

Weekly Alert

2022 ISSUE 23

RSM TAX ADVISORY (HONG KONG) LIMITED

羅 申 美 稅 務 諮 詢 有 限 公 司

Welcome to 2022 issue 23 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. Proposed tax concession for shipping commercial principals

The Inland Revenue (Amendment) (Tax Concessions for Certain Shipping-Related Activities) Bill 2022 is gazetted on 2 June 2022 and will be introduced into the Legislative Council (“LegCo”) for first and second readings on 15 June 2022.

The purpose of this bill is to amend the Inland Revenue Ordinance (“IRO”) (Cap. 112) to give half-rate profits tax concessions (i.e. at a tax rate of 8.25%) to profits derived from carrying out qualifying activity by qualifying shipping commercial principals, including: -

- Ship agents;
- Ship managers; and
- Ship brokers.

Inland Revenue (Amendment) (Tax Concessions for Certain Shipping-Related Activities) Bill 2022 gazetted

<https://www.ird.gov.hk/eng/ppr/archives/22060201.htm>

2. Change in the interest rate on Tax Reserve Certificates

Generally, owners of Tax Reverse Certificates can earn simple interest on a monthly basis starting from the date of purchase to the date of payment of tax by using the certificates to settle tax payments.

A new interest rate on Tax Reverse Certificates was authorised by the Secretary for Financial Services and the Treasury on 2 June 2022. With effect from 6 June 2022, the annual interest rate has been changed from 0.05% to 0.1333%. In other words, certificate owners can earn HK0.0111 per HK\$100 each month. The new annual rate is applicable to the certificates purchased on or after 6 June 2022 only. Regarding those certificates purchased before 6 June 2022, interest will be granted in accordance with the rates prevailing on their respective purchase dates. Relevant interest rates can be found on the webpage.

Interest on Tax Reserve Certificates

<https://www.ird.gov.hk/eng/ppr/archives/22060202.htm>

TAX – PRC

1. Announcement on Expanding the Industry Scope of the Full Refund of VAT Credit Policies 《關於擴大全額退還增值稅留抵稅額政策行業範圍的公告》

On 7 June 2022, the Ministry of Finance and State Taxation Administration jointly announced that the industry scope under Article 2 of the Announcement of MoF and STA [2022] No. 14 will be expanded to cover the following:

Wholesale and retail trade	Agriculture, forestry, animal husbandry and fishery
Accommodation and catering Industry	Resident, repair and other services
Education, health and social work	Culture, sports and entertainment industry

Eligible enterprises in the above industries can apply for the incremental tax credits refund and one-time existing tax credit refund from 1 July 2022.

財政部 稅務總局公告 2022 年第 21 號

<http://www.chinatax.gov.cn/chinatax/n359/c5175898/content.html>

TAX – International

1. New transfer pricing profiles for Egypt, Liberia, Saudi Arabia and Sri Lanka were released by OECD

On 9 June 2022, the OECD released the updated transfer pricing profiles for Egypt, Liberia, Saudi Arabia and Sri Lanka in relation to their key transfer pricing principles, including the arm's length principle, transfer pricing methods, comparability analysis, intangible property, intra-group services, cost contribution agreements, transfer pricing documentation, administrative approaches to avoiding and resolving disputes, safe harbours and other implementation measures. Full versions can be downloaded from the webpage.

Transfer Pricing Country Profiles

<https://www.oecd.org/tax/transfer-pricing/transfer-pricing-country-profiles.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.

The aim of Weekly Alert is to alert readers to recent developments. The information is general in nature and it is not to be taken as a substitute for specific advice. RSM Hong Kong accepts no responsibility for any loss that occurs to any party who acts on information contained herein without further consultation with us. If you have any comments or require further information please contact:

Mr. Eric Chen
T +852 2583 1259
E ericchen@rsmhk.com

Mr. Samuel Chan
T +852 2583 1242
E samuelchan@rsmhk.com

Ms. Lilian Poon
T +852 2583 1241
E lilianpoon@rsmhk.com

Mr. Patrick Ho
T +852 2583 1258
E patrickho@rsmhk.com

Mr. Caesar Wong
T +852 2508 2851
E caesarwong@rsmhk.com

Ms. Catherine Tsang
T +852 2583 1256
E catherinetsang@rsmhk.com

Ms. Joanna Lee
T +852 2583 1317
E joannalee@rsmhk.com

Mr. Alan Chow
T +852 2583 1378
E alanchow@rsmhk.com

Ms. Catherine Wong
T +852 2583 1396
E catherinewong@rsmhk.com

Ms. Shirley Lo
T +852 2583 1211
E shirleylo@rsmhk.com

RSM Tax Advisory (Hong Kong) Limited

29th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay, Hong Kong

T: +852 2598 5123
F: +852 2598 7230
E: solutions@rsmhk.com

rsm.global/hongkong

RSM Tax Advisory (Hong Kong) Limited is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network.

Each member of the RSM network is an independent accounting and consulting firm, each of which practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

The RSM network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 50 Cannon Street, London EC4N 6JJ.

The brand and trademark RSM and other intellectual property rights used by members of the network are owned by RSM International Association, an association governed by article 60 et seq of the Civil Code of Switzerland whose seat is in Zug.

© RSM International Association, 2022