

Weekly Alert

2021 ISSUE 22

RSM TAX ADVISORY (HONG KONG) LIMITED

羅 申 美 稅 務 諮 詢 有 限 公 司

Welcome to 2021 issue 22 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. Online Appointment Booking for Stamp Office Lease Counter Service

The Stamp Office has launched a new Online Appointment Booking Service on 31 May 2021.

The users can make an appointment for submitting up to 3 leases for stamp on the same day. The online appointment is not applicable to adjudication of other instruments, such as license agreements and surrender agreements.

Once the appointment is made, the user shall visit the lease counter on time for stamping with (i) a printed copy or electronic record of the online booking acknowledgment and (ii) a printed copy of duly completed and signed Form IRSD111.

Online Appointment Booking for Stamp Office Lease Counter Service

https://www.ird.gov.hk/eng/pdf/sdo/ext_cir/so_ext_cir_02_2021_e.pdf

2. Re-industrialisation in Hong Kong

On 2 June 2021, the Secretary for Innovation and Technology, Mr Alfred Sit, replied to questions raised by the Hon Holden Chow regarding the re-industrialisation initiative in Hong Kong. Mr Alfred Sit replied to the profits tax rates related questions as follows:

Question – whether the Government will introduce new measures to encourage re-industrialisation, such as providing more tax concessions for research and development (“R&D”) expenditures and capital investment?

The Government has been providing a series of financial support to encourage R&D, including amending the Inland Revenue Ordinance (“IRO”) so as to provide a two-tiered enhanced tax deduction regime for expenditure on qualifying R&D activities incurred by enterprises. The claims for tax deduction on R&D expenditure for the year of assessment 2019/20 amounted to about \$3.2 billion, which is over a double of the amount in the year of assessment 2017/18, prior to the implementation of the measure.

LCQ5: Re-industrialisation in Hong Kong

<https://www.ird.gov.hk/eng/ppr/archives/21060201.htm>

3. Government welcomed passage of Inland Revenue (Amendment) (Miscellaneous Provisions) Bill 2021

The Secretary for Financial Service and the Treasury, Mr Christopher Hui, welcomed the passage of the Inland Revenue (amendment) (Miscellaneous Provision) Bill 2021 (“The Bill”) by the Legislative Council on 2 June 2021

The Bill implement four areas of amendments to the IRO, including:

- i) The tax treatment for amalgamation of companies under the court-free procedures as provided for under the Companies Ordinance;
- ii) The tax treatment for transfer or succession of specified assets under certain circumstances;
- iii) Refining the statutory framework for the furnishing of tax returns; and
- iv) Enhancing the foreign tax deduction regime.

The Ordinance will come into operation on 11 June 2021. Amendments in relation to foreign tax deduction will take effect from the year of assessment 2021/22.

Government welcomes passage of Inland Revenue (Amendment) (Miscellaneous Provisions) Bill 2021

<https://www.ird.gov.hk/eng/ppr/archives/21060206.htm>

TAX – PRC

1. Announcement of the State Taxation Administration on the Administrative Measures for the Refund of Value-added Tax for the 2022 Beijing Olympic and Paralympic Winter Games and Their Test Events (國家稅務總局關於發佈《北京 2022 年冬奧會和冬殘奧會及其測試賽增值稅退稅管理辦法》的公告)

On 27 May 2021, the State Taxation Administration announced the administrative measures on the refund of value-added tax (“VAT”) for the 2022 Beijing Olympic and Paralympic Winter games and their test events.

According to the announcement, the International Olympic Committee and International Paralympic Committee and their related entities, engaging in works related to the 2022 Beijing Olympic and Paralympic Winter Games and their test events in China, can apply for a refund on the VAT corresponding to the expenditure on goods or services in the designated list.

The Beijing Municipal Taxation Bureau of the STA is responsible for handling all of the above refund applications. The application period runs from 1 July 2021 to 31 March 2023.

國家稅務總局公告 2021 年第 13 號

<http://www.chinatax.gov.cn/chinatax/n359/c5164802/content.html>

TAX – International

1. Administration's FY2022 Budget Tax Proposals Will Promote Shared Growth and Prosperity

The U.S. President released the FY 2020 Budget on 28 May 2021. Under the Budget's proposals, new public investments are coupled with additional revenue measures that ask the highest income Americans and large corporations to pay their fair share and that make the U.S. tax system more efficient and equitable. The measures do not increase taxes on anyone making less than US\$400,000.

Alongside the Budget, the U.S. Department of the Treasury released *the General explanations of the Administration's FY2022 Revenue Proposals*, or "Greenbook". The Greenbook provides further description and explanation on the revenue measures announced in the Budget, including:

American Jobs Plan

- Reform corporate taxation
- Support housing and infrastructure
- Prioritize clean energy

American Families Plan

- Strengthen taxation of high-income taxpayers
- Support workers, families, and economic security
- Close loopholes
- Improve compliance
- Improve tax administration

Administration's FY2022 Budget Tax Proposals Will Promote Shared Growth and Prosperity

<https://home.treasury.gov/news/press-releases/jy0204>

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.
- Provide tax expert witness services at Courts.
- Act as tax advisor on transfer pricing and tax compliance reviews for IPO applications
- 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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Mr. Eric Chen
T +852 2583 1259
E ericchen@rsmhk.com

Mr. Samuel Chan
T +852 2583 1242
E samuelchan@rsmhk.com

Ms. Lilian Poon
T +852 2583 1241
E lilianpoon@rsmhk.com

Mr. Patrick Ho
T +852 2583 1258
E patrickho@rsmhk.com

Mr. Caesar Wong
T +852 2508 2851
E caesarwong@rsmhk.com

Ms. Catherine Tsang
T +852 2583 1256
E catherinetsang@rsmhk.com

Ms. Joanna Lee
T +852 2583 1317
E joannalee@rsmhk.com

Mr. Alan Chow
T +852 2583 1378
E alanchow@rsmhk.com

Ms. Catherine Wong
T +852 2583 1396
E catherinewong@rsmhk.com

Ms. Shirley Lo
T +852 2583 1211
E shirleylo@rsmhk.com

RSM Tax Advisory (Hong Kong) Limited

29th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay, Hong Kong

T: +852 2598 5123
F: +852 2598 7230
E: solutions@rsmhk.com

rsm.global/hongkong

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