

Weekly Alert

2022 ISSUE 24

RSM TAX ADVISORY (HONG KONG) LIMITED

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Welcome to 2022 issue 24 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. Stamp Duty Statistics (May 2022)

On 10 June 2022, the Inland Revenue Department (“IRD”) released the statistics on Special Stamp Duty (“SSD”), Buyer’s Stamp Duty (“BSD”) and Doubled Ad Valorem Stamp Duty (“DSD”) / New Residential Stamp Duty (“NRSD”) collected in May 2022. The SSD, BSD and DSD/NRSD collected during the month are HK\$9.5 million, HK\$144.9 million and HK\$658.9 million respectively.

Stamp Duty statistics (May 2022)

<https://www.ird.gov.hk/eng/pdf/2022/3d052022.pdf>

2. Reduction of the Levy Rate of Business Registration

The Business Registration Ordinance (Amendment of Schedule 2) Order 2022 (“the Order”) was gazetted on 10 June 2022 and introduced into the Legislative Council on 15 June 2022. The Order seeks to reduce the levy rate of the business registration from \$250 per annum to \$150 per annum with effect from 17 June 2022.

Reduction of the Levy Rate of Business Registration

https://www.ird.gov.hk/eng/pdf/bro_brlevy_10062022_e.pdf

3. Tax obligations of property owners

The IRD reminds the property owner to inform their chargeability to the Department in writing if they are liable to tax and supply the particulars of the property not later than 4 months after the end of the basis period for the year of assessment (e.g. on or before 31 July 2022 for the year of assessment 2021/22), unless they have already received the appropriate tax returns.

In addition, a return issued by the IRD should be completed and furnished within the stipulated time limit for official record updating purposes even if no rental was received in respect of the property concerned.

Inland Revenue Department Notice - Tax obligations of property owners

https://www.ird.gov.hk/eng/pdf/2022/pt_oblig.pdf

TAX – PRC

1. STA will provisionally expedite the process of export tax rebates

On 14 June 2022, the State Taxation Administration ("STA") issued the Circular on Matters Concerning Provisionally Expediting the Process of Export Tax Rebates 《國家稅務總局關於階段性加快出口退稅辦理進度有關工作的通知》 (the "Circular"). According to the Circular, for the period from 20 June 2022 to 30 June 2023, the average time for tax authorities to process normal export tax refund (exemption) claims of Class I and Class II exporters will be shortened to 3 working days.

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<http://www.chinatax.gov.cn/chinatax/n377/c5176141/content.html>

TAX – International

1. IRS urges taxpayers to watch out for bogus tax avoidance strategies

On 10 June 2022, the Internal Revenue Service ("IRS") published the 2022 Dirty Dozen scams list, which covers the following four abusive arrangements: -

- (a) Concealment of assets in offshore accounts and improper reporting of digital assets
- (b) High-income individuals who don't file tax returns
- (c) Abusive Syndicated Conservation Easements
- (d) Abusive Micro-Captive Insurance Arrangements

The above schemes typically target high-net-worth individuals who are looking for ways to avoid paying taxes. The IRS warns taxpayers to avoid being misled into using bogus tax avoidance strategies.

IRS wraps up 2022 "Dirty Dozen" scams list; agency urges taxpayers to watch out for tax avoidance strategies

<https://www.irs.gov/newsroom/irs-wraps-up-2022-dirty-dozen-scams-list-agency-urges-taxpayers-to-watch-out-for-tax-avoidance-strategies>

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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