

Weekly Alert

2021 ISSUE 23

RSM TAX ADVISORY (HONG KONG) LIMITED

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Welcome to 2021 issue 23 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. Stamp Duty Statistics (May 2021)

On 9 June 2021, the Inland Revenue Department (“IRD”) released the statistics on Special Stamp Duty (“SSD”), Buyer’s Stamp Duty (“BSD”) and Doubled Ad Valorem Stamp Duty (“DSD”) / New Residential Stamp Duty (“NRSD”) collected in May 2021. During the month, the IRD collected SSD of HK\$17.9 million, BSD of HK\$239 million and DSD/NRSD of HK\$1,148.1 million.

Stamp Duty Statistics (May 2021)

<https://www.ird.gov.hk/eng/pdf/2021/3d052021.pdf>

2. Validity of Unstamped Documents & Inadequate Consideration

The Stamp Office reminds duty payers that all the facts and circumstances affecting the amount of the stamp duty chargeable on an instrument (including the details relating to the consideration of the transaction) have to be fully and truly set forth in the instrument. Any person who with intent to defraud the Government executes any instrument in which all the facts and circumstances affecting the amount of the stamp duty chargeable on the instrument are not fully and truly set forth, or practises or is concerned in any fraudulent act, contrivance or device, commits an offence and shall be liable to a fine and to imprisonment if convicted.

Validity of Unstamped Documents & Inadequate Consideration

https://www.gov.hk/en/residents/taxes/stamp/validity_of_unstamped_documents.htm

3. Interest on Tax Reserve Certificates

The Secretary for Financial Services and the Treasury has authorised a change in the rate of interest payable on Tax Reserve Certificates. The Government Gazette published on 4 June 2021 contains a Legal Notice to give effect of the change. From 7 June 2021, the new annual rate of interest will be 0.05 per cent against the current rate of 0.0833 per cent, i.e. the new rate will be \$0.0042 per month per \$100.

Tax Reserve Certificates bear simple interest, and interest is calculated monthly (including part of a month) from the date of purchase to the date of payment of tax.

Interest is only credited when certificates are used to pay tax and no interest is due where the principal value of a certificate is repaid to its holder.

Interest on Tax Reserve Certificates

<https://www.ird.gov.hk/eng/ppr/archives/21060401.htm>

TAX – International

1. G7 Finance Ministers Agree Historic Global Tax Agreement

On 5 June 2021, the G7 has agreed to back a historic international agreement on global tax reform following two-days of talks chaired by Chancellor Rishi Sunak in London. Key points are as follows:

- Agreed on global tax reform that will mean the largest and most profitable multinationals will pay their fair share of tax in the countries they do business;
- Agreed to the principle of a global minimum rate that ensures multinationals pay tax of at least 15% in each country they operate; and
- Agreed to follow UK's lead in making climate reporting mandatory and agree to crack down on the proceeds of environmental crimes by introducing and strengthening central company beneficial ownership registries.

G7 Finance Ministers Agree Historic Global Tax Agreement

<https://www.g7uk.org/g7-finance-ministers-agree-historic-global-tax-agreement/>

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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