

# GMS Flash Alert

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## Hong Kong – Inland Revenue Opines on Various Tax Issues

The minutes of the 2022 annual meeting between the Hong Kong Institute of Certified Public Accountants (HKICPA) and the Inland Revenue Department (IRD) were recently published.<sup>1</sup> The minutes summarise the IRD's views on various issues related to profits tax, salaries tax, stamp duty, double tax agreements, the OECD's BEPS 2.0 initiative, and electronic tax filing (e-filing) that were discussed during the meeting.

This *GMS Flash Alert* briefly highlights some of the more important Hong Kong employment and individual tax issues discussed in the meeting, provides some insights on the impact on employees (and their employers), and offers some suggested next steps for both employers and individuals.

For the full article, see "[Key Hong Kong individual and employment tax issues discussed in the 2022 annual meeting between the IRD and the HKICPA](#)," in *Hong Kong (SAR) Tax Alert* (Issue 14, June 2023).

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### WHY THIS MATTERS

In light of the developments highlighted here and in the full article:

- Employers may wish to review the tax reporting positions adopted for bonuses and other payments to mobile employees and give particular consideration to the application of withholding obligations.
  - Where individuals experience double taxation on their income from individual income tax in Mainland China and Hong Kong (SAR), they will require support from their employer or tax advisers to mitigate the increased burden.
  - Employers may wish to become more familiar with how expense reimbursements and benefits provided to employees are taxed, especially since tax treatment may differ depending on how the "benefit" is provided.
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## Discussed during the Meeting

- Discretionary bonus – tax treatment and reporting obligations
  - Tax credit relief under the Hong Kong – Mainland Comprehensive Double Taxation Arrangement (CDTA)
  - Reimbursement of quarantine hotel costs
  - Hong Kong certificate of resident status for individuals
  - Deduction of home loan interest – loan taken out by spouse
  - E-filing of employer's returns.
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## KPMG INSIGHTS

Employers and individuals should consider the feedback from the IRD and review their tax filing positions, although such views are not legally binding. They should also keep themselves abreast of various developments to foster their compliance with the latest/current requirements.

Should they have any questions pertaining to these issues/matters and/or are considering next steps, employers and/or individuals affected should consult with their qualified tax professional or a member of the Global Mobility Services team with KPMG in Hong Kong (see the Contact Us section).

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## FOOTNOTE:

1 See: [https://www.hkicpa.org.hk/-/media/Document/APD/TF/Tax-bulletin/033\\_May-2023.pdf](https://www.hkicpa.org.hk/-/media/Document/APD/TF/Tax-bulletin/033_May-2023.pdf) .

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## Contact us

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**The information contained in this newsletter was submitted by the KPMG International member firm in Hong Kong.**

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