

Weekly Alert

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RSM TAX ADVISORY (HONG KONG) LIMITED

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Welcome to 2022 issue 12 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. Latest list of Qualifying Debt Instruments

On 24 March 2022, the Inland Revenue Department (“IRD”) published *the latest List of Qualifying Debt Instruments* as at the end of 31 December 2021.

The list included Short Term/ Medium Term Debt Instruments Eligible for Profits Tax Concession and Long Term Debt Instruments Eligible for Profits Tax Exemption.

List of Qualifying Debt Instruments (as at 31 December 2021)

https://www.ird.gov.hk/eng/tax/bus_qdi.htm#a03

2. Country-by-Country Reporting - Notification Deadline

Recognising the recent COVID-19 pandemic situation, IRD announced on 18 March 2022 that it would accept a Hong Kong entity and its service provider as having complied with the notification deadline for the relevant accounting period ended between 31 December 2021 and 28 February 2022, provided that the notification is received via the CbC Reporting Portal on or before 1 June 2022.

Country-by-Country Reporting - Notification Deadline

<https://www.ird.gov.hk/eng/ppr/22031801.htm>

3. Block Extension Scheme for Lodgement of 2021/22 Tax Returns

The IRD issued a circular letter to tax representatives in relation to the bulk issue and block extension scheme for lodgement of 2021/22 tax returns on 18 March 2022.

The bulk issue of 2021/22 Profits Tax Returns to the corporations and partnership businesses will take place on 1 April 2022 (for the files of which fall within the “active” category in the IRD) and on 4 April 2022 (for “inactive” corporations and partnership businesses) respectively.

For taxpayers who are represented, the compliance date of the 2021/22 Profits Tax Return will be extended as follows:

Accounting Date	Extended Due Date
1 April 2021 – 30 November 2021 (Accounting Date Code “N”)	30 June 2022
1 December 2021 – 31 December 2021 (Accounting Date Code “D”)	31 August 2022
1 January 2022 – 31 March 2022 (Accounting Date Code “M”)	15 November 2022

Circular Letter to Tax Representatives (18 March 2022)

<https://www.ird.gov.hk/eng/pdf/bel22e.pdf>

TAX – PRC

1. Announcement on enhancing the relevant value-added tax credit and refund policies for the end of tax period 《關於進一步加大增值稅期末留抵退稅政策實施力度的公告》

On 21 March 2022, the Ministry of Finance and the State Taxation Administration jointly announced a value-added tax (“VAT”) credit and refund policies summarised as follows:

- i) Enhance the VAT refund policies for micro and small enterprises by expanding the relevant refund policy scope for the advanced manufacturing industry to eligible small and micro enterprises and providing a one-time refund of the remaining tax credit to small and micro enterprises. In addition, the eligible taxpayers would receive a one-time refund of the existing tax credit.
- ii) Enhance the VAT refund policies for the following industries: manufacturing, scientific research and technical services, electricity, heat, gas and water production and supply, software and information technology services, ecological protection and environmental governance and transportation, warehousing and postal by expanding the relevant refund policy scope for the advanced manufacturing industry to enterprises in the eligible industries. In addition, the eligible taxpayers would receive a one-time refund of the existing tax credit.

This Announcement will take effect from 1 April 2022.

財政部 稅務總局公告 2022 年第 14 號

<http://www.chinatax.gov.cn/chinatax/n359/c5173759/content.html>

TAX – International

1. OECD released a public consultation document on tax transparency framework for crypto-assets and amendment of CRS

On 22 March, the OECD released a public consultation document concerning a new global tax transparency framework to provide for the reporting and exchange of information with respect to crypto-assets, as well as proposed amendments to the Common Reporting Standard (CRS) for the automatic exchange of financial account information between countries.

The OECD is now seeking public comments on the above proposals. Interested parties are invited to send their comments no later than 29 April 2022. A public consultation meeting will be held at the end of May 2022. The OECD intends to report back on the Crypto-Asset Reporting Framework and the amended CRS under the Indonesian Presidency of the G20 for its October 2022 meeting.

OECD seeks input on new tax transparency framework for crypto-assets and amendments to the Common Reporting Standard

<https://www.oecd.org/tax/exchange-of-tax-information/oecd-seeks-input-on-new-tax-transparency-framework-for-crypto-assets-and-amendments-to-the-common-reporting-standard.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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