

Weekly Alert

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RSM TAX ADVISORY (HONG KONG) LIMITED

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Welcome to 2021 issue 31 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. IRD set up a webpage for tax issues arising from the COVID-19 Pandemic

On 29 July 2021, the Inland Revenue Department (“IRD”) announced that a webpage has been set up to explain the Department’s approach in handling tax issues arising from the COVID-19 Pandemic.

The website covers general information on the following areas:

- Tax residence of companies
- Tax residence of individuals
- Permanent establishment
- Income from employment
- Transfer pricing

Tax Issues arising from the COVID-19 Pandemic
https://www.ird.gov.hk/eng/tax/tia_covid19.htm

TAX – PRC

1. STA to clarify Matters Regarding the Application of the Simple Procedure to Unilateral Advance Pricing Arrangements

The State Taxation Administration (“STA”) recently released the Announcement on Matters regarding the Application of the Simple Procedure to Unilateral Advance Pricing Arrangements (“UAPA”) (the “Announcement”).

The Announcement clarified that enterprise which fulfil the following criteria would be eligible for application of the simple procedure to UAPA:

- i) The enterprise has an annual related party transactions amount in excess of RMB40 million in each of the three tax years before the year of application; **AND**

- ii) The enterprise meets one of the following conditions:
 - a. Has submitted contemporaneous documents in the three tax years before the year of application; **OR**
 - b. Has implemented APA within ten tax years prior to the year of application; **OR**
 - c. Has been subject to special tax investigation and adjustment by the tax authority and closed the case within ten tax years prior to the year of application.

Simple Procedure would not apply to UAPA involving tax authorities of two or more provinces, autonomous regions, municipalities and/or cities.

The Announcement will take effect from 1 September 2021.

國家稅務總局公告 2021 年第 24 號

<http://www.chinatax.gov.cn/chinatax/n810341/n810825/c101434/c5167276/content.html>

TAX – International

1. OECD updates transfer pricing country profiles to include new fields on financial transactions and permanent establishments

On 3 August 2021, the OECD published updated transfer pricing country profiles, containing new information on countries legislation and practices regarding the transfer pricing treatment of financial transactions and the application of the Authorised OECD Approach to attribute profits to permanent establishments.

Updates to the transfer pricing country profiles will be conducted in batches throughout the second half of 2021 and the first half of 2022. With this first batch, the profiles for 20 jurisdictions have been updated, including three new country profiles from Inclusive Framework members (Angola, Romania and Tunisia) bringing the total number of countries covered to 60.

OECD updates transfer pricing country profiles to include new fields on financial transactions and permanent establishments

<https://www.oecd.org/tax/beps/oecd-updates-transfer-pricing-country-profiles-to-include-new-fields-on-financial-transactions-and-permanent-establishments.htm>

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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