

# Weekly Alert

2022 ISSUE 30

## RSM TAX ADVISORY (HONG KONG) LIMITED 羅 申 美 稅 務 諮 詢 有 限 公 司

Welcome to 2022 issue 30 of Weekly Alert covering technical development in taxation around the globe.

### TAX – Hong Kong

#### 1. **Inland Revenue (Amendment) (Tax Concessions for Certain Shipping-related Activities) Ordinance 2022 gazetted**

On 22 July 2022, the Government published in the Gazette the Inland Revenue (Amendment) (Tax Concessions for Certain Shipping-related Activities) Ordinance 2022 (“the Ordinance”) to provide half-rate profits tax concessions (i.e. at a tax rate of 8.25%) to qualifying shipping commercial principals. Tax concessions will apply to sums received by or accrued to shipping commercial principals on or after 1 April 2022.

In addition, under the Ordinance, the profits derived by a qualifying shipping commercial principal from carrying out a qualifying activity for an associated shipping enterprise, which is entitled to a concessionary tax rate or income exemption under the Inland Revenue Ordinance, will be subject to the same concessionary tax rate or income exemption as those applicable to the associated shipping enterprise. The Ordinance has built in anti-abuse provisions to safeguard the integrity of the tax system and comply with the latest international tax rules.

**Inland Revenue (Amendment) (Tax Concessions for Certain Shipping-related Activities) Ordinance 2022 gazetted**

<https://www.ird.gov.hk/eng/ppr/archives/22072201.htm>

## TAX – International

### 1. CRA opens registration for luxury tax

The Canada Revenue Agency (“CRA”) has recently opened registration for the new luxury tax, which will come into effect on 1 September 2022.

Under the Select Luxury Items Tax Act, a business is required to register with the CRA if it is a:

- Manufacturer	- Wholesaler
- Retailer	- Importer

selling or importing certain vehicles and aircraft priced over CAD100,000 and certain vessels priced over CAD250,000. Registration must be completed by the earlier of:

- The day of the first sale of a vehicle, aircraft, or vessel above the respective threshold
- The day of the first importation of a vehicle, aircraft, or vessel above the respective threshold

#### Luxury tax registration

<https://www.canada.ca/en/services/taxes/excise-taxes-duties-and-levies/luxury-tax/luxury-tax-registration.html>

### 2. ATO using intelligence from tip-offs as part of its approach to dealing with tax avoidance

On 22 July 2022, the Australian Taxation Office (“ATO”) released statistics on tip-offs received in the 2021-22 financial year. Demanding cash from customers, paying workers ‘cash in hand’, or not declaring all sales are the most common examples of the 43,000 tip-offs received.

The top listing industries that ATO received tip-offs about in the past year include building and construction, hairdressing and beauty services, cafés and restaurants, road freight transport, and management advice and related consulting services.

Tip-offs from the community not only helped the ATO to discover tax avoidance cases, but also provide the ATO with valuable intelligence to assist with current and future investigations, with more than ninety per cent of the 43,000 tip-offs received found suitable for further investigation or retained for intelligence purposes.

#### Tipped off: ATO reveals most dobbed-in industries

<https://www.ato.gov.au/Media-centre/Media-releases/Tipped-off--ATO-reveals-most-dobbed-in-industries/>

## 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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