

Weekly Alert

2022 ISSUE 6

RSM TAX ADVISORY (HONG KONG) LIMITED

羅申美稅務諮詢有限公司

Welcome to 2022 issue 6 of Weekly Alert covering technical development in taxation around the globe.

TAX – PRC

1. Announcement on Extending Certain Tax Preferential Policies 《關於延長部分稅收優惠政策執行期限的公告》

On 29 January 2022, the Ministry of Finance and State Taxation Administration (“STA”) jointly announced the extension of certain tax preferential policies:

1) *The implementation period for the following policies will be extended to 31 December 2023:*

-	Circular on the Tax Policies for Incubators of Technology Firms, University Science Parks and Coworking Spaces 《財政部 稅務總局 科技部 教育部關於科技企業孵化器 大學科技園和眾創空間稅收政策的通知》(財稅[2018]120 號)
-	Circular on Continuing the Preferential Policy for Reducing and Exempting the Urban Land Use Tax on Urban Public Transportation Station Yards, Road Passenger Station Yards and Urban Railway Transport Systems 《財政部 稅務總局關於繼續對城市公交站場 道路客運站場 城市軌道交通系統減免城鎮土地使用稅優惠政策的通知》(財稅[2019]11 號)
-	Circular on Renewing the Preferential Policy for Real Estate Tax and Urban Land Use Tax for Wholesale Markets of Agricultural Products and Farmers Markets 《財政部 稅務總局關於繼續實行農產品批發市場 農貿市場房產稅 城鎮土地使用稅優惠政策的通知》(財稅[2019]12 號)
-	Circular on Real Estate Tax and Stamp Duty Policies for College Dormitories 《財政部 稅務總局關於高校學生公寓房產稅 印花稅政策的通知》(財稅〔2019〕14 號)
-	Circular on the Tax Policies for Further Supporting Pioneering Business and the Employment of Retired Soldiers Seeking Employment on Their Own 《財政部 稅務總局 退役軍人部關於進一步扶持自主就業退役士兵創業就業有關稅收政策的通知》(財稅〔2019〕21 號)
-	Announcement on Issues concerning Enterprise Income Tax Policies for Third-party Enterprises Engaged in Pollution Prevention and Control 《財政部 稅務總局 國家發展改革委 生態環境部關於從事污染防治的協力廠商企業所得稅政策問題的公告》(財政部 稅務總局 國家發展改革委 生態環境部公告 2019 年第 60 號)
-	Announcement on Relevant Individual Income Tax Policies in Support of Prevention and Control of the Pneumonia Outbreak Caused by Novel Coronavirus 《財政部 稅務總局關於支援新型冠狀病毒感染的肺炎疫情防控有關個人所得稅政策的公告》(財政部 稅務總局公告 2020 年第 10 號)

2) *Taxes relating to the above tax preferential policies that had been paid before this announcement may be used to offset the taxes payable in the subsequent months or be refunded.*

財政部 稅務總局公告 2022 年第 4 號

<http://www.chinatax.gov.cn/chinatax/n368/c5172611/content.html>

2. **Announcement on details of Handling the Final Settlement and Payment for 2021 Annual Individual Income Tax Reconciliation on Comprehensive Income** 《國家稅務總局關於辦理 2021 年度個人所得稅綜合所得匯算清繳事項的公告》

On 8 February 2022, the STA made an announcement on details of handling the final settlement and payment for 2021 Annual Individual Income Tax Reconciliation on Comprehensive Income.

The announcement provides details on:

- Content of annual reconciliation;
- Circumstances when the annual reconciliation are exempted/required;
- Available tax deductions;
- Processing time and methods of the annual reconciliation; and,
- Tax refund and payments.

國家稅務總局公告 2022 年第 1 號

<http://www.chinatax.gov.cn/chinatax/n363/c5172700/content.html>

TAX – International

1. **Lesotho, Thailand and Viet Nam signed the Multilateral Convention to strengthen their tax treaties**

On 9 February 2022, Lesotho, Thailand and Viet Nam signed the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (“the Convention”), becoming the 97th, 98th and 99th jurisdiction to join the Convention. The Convention is an instrument for updating bilateral tax treaties and tackling tax avoidance by multinational enterprises.

Lesotho, Thailand and Viet Nam sign landmark agreement to strengthen their tax treaties

<https://www.oecd.org/tax/beps/lesotho-thailand-and-viet-nam-sign-landmark-agreement-to-strengthen-their-tax-treaties.htm>

2. **Health and Social Care Levy comes into effect in the UK (England, Scotland, Wales and Northern Ireland) on 6 April 2022**

On 7 February 2022, the HM Revenue & Customs updated its guidance on “Prepare for the Health and Social Care Levy”.

The National Insurance contributions of taxpayers might increase when the Health and Social Care Levy comes into effect on 6 April 2022. For tax year 6 April 2022 to 5 April 2023, the National Insurance contributions for an employer, employee or self-employed (and below the State Pension age) will increase by 1.25 percentage points. The increase in National Insurance contributions will be used to help fund the National Health Service.

Prepare for the Health and Social Care Levy

<https://www.gov.uk/guidance/prepare-for-the-health-and-social-care-levy>

3. Changes in the American Rescue Plan and other recent Legislation

On 8 February 2022, the Internal Revenue Service (“IRS”) urged Americans to file a 2021 federal income tax return to claim expanded tax benefits included in the American Rescue Plan and other recent legislation and obtain tax refunds. Many Americans with less income who are not normally required to do tax filing should consider filing their 2021 returns.

Tax Time Guide: American Rescue Plan changes can boost refunds for many families; people should file even if they haven’t for years

<https://www.irs.gov/newsroom/tax-time-guide-american-rescue-plan-changes-can-boost-refunds-for-many-families-people-should-file-even-if-they-havent-for-years>

4. Frequently asked questions (FAQs) for the 2021 Recovery Rebate Credit updated

On 8 February 2022, the IRS updated FAQs for the 2021 Recovery Rebate Credit:

Individuals who did not qualify for, or did not receive, the full amount of the third Economic Impact Payment may be eligible to claim the 2021 Recovery Rebate Credit based on their 2021 tax year information. The 2021 Recovery Rebate Credit can reduce any taxes owed or be included in the tax refund for the 2021 tax year.

IRS updates frequently asked questions for 2021 Recovery Rebate Credit

<https://www.irs.gov/newsroom/irs-updates-frequently-asked-questions-and-answers-for-2021-recovery-rebate-credit>

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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