

Weekly Alert

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RSM TAX ADVISORY (HONG KONG) LIMITED

羅 申 美 稅 務 諮 詢 有 限 公 司

Welcome to 2022 issue 28 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. Ways for the Government to generate revenue

On 13 July 2022, the Secretary for Financial Services and the Treasury, Mr. Christopher Hui, replied to questions raised by the Hon Shiu Ka-fai concerning the financial position of the Government. In particular, his reply to the question “whether the Government has plans to introduce measures on generating revenue” is as follows:

“...the Government will continue to explore ways to increase its sources of revenue. In this regard, the Government has raised the rate of Stamp Duty on Stock Transfers with effect from August 2021 which will increase revenue by around \$12 billion per year. In the medium term, the Government will introduce a progressive rating system for domestic properties in 2024-25 to reflect the "affordable users pay" principle. In the long run, the Government will maintain the development and vibrancy of our economy and identify new areas of growth with a view to increasing revenue....

.... In view of the economic environment and impacts of the epidemic, businesses and individuals are generally under considerable financial pressure. The Government considers that this is still not the appropriate time to revise the rates of profits tax.”

LCQ13: Financial position of Government

<https://www.ird.gov.hk/eng/ppr/archives/22071301.htm>

2. Stamp Duty statistics (June 2022)

On 12 July 2022, the Inland Revenue Department 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 June 2022. The SSD, BSD and DSD/NRSD collected during the month are HK\$5.3 million, HK\$161.4 million and HK\$378 million respectively.

Stamp Duty statistics (June 2022)

<https://www.ird.gov.hk/eng/pdf/2022/3d062022.pdf>

TAX – PRC

1. Extension of the Application Period for the Retained VAT Credit Refund for July 2022

On 8 July 2022, the State Taxation Administration announced the deadline for the July 2022 retained value added tax (“VAT”) credit refund application will be extended to the last working day of July.

國家稅務總局公告 2022 年第 15 號

<http://www.chinatax.gov.cn/chinatax/n359/c5178102/content.html>

TAX – International

1. Progress on international tax reform

According to the OECD Secretary-General Tax Report, implementation of the international tax reform agreement to ensure multinational enterprises pay a fair share of tax wherever they operate is progressing. The report includes a new *Progress Report on Pillar One*, which is now being subject to public consultation through to mid-August. The Inclusive Framework will then aim to finalise a new Multilateral Convention by mid-2023, for entry into force in 2024.

Technical work under Pillar Two (global minimum tax) is largely complete, with an Implementation Framework to be released later this year to facilitate implementation and co-ordination between tax administrations and taxpayers.

International tax reform: Multilateral Convention to implement Pillar One on track for delivery by mid-2023

<https://www.oecd.org/tax/international-tax-reform-multilateral-convention-to-implement-pillar-one-on-track-for-delivery-by-mid-2023.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.

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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

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