

Weekly Alert

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RSM TAX ADVISORY (HONG KONG) LIMITED

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Welcome to 2022 issue 22 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. Proposed tax concession for FIHVs managed by single family offices

The Hong Kong Government published a press release on 1 June 2022, setting out the written reply by the Secretary for Financial Services and the Treasury, Mr. Christopher Hui, on questions regarding the promotion of the development of Hong Kong as a prime family office hub in Asia.

According to the press release, the Hong Kong Government proposes to provide tax concessions for eligible family investment entities (“FIHVs”) managed by single family offices and attract the latter to set up a presence in Hong Kong. It is targeted to introduce the amendment bill into the Legislative Council (“LegCo”) in the second half of 2022. Subject to the passage of the amendment bill by the LegCo, the tax concession treatment will apply for any years of assessment commencing on or after 1 April 2022.

LCQ20: Facilitating family offices to come to Hong Kong for development

<https://www.ird.gov.hk/eng/ppr/archives/22060101.htm>

TAX – PRC

1. Guideline on Preferential Tax Policies for Supporting Green Development 《支持綠色發展稅費優惠政策指引》

On 31 May 2022, the State Taxation Administration (“STA”) published the Guideline on Preferential Tax Policies for supporting green development. The Guideline sorts out 56 preferential tax policies related to environmental protection, energy and resources saving and the development of clean and renewable energy. The policies benefit nearly every industry from their main course of business to their daily operations.

支持綠色發展稅費優惠政策指引

<http://www.chinatax.gov.cn/chinatax/n810341/n810825/c101434/c5175740/content.html>

2. Circular of the MoF and STA on the deduction of Passenger Vehicle Acquisition Tax 《財政部 稅務總局關於減征部分乘用車車輛購置稅的公告》

On 31 May 2022, the Ministry of Finance (“MoF”) and STA jointly published a circular in respect of the deduction of the Vehicle Acquisition Tax paid for qualifying passenger vehicles. The circular set out the criteria as follows:-

1. For the acquisition of vehicle from 1 June 2022 to 31 December 2022, a tax deduction of 50% shall be granted if the unit price of the vehicle does not exceed RMB 300,000 (exclusive of VAT) and the vehicle’s engine displacement does not exceed 2 liters.
2. The vehicle should have no more than 9 seats, including the driver’s seat. The vehicle and its technical characteristics should be designed and manufactured with the main intention to carry passengers and their carry-on luggage and/or temporary items.
3. The unit price mentioned in (1) should be the price chargeable under the Vehicle Acquisition Tax.
4. The date of acquisition shall be determined in accordance with the date of issuance of the valid voucher, such as the uniform invoice for motor vehicle sales or the special custom bill.
5. The displacement and number of passenger seat shall be determined in accordance with the “Qualified Certificate of Vehicle” or the “Electronic Information Sheet for Imported Motor Vehicle”

財政部 稅務總局公告 2022 年第 20 號

<http://www.chinatax.gov.cn/chinatax/n371/c5175746/content.html>

TAX – International

1. OECD invites public input on tax certainty aspects of Amount A under Pillar One

The OECD is now seeking public comments on the tax certainty aspects under Pillar One Amount A (in two separate consultation documents) to assist members in further refining and finalising the relevant rules. Interested parties are invited to submit their written comments separately for each consultation document no later than 10 June 2022.

Tax challenges of digitalisation: OECD invites public input on tax certainty aspects of Amount A under Pillar One

<https://www.oecd.org/tax/beps/oecd-invites-public-input-on-tax-certainty-aspects-of-amount-a-under-pillar-one.htm>

2. IRS reminds taxpayers abroad of filing 2021 return by June 15

The Inland Revenue Service (“IRS”) reminds taxpayers living and working outside the United States to 1) file their 2021 federal income tax return by 15 June 2022; and 2) check out and claim the expanded tax benefits, such as the Child Tax Credit, Credit for Other Dependents and so forth, if qualified.

For taxpayers who relinquished their U.S. citizenship or ceased to be lawful permanent residents of the United States during 2021, they must file a dual-status alien tax return and attach Form 8854, Initial and Annual Expatriation Statement.

The IRS urges anyone needing additional time to make their request for an extension beyond 15 June 2022 electronically. Further details can be found on the webpage.

IRS reminder to Americans abroad: File 2021 return by June 15; eligible families can claim expanded tax benefits

<https://www.irs.gov/newsroom/irs-reminder-to-americans-abroad-file-2021-return-by-june-15-eligible-families-can-claim-expanded-tax-benefits>

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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