

Weekly Alert

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RSM TAX ADVISORY (HONG KONG) LIMITED

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Welcome to 2022 issue 20 of Weekly Alert covering technical development in taxation around the globe.

TAX – PRC

1. Guideline on the 2022 New Combined Tax Supporting Policies 《2022 年新的組合式稅費支持政策指引》

On 13 May 2022, the State Taxation Administration (“STA”) published Guideline on New Combined Tax Supporting Policies for 2022. The Guideline covers 13 new tax policies introduced in 2022 and extensions of 20 existing policies in accordance with the compiling style of the subject of entitlement, preferential content, entitled conditions and policy basis. It will be continuously updated according to upon introduction of new tax policies.

2022 年新的組合式稅費支持政策指引

<http://www.chinatax.gov.cn/chinatax/n810341/n810825/c101434/c5175316/5175316/files/2022%E5%B9%B4%E6%96%B0%E7%9A%84%E7%BB%84%E5%90%88%E5%BC%8F%E7%A8%8E%E8%B4%B9%E6%94%AF%E6%8C%81%E6%94%BF%E7%AD%96%E6%8C%87%E5%BC%95-20220513191855898.pdf>

2. Announcement on Further Accelerate the Implementation of relevant VAT credit and refund policies for the end of the tax period 《關於進一步持續加快增值稅期末留抵退稅政策實施進度的公告》

On 17 May 2022, the Ministry of Finance (“MoF”) and STA jointly announced that they will further accelerate the implementation of relevant value-added tax (“VAT”) credit and refund policies for the end of the tax period according to the Announcement of MoF and STA [2022] No. 14. The main points are as follows:

1. Eligible large enterprises in manufacturing and related industries can apply for the one-time remaining tax credit refund in June 2022, instead of October 2022. The STA targets to release the refund before 30 June 2022 in bulk.
2. The approval process for the remaining tax credit refund applications lodge by micro and small enterprises will be further speeded up, targeting to release the refund before 30 June 2022 in bulk.

財政部 稅務總局公告 2022 年第 19 號

<http://www.chinatax.gov.cn/chinatax/n359/c5175401/content.html>

TAX – International

1. ATO started resuming offsetting of debts on hold

On 17 May 2022, Australian Taxation Office (“ATO”) announced they will restart offsetting taxpayers’ tax refunds or credits to pay off the debts on hold in June 2022. In cases where the taxpayer’s refund is less than the outstanding debt, ATO may use credits the taxpayer receives from other government agencies to pay off the debt.

Taxpayers can see these offset transactions in a Statement of Account via “Online services for agents”.

Resuming offsetting of debts on hold

<https://www.ato.gov.au/Tax-professionals/Newsroom/Your-practice/Resuming-offsetting-of-debts-on-hold/>

2. ATO reminds foreign investors in Australia’s property market need to know the rules or face penalties

On 17 May 2022, the ATO revealed that one foreign investor attracted AUD250,000 in penalties for buying multiple properties in Melbourne without receiving permission from the Foreign Investment Review Board in a recent case.

The ATO reminds foreign investors are limited in the type of residential property they can buy in Australia and must apply before doing so. Breaching the Foreign Acquisitions and Takeover Act 1975 can lead to civil penalties, enabling the government to recapture the capital gain or 25% of the property value, whichever is greater.

Penalties for breaching foreign investment rules

<https://www.ato.gov.au/Business/Business-bulletins-newsroom/Public-advice-and-guidance/Penalties-for-breaching-foreign-investment-rules/>

3. CRA announced the repeal of the excise duty exemption for 100% Canadian wine

The Excise Act, 2001 currently exempts 100% Canadian wine from excise duty. Budget 2022 proposed to repeal this exemption. The proposed amendment was tabled in Parliament on April 28, 2022.

According to Canada Revenue Agency (“CAR”)’s announcement, excise duty will be imposed on 100% Canadian wine packaged on or after 30 June 2022, unless a different exemption applies.

EDN75 Repeal of Excise Duty Exemption for 100% Canadian Wine

<https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/edn75/repeal-excise-duty-exemption-canadian-wine.html>

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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