

Weekly Alert

2022 ISSUE 13

RSM TAX ADVISORY (HONG KONG) LIMITED

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Welcome to 2022 issue 13 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. IRD Notice: Pay tax promptly as second instalment is falling due

The Inland Revenue Department (“IRD”) published a newspaper notice on 29 and 30 March 2022 to remind taxpayers that the second instalments of tax for the year of assessment 2020/21 are generally falling due in the coming April. The IRD urges taxpayers to note due dates as stated on their demand notes and make prompt payments. Default in tax payment may lead to recovery actions and no prior notice will be given.

Taxpayers with financial difficulties in settling their tax bills by the due dates may write in to apply for payment by instalments. For instalment plans approved for settlement of Salaries Tax, Profits Tax and Personal Assessment demand notes issued between May 2021 and May 2022 for the Year of Assessment 2020/21, no surcharge will be imposed for a maximum period of one year counting from the respective due dates of the demand notes.

Inland Revenue Department Notice: Pay promptly as second instalment is falling due
https://www.ird.gov.hk/eng/pdf/2022/notice_mar_2022.pdf

2. Suspension of Service for Filing of Tax Return - Individuals through eTAX

The IRD announced that the Internet filing service for Tax Return - Individuals is temporarily suspended from 30 March 2022 to 2 May 2022 to facilitate system update. The Tax Return – Individuals need to be filed in paper form during this period. The service will resume on 3 May 2022 for filing of Tax Return - Individuals for the years of assessment 2019/20, 2020/21 and 2021/22.

The suspension does not affect the Internet filing of property tax returns, employer’s returns and profits tax returns.

Suspension of Service for Filing of Tax Return - Individuals through eTAX
https://www.ird.gov.hk/eng/tax/efiling_20220330.htm

3. Preliminary Edition of the IRD Taxonomy Package

The IRD has been actively developing the IRD Taxonomy Package to facilitate Hong Kong businesses to tag financial statements and tax computations for generating iXBRL data files in support of voluntary e-filing of their Profits Tax returns through the IRD's eTAX Portal, which is planned to be launched in April 2023. As part of the consultation, the IRD uploaded a preliminary edition of the IRD Taxonomy Package onto the IRD's website for reference on 31 March 2022.

The IRD Taxonomy Package lists and defines the specific codes (elements) for preparers to identify the information disclosed within financial statements prepared in accordance with the Hong Kong Financial Reporting Standards and tax computations. It also includes the content that describes the accounting meaning or relevant reference of an element or helps preparers find the correct element. Elements will be organized into distinct groups to make it easier to navigate the IRD Taxonomy Package. However, the IRD Taxonomy Package does not drive or prescribe the content and presentation of financial statements and tax computations. It only provides a means of identifying the financial and tax information or disclosures.

The IRD will keep updating and refining the IRD Taxonomy Package to reflect changes in tax legislation and the HKFRS Standards. The version to be released in April 2023 will be varied from the preliminary version.

Preliminary Edition of the IRD Taxonomy Package

https://www.ird.gov.hk/eng/tax/bus_ixbrl.htm

TAX – PRC

1. Announcement of the State Taxation Administration on Revising the Operational Measures for Itemized Deductions for Individual Income Tax (Trial) 《國家稅務總局關於修訂發佈《個人所得稅專項附加扣除操作辦法（試行）》的公告》

On 25 March 2022, the State Taxation Administration announced the revision of Operational Measures for Itemized Deductions for Individual Income Tax (Trial) to ensure the smooth implementation of the itemized deduction policy for the care of infants under 3 years old.

The Measures take effect from 1 January 2022.

國家稅務總局公告 2022 年第 7 號

<http://www.chinatax.gov.cn/chinataTax/n363/c5173958/content.html>

TAX – International

1. OECD releases IT-format to support exchange of tax information on digital platform sellers

On 29 March 2022, the OECD released the [standardised IT-format](#) to support the electronic reporting and automatic exchange of information collected under the OECD's [Model Reporting Rules for Digital Platforms](#) (OECD 2020). These Model Rules require digital platforms to report on the income realised by those offering accommodation, transport and personal services, as well as those selling goods, through platforms and to report the information to tax authorities.

By providing a standardised IT-tool for reporting information under the Model Rules, the *Digital Platform Information (DPI) XML Schema* will minimise burdens on digital platform operators arising from compliance with different requirements in different jurisdictions.

OECD releases IT-format to support exchange of tax information on digital platform sellers

<https://www.oecd.org/tax/exchange-of-tax-information/oecd-releases-it-format-to-support-exchange-of-tax-information-on-digital-platform-sellers.htm>

2. IRS reminds holders of foreign bank and financial accounts of April FBAR deadline

On 31 March 2022, the Internal Revenue Service (“IRS”) reminded U.S. citizens, resident aliens and any domestic legal entity that the deadline to file the annual Report of Foreign Bank and Financial Accounts (“FBFA”) is 15 April 2022.

The Bank Secrecy Act requires U.S. persons to file an FBAR if they have:

- 1) Financial interest in, signature authority or other authority over one or more accounts, such as a bank account, brokerage account, mutual fund or other financial account in a foreign country, and
- 2) The aggregate value of all foreign financial accounts exceeds \$10,000 at any time during the calendar year.

The FBAR must be filed electronically with the Financial Crimes Enforcement Network and is only available through the BSA E-filing System website.

IRS reminds holders of foreign bank and financial accounts of April FBAR deadline

<https://www.irs.gov/newsroom/irs-reminds-holders-of-foreign-bank-and-financial-accounts-of-april-fbar-deadline>

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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