

Weekly Alert

2022 ISSUE 18

RSM TAX ADVISORY (HONG KONG) LIMITED

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Welcome to 2022 issue 18 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. Legislative process regarding tax deduction on domestic rent started

The Inland Revenue (Amendment) (Tax Deductions for Domestic Rents) Bill 2022 is gazetted on 6 May 2022 and will be introduced into the Legislative Council (“LegCo”) on 11 May 2022. If the Bill is passed before the summer recess of LegCo, the measure could be implemented from the year of assessment 2022/23.

According to the Bill, taxpayers liable to salaries tax or tax under personal assessment may claim deduction for their rental payment for renting eligible domestic premises. The amount allowable for deduction is the lesser of rental payment under the tenancy or the deduction ceiling for the year of assessment. The proposed maximum deduction is HK\$100,000 for each year of assessment.

Government starts legislative process on tax deduction for domestic rent

<https://www.ird.gov.hk/eng/ppr/archives/22050402.htm>

TAX – PRC

1. Announcement on Relevant Matters Concerning Further Facilitation of Export Tax Refund to Promote Steady Growth of Foreign Trade 《國家稅務總局關於進一步便利出口退稅辦理 促進外貿平穩發展有關事項的公告》

On 29 April 2022, the State Taxation Administration (“STA”) announced the below matters concerning further facilitation of export tax refund:

- 1) Improve the enterprises classification management of export tax refund (exemption)
- 2) Optimize the management of export tax refund (exemption) filing documents
- 3) Improve the export tax refund policy for processing trade
- 4) Simplify the reporting materials for export tax refund (exemption)
- 5) Expand export tax refund (exemption) reminder service
- 6) Simplify export tax refund (exemption) process
- 7) Apply simple way to handle export tax refund (exemption)
- 8) Improve the administration of export tax refund (exemption)

Effect dates are as follows:

- 1 May 2022 for items 1 to 3;
- 1 June 2022 for items 4 and 5; and
- 21 June 2022 for items 6 to 8.

國家稅務總局公告 2022 年第 9 號

<http://www.chinatax.gov.cn/chinatax/n377/c5175044/content.html>

TAX – International

1. CRA recently updated guidance on transitional administrative relief for the GST/HST digital economy measures

The Canada Revenue Agency (“CRA”) updates its guidance to provide clarification and further details on the process for requesting administrative relief on the new GST/HST digital economy measures. In particular, the CRA reiterates that the following information should be included in the request to ensure a timely response:

- the activities of the affected business or operator, along with estimated annual sales figures in Canada and the GST/HST normally collected;
- the issues encountered by the affected business or operator;
- the steps to be taken to resolve those issues and their anticipated completion dates; and
- any extenuating circumstances that may prevent the business or operator from being compliant with the new GST/HST measures before a specified date.

Excise and GST/HST News – No. 110

<https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/news110/news110-excise-gst-hst-news-no-110.html#Toc85025500>

2. OECD published the public comments received on the extractives exclusion under Pillar One Amount A

On 3 May 2022, the OECD published the public comments received from public consultation on the extractives exclusion under Pillar One Amount A to assist members in further refining and finalising the relevant rules. Full comments can be downloaded from the webpage.

Public comments received on the extractives exclusion under Pillar One Amount A

<https://www.oecd.org/tax/beps/public-comments-received-on-the-extractives-exclusion-under-pillar-one-amount-a.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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