

# Weekly Alert

## 2021 ISSUE 29

## RSM TAX ADVISORY (HONG KONG) LIMITED

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Welcome to 2021 issue 29 of Weekly Alert covering technical development in taxation around the globe.

### TAX – Hong Kong

#### 1. Internet business

The Inland Revenue Department (“IRD”) reminds that a person who carries on a business through the internet is also required to comply with the business registration requirements.

In order to ascertain if the activities carried out through the internet constitute the carrying on of a business in Hong Kong, the IRD will gather details of the relevant activities, such as procurement and promotion of goods, solicitation of buyers, delivery of goods, settlement of sales proceeds, etc., scale of operation and location at which the activities are carried.

The IRD also provides answers to frequently asked questions for internet business on their website (<https://www.ird.gov.hk/eng/faq/aibrq.htm>) for reference.

#### Internet Business

[https://www.ird.gov.hk/eng/tax/bre\\_ib.htm](https://www.ird.gov.hk/eng/tax/bre_ib.htm)

#### 2. HKMA releases guideline on fund certification for carried interest tax concession

On 16 July 2021, the Hong Kong Monetary Authority (“HKMA”) issued a guideline on the certification of funds under Schedule 16D to the Inland Revenue Ordinance in relation to tax concessions for carried interest (“Guideline”).

The Inland Revenue (Amendment) (Tax Concessions for Carried Interest) Ordinance 2021 was enacted to give profits tax and salaries tax concessions in relation to eligible carried interest received by, or accrued to, qualifying persons and qualifying employees on or after 1 April 2020 from the provision of investment management services to certified investment funds.

The Guideline sets out the criteria for certification and other matters in relation to the Monetary Authority’s certification. With immediate effect, the certification scheme is open to applications by funds.

#### HKMA releases guideline on fund certification for carried interest tax concession

<https://www.ird.gov.hk/eng/ppr/archives/21071601.htm>

## TAX – International

### 1. Security Summit partners urge tax pros to use multi-factor authentication; crucial step to boost protection against data theft

As security incidents are on the rise, the Internal Revenue Service (“IRS”), state tax agencies and the tax industry urge tax professionals and taxpayers to use a special feature – multi-factor authentication, which is available on tax software products to help protect against identity and data theft.

On 20 July 2021, the Security Summit partners kicked off the annual 2021 “Protect Your Clients; Protect Yourself” summer campaign aimed at tax professionals. The theme this year “Boost Security Immunity: Fighting Against Identity Theft” is to urge tax professionals to make efforts to protect client data amid the pandemic and its aftermath.

The IRS also reminds tax professionals that federal law requires all professional tax preparers to create and implement a data security plan. The IRS also recommends tax professionals creating a data theft response plan, which includes contacting the IRS Stakeholder Liaisons to report a theft.

#### Security Summit partners urge tax pros to use multi-factor authentication; crucial step to boost protection against data theft

<https://www.irs.gov/newsroom/security-summit-partners-urge-tax-pros-to-use-multi-factor-authentication-critical-step-to-boost-protection-against-data-theft>

### 2. UK Finance Bill 2021-22

On 20 July 2021, the UK Government published the draft legislation and associated documents to be included in [Finance Bill 2021-22](#). Draft legislation covers the following areas:

- Sanctions to tackle tobacco duty evasion
- Clamping down on promoters of tax avoidance
- Hybrid and other mismatches
- Capital Allowances – Technical amendment to allowance statement requirements for Structures and Buildings Allowance
- Powers to tackle electronic sales suppression
- Scheme pays deadlines
- Increasing normal minimum pension age
- Notification of an uncertain tax treatment by large businesses
- Tax treatment of asset holding companies

Alongside the publication of draft legislation, the UK Government made announcements in the following areas of tax policy:

- London capital & finance compensation payments
- Income tax exemption of new social security payments in Scotland
- Covid local grant scheme payments

#### Finance Bill 2021-22: draft legislation and tax documents

<https://questions-statements.parliament.uk/written-statements/detail/2021-07-20/hcws204>

## 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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