

Hong Kong Recommends Checks When Trading In RMB Securities

By Mary Swire, Tax-News.com, Hong Kong

Monday, May 02, 2011

Hong Kong's Securities and Futures Commission (SFC) has reminded investors to find out from their intermediaries details regarding settlement methods, fees and charges and other processes for their transactions when trading renminbi (RMB) securities in the secondary market.

The SFC said that investors interested in trading RMB securities on the Hong Kong Stock Exchange (HKEx) should first check the readiness of their intermediary. A list of intermediaries who have confirmed their readiness for RMB securities services has been published, but, if their brokerage or bank is not on that list, investors should check if that intermediary is trading and clearing RMB securities via other participants which are confirmed to be ready.

Finding out about the intermediary's policy on settlement defaults is also considered to be a must.

Investors Reassured After HMRC's QROPS Attack

by Jason Gorringer, Tax-News.com, London

Wednesday, May 04, 2011

Investors should not be deterred from investing via a Qualified Registered Overseas Pensions (QROPS) structure after the UK tax authority, HM Revenue and Customs (HMRC), closed a tax loophole created by a new double taxation treaty with Hong Kong, accordingly to a leading offshore pension provider.

The new guidelines are designed to prevent UK residents from transferring their pension to a QROPS to 'wholly or partially' take advantage of double taxation arrangements in order to pay less tax on their pension income received while resident in the UK. Instead they will now be taxed in the UK with tax paid overseas credited against the UK tax bill.

Adam Wrench of London & Colonial said the loophole had arisen because certain double taxation agreements between the UK and offshore jurisdictions allowed UK residents with a QROPS registered in such jurisdictions to draw pension income at the rate applicable in the country where the QROPS was registered. The tax rate applicable in the case of Hong Kong was 17%.

The closure of the loophole will ensure that residents do not pay lower tax on pension income than would apply in the UK.

Adam Wrench also stated that The Treasury's move will affect anyone who has taken out a QROPS in an overseas jurisdiction where there is a double taxation agreement that allows them to pay income tax at a lower rate than in the UK.

Hong Kong Issues Over 2m Tax Returns

by Mary Swire, LawAndTax.com, Hong Kong

Thursday, May 05, 2011

At a press conference, Hong Kong's Commissioner of Inland Revenue, Chu Yam-yuen, said that the Inland Revenue Department (IRD) is sending out 2.05 million 2010-11 individual tax returns from May 3.

He confirmed that the filing deadline is one month thereafter, on June 3. However, if an individual carries on a business as a sole-proprietor, the filing deadline is extended to three months, i.e. August 3.

The Commissioner also took the opportunity to specify that total IRD revenue collections in 2010-11 reached a record HKD209bn (USD26.9bn). Earnings and profits tax (made up of profits tax, salaries tax and property tax) stood at HKF143bn, accounting for 68% of ID's total collections, while stamp duty recorded growth of 20% to HKD51bn and betting duty climbed 16% to HKD14.8bn.

Hong Kong Remains Leading Digital City

By Mary Swire, Tax-News.com, Hong Kong

Friday, May 06, 2011

The Hong Kong government has welcomed the findings of a report release by Google Hong Kong on internet's contribution to Hong Kong's economy, saying that it has reaffirmed Hong Kong's position as a leading digital city in the world.

The report reveals the Internet sector in Hong Kong was worth 5.9%, or approximately HKD96bn (USD12.35bn), of Hong Kong's gross domestic product (GDP) in 2009. One –third of Hong Kong's Internet economy is contributed by consumption, another third by net exports of e-commerce and Internet-related hardware, and the rest by government and private investment in Internet-related goods and services. It is expected to reach HKD146bn and 7% of GDP by 2015, driven by further growth in mobile and online shipping.

The report also noted that major investments by the government in infrastructure and an open Internet policy is allowing the free flow of information across industries like finance and import/export. The Internet has strengthened Hong Kong's position as a global trading hub, and the vast majority of small and medium-sized enterprises that actively use the Internet achieved higher sales.

Hong Kong Gazettes DTAs

By Mary Swire, Tax-News.com, Hong Kong

Friday, May 17, 2011

Five orders implementing the double taxation agreements (DTAs) with Liechtenstein, France, Japan and New Zealand, and the protocol to the agreement with Luxembourg, have been gazette by Hong Kong's Chief Executive under the Inland Revenue Ordinance.

A Hong Kong government spokesman said the comprehensive DTAs ensure that investors will not have to pay tax twice on a single source of income. Also, he stated that in simple terms, the DTAs will bring tax savings and a higher degree of certainty on taxation rights for investors from the respective places when they engage in trade and investment activities with Hong Kong.

Hong Kong signed the DTAs with Liechtenstein on August 12, 2010; France on October 21, 2010; Japan on November 9, 2010; and New Zealand on December 1, 2010; and the protocol with Luxembourg on November 11, 2010. The latter upgrades the exchange of tax information clause in the 2004 DTA with Luxembourg to incorporate the internationally-agreed standard of the Organization for Economic Co-operation and Development.

US Returns To Top of World Competitiveness

By Mary Swire, Tax-News.com, Hong Kong

Friday, May 20, 2011

The Swiss business school, IMD, has announced the rankings from its 2011 World Competitiveness Yearbook (WCY), which places the United States and Hong Kong as the most competitive counties.

The WCY places both the US and Hong Kong as slightly ahead of last year's winner, Singapore. In 2010, the US ranked third, losing the top ranking for the first time in decades.

Also in the rankings, Sweden jumps to 4th place, while, German shines and gains six places to 10th position due to buoyant exports and a more flexible labor market. Qatar (in 8th place), South Korea and Turkey continue their ascent in competitiveness. The recession highlighted the "resistant" Switzerland in 5th place and the "resilient" Taiwan in 6th. Only four of the 'big' economies are in the top 20.

Luxury abode asking record price

by Karen HA, The Standard, Hong Kong

Friday, May 27, 2011

The developer of a new luxury residential project is asking HK\$45,000 per square foot for one its specialty units – a record high for the West Kowloon district.

Sun Hung Kai Properties (0016) priced the unit, which measures more than 2,500 square foot, at its Imperial Cullinan at HK\$120 million, or about HK\$45,000 psf. It hopes to receive government consent to start pre-selling the project and open show flats next week. Imperial Cullinan offers a total of seven specialty units-all of which have received inquires-with 20 to 30 percent of them coming from mainlanders.