

Weekly Alert

2022 ISSUE 8

RSM TAX ADVISORY (HONG KONG) LIMITED

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Welcome to 2022 issue 8 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. Tax measures proposed in 2022-23 Budget

On 23 February 2022, the Financial Secretary proposed in his 2022-23 Budget the following measures:

- A one-off reduction of profits tax, salaries tax and tax under personal assessment for the year of assessment 2021/22 by 100%, subject to a ceiling of \$10,000 per case.
- Waiver of business registration fees for the year 2022/23.
- A tax deduction for eligible domestic rental expenses from the year of assessment 2022/23, for taxpayers liable to salaries tax or tax charged under personal assessment who do not own any domestic property. The annual ceiling of the deduction is \$100,000.

All the above measures can only be implemented after the completion of the relevant legislative process.

2022-23 Budget – Tax Measures

<https://www.ird.gov.hk/eng/tax/budget.htm>

TAX – International

1. ATO launched a campaign on withholding tax obligations on royalty expenses paid overseas

The Australian Taxation Office (“ATO”) has launched a campaign focusing on non-resident withholding tax relating to royalty expenses paid overseas

As part of the campaign to encourage compliance with withholding obligations, the ATO will contact identified taxpayers by mail and follow up with phone calls.

The ATO will also deliver targeted education to help taxpayers meet their obligations, including withholding and remit tax; claim deductions for overseas royalty expenses; and lodging the PAYG annual report.

Private wealth – withholding tax on overseas royalties

<https://www.ato.gov.au/Business/Business-bulletins-newsroom/International/Private-wealth---withholding-tax-on-overseas-royalties/>

2. ATO announced an update on First Home Super Saver Scheme

On 23 February 2022, the ATO announced an update on the First Home Super Saver Scheme (“FHSS”) as follows:

- The amount of eligible contributions that can count towards the maximum releasable amount across all years will increase from AUD30,000 to AUD50,000 from 1 July 2022.
- The amount of eligible contributions that can count towards the FHSS maximum releasable amount for each financial year will remain at AUD15,000.
- The AUD50,000 limit on contributions will only apply to requests for FHSS determinations made from 1 July 2022.

First home super saver scheme

<https://www.ato.gov.au/Individuals/Super/Withdrawing-and-using-your-super/First-Home-Super-Saver-Scheme/>

3. OECD invites public input on the draft rules for tax base determinations

As part of the ongoing work of the OECD/G20 Inclusive Framework on BEPS to implement the Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy, the OECD is seeking public comments on the Draft Rules for Tax Base Determinations under Amount A of Pillar One.

Interest parties are invited to send their written comments no later than 4 March 2022.

Tax challenges of digitalisation: OECD invites public input on the draft rules for tax base determinations under Amount A of Pillar One

<https://www.oecd.org/tax/beps/oecd-invites-public-input-on-the-draft-rules-for-tax-base-determinations-under-amount-a-of-pillar-one.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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