) in accordance with the requirements specifications of the Inland Revenue Department (“IRD”) by using self-developed software through an online e-service.

E-Acknowledgement and e-Approval will be sent to the applicants by email. Applicants can check the status and result of their applications through this online e-service.

The IR56B and IR56F data files in XML format prepared by approved Self-developed Software can be submitted via the ER e-Filing Services with a limit of 800 sets of IR56 forms in one date file in each transaction.

Enhanced Employer's Application Services – e-Application for Preparation of IR 56Form(s) by using Employer's Self-developed Software

<https://www.ird.gov.hk/eng/ese/erc.htm>

2. Tax Obligations of Taxpayers and employers

On 13 May 2021, the IRD released a notice of tax obligations of taxpayers and employers. The notice covers the information to be furnished by taxpayers and employers respectively under Section 51 and 52 of the Inland Revenue Ordinance.

Relevant forms for furnishing the required information can be obtained from eTAX at www.gov.hk/etax or downloaded from the IRD's website www.ird.gov.hk.

Tax Obligations of Taxpayers and Employers

<https://www.ird.gov.hk/eng/pdf/2021/oblig.pdf>

TAX – International

1. A new OECD report on Tax Co-operation for Development released on 19 May 2021

Tax Co-operation for Development: Progress report in the COVID-19 era was issued on 19 May 2021, which reviews how developing countries have interacted with the OECD on a range of tax policy and administration issues.

Particularly, the report covers the full range of assistance that the OECD provides to developing countries on facilitating knowledge sharing of tax policy and administration responses to the pandemic, preventing tax avoidance and combating tax evasion, and supporting them on a range of tax issues relevant to achieving the Sustainable Development Goals.

OECD supports developing countries in the time of COVID-19

<https://www.oecd.org/tax/tax-global/oecd-supports-developing-countries-in-the-time-of-covid-19.htm>

2. Guidance on premium assistance and tax credit for continuation health coverage under American Rescue Plan

On 18 May 2021, the Internal Revenue Service (“IRS”) provided guidance on tax breaks under the American Rescue Plan Act of 2021 for continuation health coverage under the Consolidated Omnibus Budget Reconciliation act of 1985 (“COBRA”).

The American Rescue Plan provides a temporary 100% reduction in the premium that individuals would have to pay when they elect COBRA continuation health coverage following a reduction in hours or an involuntary termination of employment.

The new law provides a corresponding tax credit for the entities that maintain group health plans, such as employers, multiemployer plans, and insurers.

IRS provides guidance on premium assistance and tax credit for continuation health coverage

<https://www.irs.gov/newsroom/irs-provides-guidance-on-premium-assistance-and-tax-credit-for-continuation-health-coverage>

3. First monthly payment of increased Child Tax Credit to be disbursed under the American Rescue Plan

On 17 May 2021, the IRS and the U.S. Department of the Treasury announced that the first monthly payment of the expanded and newly-advanceable Child Tax Credit (“CTC”) from the American Rescue Plan will be made on 15 July 2021.

Under the increased CTC payments, eligible families will receive a payment of up to US\$300 per month for each child under age 6 and up to US\$250 per month for each child age 6 and above.

IRS, Treasury announce families of 88 percent of children in the U.S. to automatically receive month payment of refundable Child Tax Credit

<https://www.irs.gov/newsroom/irs-treasury-announce-families-of-88-percent-of-children-in-the-us-to-automatically-receive-monthly-payment-of-refundable-child-tax-credit>

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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