

Weekly Alert

2022 ISSUE 9

RSM TAX ADVISORY (HONG KONG) LIMITED

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Welcome to 2022 issue 9 of Weekly Alert covering technical development in taxation around the globe.

TAX – Hong Kong

1. Suspension of eTAX Service for Filing of Tax Returns - Individuals

On 28 February 2022, the Inland Revenue Department (“IRD”) announced that the Internet filing service for Tax Return - Individuals will be temporarily suspended from 30 March 2022 to facilitate system updates.

Any previously saved and not yet filed returns will be deleted during the update. Taxpayers are reminded to complete the filing on or before 29 March 2022 or they will have to file the tax return in paper form.

Suspension of Service for Filing of Tax Return - Individuals through eTAX
https://www.ird.gov.hk/eng/tax/efiling_20220228.htm

2. Gazettal of Revenue (Tax Concessions) Bill 2022

On 2 March 2022, the Government announced that the Revenue (Tax Concessions) Bill 2022 will be gazetted on 4 March. This Bill seeks to implement tax concessions proposed in the 2022-23 Budget.

The Budget has proposed one-off reductions of 100% in Profits Tax, Salaries Tax and Personal Assessment for the year of assessment 2021/22, subject to a ceiling of \$10,000 per case. The proposed reductions will be reflected in taxpayers' final tax payable for the year of assessment 2021/22.

The Bill will be introduced into the Legislative Council on 16 March.

Gazettal of Revenue (Tax Concessions) Bill 2022
<https://www.ird.gov.hk/eng/ppr/archives/22030201.htm>

3. **Gazettal of Rating (Exemption) Order 2022 and Revenue (Reduction of Business Registration Fees and Branch Registration Fees) Order 2022**

On 2 March 2022, the Government announced that the Rating (Exemption) Order 2022 and the Revenue (Reduction of Business Registration Fees and Branch Registration Fees) Order 2022 will be gazetted on 4 March. These two orders seek to implement one-off rates concessions and waiver of business registration fees proposed in the 2022-23 Budget given the current economic difficulties.

The Budget has proposed to waive rates for four quarters of 2022-23. For domestic tenements, the concession ceiling is \$1,500 per tenement per quarter for the first two quarters, and \$1,000 per tenement per quarter for the remaining two quarters. For non-domestic tenements, the ceiling is \$5,000 per tenement per quarter for the first two quarters, and \$2,000 per tenement per quarter for the remaining two quarters. The Budget has also proposed to waive the business registration fees and branch registration fees for 2022-23 to reduce the operating cost of businesses.

The two orders will be tabled at the Legislative Council for negative vetting on 16 March.

Gazettal of Rating (Exemption) Order 2022 and Revenue (Reduction of Business Registration Fees and Branch Registration Fees) Order 2022

<https://www.ird.gov.hk/eng/ppr/archives/22030202.htm>

TAX – International

1. **OECD Global Forum launches new Train the Trainer regional programmes**

Following on from the very successful 2021 pilot, the Secretariat of the Global Forum on Transparency and Exchange of Information for Tax Purposes (the Global Forum Secretariat) is launching a new 2022 regional training programmes “Train the Trainer (TtT)” for African, Asian and Latin American countries. A maximum of 15 jurisdictions will be selected for each region, with two participants per jurisdiction, resulting in up to 90 tax officials taking part.

The TtT programme is designed to assist the participating jurisdictions in providing local training to tax auditors and investigators with an objective of boosting their ability to use the exchange of information (EOI) instruments effectively in their day-to-day work.

Through the training, the programme seeks to create and support a highly skilled network of trainers who will effectively localise and multiple the acquired knowledge and skills domestically.

Global Forum launches new Train the Trainer regional programmes

<https://www.oecd.org/tax/exchange-of-tax-information/global-forum-launches-new-train-the-trainer-regional-programmes.htm>

2. IRS reminds taxpayers to report gig economy income, virtual currency transactions, foreign source income and assets

The Internal Revenue Service (IRS) reminds taxpayers of their reporting and potential tax obligations from working in the gig economy, making virtual currency transactions, earning foreign-source income, or holding certain foreign financial accounts or assets.

A summary of the reporting and tax requirements is as follows:

- Income earned from the gig economy is taxable and must be reported to the IRS.
- All taxpayers filing Form 1040 and Form 1040-SR must answer the question at the top asking about virtual currency transactions.
- The foreign source income is generally subject to U.S. income tax, regardless of where the taxpayer lives, unless exempt by law or a tax treaty.
- U.S. citizen and resident alien must report their worldwide income, including income from foreign trusts and foreign banks and other financial accounts.

Tax Time Guide: IRS reminds taxpayers to report gig economy income, virtual currency transactions, foreign source income and assets

<https://www.irs.gov/newsroom/tax-time-guide-irs-reminds-taxpayers-to-report-gig-economy-income-virtual-currency-transactions-foreign-source-income-and-assets>

3. ATO announced an update on the eligibility age for downsizer contributions

On 3 March 2022, the Australian Taxation Office (“ATO”) announced an update on the eligibility age for downsizer contributions as follows:

Effective from 1 July 2022, eligible individuals aged 60 years or older can choose to make a downsizer contribution into their superannuation of up to \$300,000 per person (\$600,000 per couple) from the proceeds of the sale of their home.

For contributions made prior to 1 July 2022, eligible individuals must still be aged 65 years or older at the time of making their contribution.

Eligibility age change for downsizer contributions

<https://www.ato.gov.au/Super/APRA-regulated-funds/In-detail/News/Eligibility-age-change-for-downsizer-contributions/>

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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