

Weekly Alert

2022 ISSUE 26

RSM TAX ADVISORY (HONG KONG) LIMITED

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Welcome to 2022 issue 26 of Weekly Alert covering technical development in taxation around the globe.

TAX – PRC

1. Announcement on the Implementation of the VAT Credit and Refund Policies for Coal-fired Power Generation Company

On 24 June 2022, the Ministry of Finance and the State Taxation Administration ("STA") jointly issued the Circular "Announcement on the implementation of the VAT credit refund policies for coal-fired power generation company to better secure power supply" 《關於切實落實燃煤發電企業增值稅留抵退稅政策 做好電力保供工作的通知》 ("the Announcement").

According to the Announcement, for eligible coal-fired power generation companies using imported coal, the approval progress related to the voluntary application for the refund of the remaining tax credit will be further accelerated.

財稅〔2022〕25號

<http://www.chinatax.gov.cn/chinatax/n359/c5176712/content.html>

2. Announcement on the Implementation of Stamp Tax Law and other related matters

On 28 June 2022, the STA issued the Circular "Announcement on the implementation of Stamp Tax Law and other related matters" 《關於實施《中華人民共和國印花稅法》等有關事項的公告》 ("the Announcement").

The Announcement covers matters concerning the management of stamp tax collection and tax payment services, as well as the enhancement of handling methods for preferential Land Value-Added Tax treatment.

The Announcement will take effect from 1 July 2022. The documents or clauses listed in the "Catalogue of Stamp Tax Documents with Full Repeal and Partial Clauses Repeal" (Annex 2) 《全文廢止和部分條款廢止的印花稅文件目錄》(附件2) shall be abolished at the same time.

國家稅務總局公告 2022 年第 14 號

<http://www.chinatax.gov.cn/chinatax/n367/c5176919/content.html>

TAX – International

1. Australian Taxation Office includes new offshore hybrid mismatch questions in the 2022 International Dealings Schedule

The recently released 2022 International Dealings Schedule (“IDS”) includes questions that help to assess tax risks associated with offshore hybrid structures and arrangements.

Taxpayer should answer ‘Yes’ to Q45 - “Did the hybrid mismatch rules apply to you?” if during the tax year the taxpayer had the potential to give rise to a hybrid mismatch under certain provisions regardless of its impact on the taxable income.

If the taxpayer has answered “Yes” at Q45, the taxpayer needs to answer the new offshore hybrid mismatch questions below:

- Q47 – any importing payments made under a structured arrangement
- Q47a – any other offshore hybrid mismatches that exist within your Division 832 control group(s), regardless of whether deductions are denied under Subdivision 832-H
- Q47b – top 3 most material offshore hybrid mismatches

New offshore hybrid mismatch questions in the IDS

<https://www.ato.gov.au/Business/Business-bulletins-newsroom/Tax-Time-and-reporting/New-offshore-hybrid-mismatch-questions-in-the-IDS/>

2. CRA announced the elimination of excise duty on non-alcoholic Beer

Canada Revenue Agency (“CRA”) published a notice on 24 June 2022 to provide information on the elimination of excise duty on non-alcoholic beer as announced in Budget 2022.

On 7 April 2022, the Minister of Finance tabled Budget 2022 and announced proposed amendments to the Excise Act to include a minimum alcoholic strength in the definition of beer or malt liquor. The proposed amendments are included in Bill C-19, Budget Implementation Act, 2022, No. 1, which was tabled in Parliament on 28 April 2022. Beer produced on or after 1 July 2022 which contains not more than 0.5% absolute ethyl alcohol by volume would be excluded from the definition of beer and would not be subject to excise duty.

Excise Duty Notice EDBN31

<https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/edbn31/elimination-excise-duty-non-alcoholic-beer.html>

RSM Tax Advisory (Hong Kong) Limited

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- 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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