

Weekly Alert

2021 ISSUE 26

RSM TAX ADVISORY (HONG KONG) LIMITED

羅 申 美 稅 務 諮 詢 有 限 公 司

Welcome to 2021 issue 26 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. Stock Borrowing Relief – Filing of Return of Stock Borrowing Transactions

On 2 July 2021, the Stamp Office reminded the borrowers under stock borrowing and lending agreements their obligation of filing a return of stock borrowing transactions.

Borrowers are required to file the return (Form SBUL 1) to Stamp Office within 1 month from the 6 months period ending 30 June / 31 December. The due date for the 6 months period ending 30 June 2021 is 2 August 2021.

Stamping Circular No. 03/2021

https://www.ird.gov.hk/eng/pdf/sdo/ext_cir/so_ext_cir_03_2021_e.pdf

2. Annual Report on Performance Pledge 2020-21

On 30 June 2021, the Inland Revenue Department (“IRD”) released the Annual Report on Performance Pledge 2020-21. The report covers details of the IRD’s services and the related performance statistics for the 12 months ended 31 March 2021.

IRD: Performance Pledge

https://www.ird.gov.hk/eng/abo/per_tcp.htm

Annual Report on Performance Pledge 2020-21

<https://www.ird.gov.hk/eng/pdf/2021/pam33.pdf>

TAX – PRC

1. Announcement of the State Taxation Administration on the Issuance of Duty Stamps for 2021 (國家稅務總局關於發行 2021 年印花稅票的通告)

On 28 June 2021, the State Taxation Administration announced details of the issuance of duty stamps for 2021.

According to the announcement, the duty stamps have face values of RMB 10 cents, 20 cents, 50 cents, 1 yuan, 2 yuan, 5 yuan, 10 yuan, 50 yuan and 100 yuan with new anti-counterfeiting features.

The newly issued duty stamps can be used after this announcement and those issued duty stamps in previous years are still valid.

國家稅務總局通告 2021 年第 3 號

<http://www.chinatax.gov.cn/chinatax/n367/c5165983/content.html>

TAX – International

1. 130 countries and jurisdictions join bold new framework for international tax reform

On 1 July 2021, the OECD announced that 130 countries and jurisdictions have joined a new two-pillar plan to reform international taxation rules and ensure that multinational enterprises pay a fair share of tax wherever they operate.

Under Pillar One, taxing rights on more than USD 100 billion of profit are expected to be reallocated to market jurisdictions each year. The global minimum corporate income tax under Pillar Two - with a minimum rate of at least 15% - is estimated to generate around USD 150 billion in additional global tax revenues annually.

The remaining technical work on the two-pillar approach will be finalised in October 2021, with a plan for effective implementation in 2023.

130 countries and jurisdictions join bold new framework for international tax reform

<https://www.oecd.org/tax/beps/130-countries-and-jurisdictions-join-bold-new-framework-for-international-tax-reform.htm>

2. Treasury, IRS extend safe harbor for renewable energy projects

On 29 June 2021, the U.S. Department of the Treasury and the Internal Revenue Service (“IRS”) issued guidance for taxpayers developing renewable energy projects to address delays related to the COVID-19 pandemic.

The Treasury Department and the IRS previously established the Continuity Safe Harbor that allows an eligible renewable energy project to be deemed to satisfy the continuity requirement for taking the production tax credit and the investment tax credit if the taxpayer places the project in service within a certain period that starts in the taxable year in which construction of the project began.

The Treasury Department and the IRS recognize that the development of certain projects eligible for the production tax credit and the investment tax credit continues to delay because of the COVID-19 pandemic. As a result, many taxpayers may not place projects in service in time to meet the requirements of Continuity Safe Harbor, which may significantly impact project financing and development. This guidance provides relief to taxpayers impacted by project delays related to the pandemic by allowing additional time to satisfy the Continuity Safe Harbor. It also adds flexibility for taxpayers to satisfy the continuity requirement outside of the safe harbor.

Treasury, IRS extend safe harbor for renewable energy projects

<https://www.irs.gov/newsroom/treasury-irs-extend-safe-harbor-for-renewable-energy-projects>

3. IRS announces "Dirty Dozen" tax scams for 2021

On 28 June 2021, the IRS began its "Dirty Dozen" list for 2021 with a warning for taxpayers, tax professionals and financial institutions to be alert of these 12 nefarious schemes and scams.

The "Dirty Dozen" list for 2021 will be separated into four separate categories:

1. Pandemic-related scams (e.g. Economic Impact Payment theft);
2. Personal information cons (e.g. phishing, ransomware and phone "vishing");
3. Ruses focusing on unsuspecting victims (e.g. fake charities and senior/immigrant fraud); and
4. Schemes that persuade taxpayers into unscrupulous actions (e.g. Offer In Compromise mills and syndicated conservation easements).

The IRS encouraged taxpayers to review the "Dirty Dozen": list in a special section on IRS.gov and be alert to these scams.

IRS announces "Dirty Dozen" tax scams for 2021

<https://www.irs.gov/newsroom/irs-announces-dirty-dozen-tax-scams-for-2021>

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.

The aim of Weekly Alert is to alert readers to recent developments. The information is general in nature and it is not to be taken as a substitute for specific advice. RSM Hong Kong accepts no responsibility for any loss that occurs to any party who acts on information contained herein without further consultation with us. If you have any comments or require further information please contact:

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

RSM Tax Advisory (Hong Kong) Limited is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network.

Each member of the RSM network is an independent accounting and consulting firm, each of which practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

The RSM network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 50 Cannon Street, London EC4N 6JJ.

The brand and trademark RSM and other intellectual property rights used by members of the network are owned by RSM International Association, an association governed by article 60 et seq of the Civil Code of Switzerland whose seat is in Zug.

© RSM International Association, 2021