

Weekly Alert

2021 ISSUE 50

RSM TAX ADVISORY (HONG KONG) LIMITED

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Welcome to 2021 issue 50 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. Jail and suspended sentence for couple convicted of falsely claiming deductions for expenses of self-education and approved charitable donations

On 13 December 2021, Inland Revenue Department (“IRD”) published a press release regarding the court case of falsely claiming deductions for expenses of self-education and approved charitable donations.

A couple were convicted in November with intent to evade salaries tax and were sentenced on 13 December 2021. An investigation by the IRD revealed that the couple made false deduction claims for expenses of self-education and approved charitable donations for five and six years of assessment respectively. The husband was sentenced to two months’ imprisonment and the wife was sentenced to two months’ imprisonment, suspended for three years.

IRD reminded taxpayers that tax evasion is a criminal offence under the Inland Revenue Ordinance. Upon conviction, the maximum penalty for each charge is three years’ imprisonment and a fine of \$50,000 plus a further fine of three times the amount of tax evaded.

Jail and suspended sentence for couple convicted of falsely claiming deductions for expenses of self-education and approved charitable donations

<https://www.ird.gov.hk/eng/ppr/archives/21121301.htm>

TAX – PRC

1. Notice of tariff adjustment in 2022

On 13 December 2021, the Customs Tariff Commission of the State Council of the People’s Republic of China issued the notice relating to tariff adjustment in 2022. The 2022 tariff adjustment proposal is provided as an attachment to the notice.

The tariff adjustments on certain types of goods will take effect from 1 January 2022.

税委会〔2021〕18号

http://gss.mof.gov.cn/gzdt/zhengcefabu/202112/t20211215_3775137.htm

2. Notice of imposing zero-tax rate to 98% of taxable products from the least developed countries

The Customs Tariff Commission of the State Council of the People's Republic of China issued a notice on 13 December 2021, relating to the application of zero-tariff on 98% of taxable products from the least developed countries. A list of the applicable products is attached to the notice.

The preferential tariff treatment is provided according to China's commitment to zero-tariff treatment for certain products from the least developed countries and the aim to expand the scope of zero-tariff products exported to China from the least developed countries.

The applicable countries and the implementation time will be announced separately according to the progress of the exchange of letters between China and the relevant countries.

税委会公告〔2021〕8号

http://www.gov.cn/zhengce/zhengceku/2021-12/15/content_5660950.htm

TAX – International

1. The ATO updated information on the tax treatment of transfers from foreign super funds

On 13 December 2021, the Australian Taxation Office (“ATO”) published updates on tax rules relating to transfers from foreign super funds.

In particular, ATO provides details of the following types of transfer:

- Transferring amounts to an Australian super fund
- Transferring amounts to an individual taxpayer
- Transfer from United Kingdom funds
- Trans-Tasman Retirement Savings Portability scheme

Tax on transfers from foreign super funds

<https://www.ato.gov.au/Individuals/Coming-to-Australia-or-going-overseas/In-detail/Super/Tax-treatment-of-transfers-from-foreign-super-funds/>

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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