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Hong Kong: Passage of 2019-20 Tax Concessions

Overview

The Inland Revenue (Amendment) (Tax Concessions) Bill 2020 was passed by the Legislative Council on 10 June 2020. The new ordinance gives effect to the tax concessions proposed by the Financial Secretary of the Hong Kong Special Administrative Region in his 2020-21 Financial Budget, which was announced in February 2020.

For the 2019-20 year of assessment, Hong Kong salaries tax and personal assessment (PA) tax, among other taxes, will be reduced by 100 percent, subject to a ceiling of HK $20,000 per case.

PA is a relief option for taxpayers who are subject to profits tax and/or property tax, with or without employment income subject to salaries tax. PA enables taxpayers to choose to assess their income from all sources together.

According to the Inland Revenue Department (IRD), the concessionary measure will benefit 1.95 million taxpayers.

Deloitte's view

The concessionary measures help relieve the tax burden on taxpayers. No application is required as the tax concessions will be calculated by the IRD and reflected directly on the taxpayer's 2019-20 Notice of Assessment, if applicable.

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Malaysia:
Short-term economic recovery plan: Incentives for employees and employers

Overview

The government announced the fourth economic stimulus package (the Short-Term Economic Recovery Plan, or "PENJANA") worth RM35 billion on 5 June 2020. PENJANA is a targeted plan and its goals, amongst others, include protecting jobs as well as empowering small and medium enterprises (SMEs). The government, through PENJANA, has also introduced new and/or enhanced existing measures for employers and employees (individuals) to support the reopening of the economy under the new normal.

What is the change?

PENJANA has provided the measures below for employees and employers. Please note that these proposals will only be effective upon issuance of gazette orders.

Employees/individuals

Tax deductions/reliefs/incentives:

No.	Measures	Effective date
1	**Income-tax exemption for electronic devices received from employer** • Individual income tax exemption of up to RM5,000 to an employee who receives a handphone, notebook, or tablet from his or her employer Currently, a gift of a fixed-line telephone, mobile phone, tablet, pager, or PDA that is registered under the name of the employee is fully exempted from tax. The exemption given is limited to one unit for each asset category. At the point of writing, it is unclear whether the exemption of RM5,000 acts as a replacement or extension of the current tax exemption that is already in place. We expect that the Malaysian tax authorities shall provide clarification regarding the above.	1 July 2020

No.	Measures	Effective date
2	**Income tax relief for purchase of electronic devices** • Special individual income tax relief of up to RM2,500 on the purchase of a handphone, notebook, and tablet This is in addition to an existing lifestyle tax relief of RM2,500 that is applicable to similar purchases, as well as other items such as reading materials, sports equipment, and broadband subscriptions.	1 June 2020
3	**Extension of period for income tax relief for domestic tourism expenses** Personal income tax relief of up to RM1,000 granted for expenses incurred on domestic travel between 1 March 2020 and 31 August 2020 will be extended to 31 December 2021. Expenses are limited to: 1. Accommodation expenses at premises registered with the Ministry of Tourism, Arts and Culture (MOTAC); and 2. Entrance fees to tourist attractions.	1 March 2020 to 31 December 2021
4	**Increase in income tax relief on childcare services expenses** • Increase in income tax relief for parents on childcare services expenses, from the current limit of RM2,000 to RM3,000	Years of Assessment 2020 and 2021
5	**eVouchers for mobile childcare** The government will provide eVouchers of RM800 per household for mobile childcare which can be utilised from now until the end of August 2020. More details on how the eVouchers can be obtained are expected to be forthcoming.	Beginning June 2020

Employers:

No	Measures	Effective Date
1	Further tax deduction for employers that implement flexible work arrangements (FWAs) or undertake enhancement of their existing FWAs Currently, a double deduction is given on consultation fee and training costs incurred to implement FWA, and it shall be for a period of three consecutive years of assessment commencing from the year of assessment in the basis period in which the certification is given by Talent Corporation Malaysia Berhad. More details on the type of qualifying expenses for the double deduction are expected to be forthcoming.	1 July 2020

No	Measures	Effective Date
2	**Extension of the Wage Subsidy Programme** The Wage Subsidy Programme will be extended for a further three months with a subsidy of RM600 per employee for all eligible employers up to a maximum of 200 employees. The current Wage Subsidy Programme will also be enhanced as follows: • Allow employers receiving wage subsidy to implement reduced work week (*e.g.*, four-day work week with a reduced pay of 20%). • Allow employers to receive wage subsidy for employees on unpaid leave, subject to employees receiving the subsidy directly. However, this only applicable to tourism sector and businesses that are prohibited from operating during the Conditional Movement Control Order. It is uncertain at this juncture if the conditions imposed under the existing Wage Subsidy Programme will continue to apply. One of the conditions was that the programme only applies to employees earning a monthly salary below RM4,000.	Mid-June 2020 to 30 September 2020

3	**Incentives to encourage hiring of the unemployed**
	
	The government will introduce incentives to encourage the hiring of the unemployed as follows:
	
	• Youth: RM600 per month for apprenticeships for school leavers and graduates for up to six months.
	• Unemployed workers:
	    ○ **Below 40 years old:** RM800 per month for employment of unemployed for up to six months
	    ○ **40 years old and above:** RM1,000 per month for employment of unemployed for up to six months
	
	Training allowance of RM4,000 will also be extended to individuals who are retrenched but are not covered under the Employment Insurance System (EIS).
		Applications open from mid-June 2020 to 31 December 2020

Others:

No.	Measures	Effective date
1	**SOCSO coverage for employees working from home** With an increasing number of Malaysians working from home, the Social Security Organisation (SOCSO) will provide coverage for workers who are involved in accidents while working at home under the EIS.	Beginning June 2020
2	**Matching grant for gig economy workers' Employees Provident Fund (EPF) and SOCSO contribution** The government will provide a matching grant of up to RM50 million for gig economy platforms that contribute the following for their gig workers: • SOCSO's EIS of up to RM162; and • EPF's i-Saraan contribution of up to RM250 yearly	Beginning August 2020
3	**Upgrade of National Employment Services** The National Employment Services under SOCSO will be upgraded as follows: • Enhancement of the job portal and employment placement services • Collaboration with private job sites for employment matching	

Deloitte's view

The above measures are extremely timely – as the government moves into the "recovery" phase of its approach, it has endeavoured to implement policies to encourage businesses to operate amid very fragile circumstances, while also trying to alleviate the burden and concerns of employers and employees to operate under the new normal.

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South Africa:
FY 2020 tax return filing deadline for individual taxpayers

What is the change?

In May 2020, the South African Revenue Service (SARS) Commissioner announced some key individual income tax filing changes and deadlines. The biggest change is the move to an auto-assessment system for most taxpayers.

The phases and dates for implementation of the changes are summarized as follows:

Phase 1: Third-party data (From 15 April to 31 May 2020)

Third-party data will need to be obtained and uploaded by SARS.

Phase 2: Verification (From 1 June to 31 August 2020)

During this period, taxpayers must engage with SARS to ensure their registered information is up to date, including banking details and address changes.

SARS will use the information obtained to issue auto-assessments. Each taxpayer will then be given an opportunity to accept the auto-assessment outcome. If an auto-assessment is not issued because the taxpayer had no relevant third-party information, the taxpayer will be required to file a tax return (see Phase 3).

In Phase 3, SARS will inform taxpayers who are not required to file a tax return (*e.g.* taxpayers below the tax threshold), as well as taxpayers who are required to file a tax return.

Phase 3: Tax filing (From 1 September to 16 November 2020)

Taxpayers who do not accept the outcome of the assessment or who are required to file a tax return must submit their tax returns during the following timeframes:

- Non-provisional taxpayers: From 1 September to 16 November 2020.
- Non-provisional taxpayers who use a SARS branch facility:
- From 1 September to 22 October 2020.

- Provisional taxpayers: From 1 September to 31 January 2021.

Taxpayers are encouraged to file their tax returns using online channels to minimize visits to SARS offices.

Auto-assessments are not entirely new to the South African tax filing regime. Last year, SARS auto-assessed a limited number of taxpayers. Based on the success of those auto-assessments, SARS has since expanded the population to whom the auto-assessments will be sent.

As such, taxpayers need to bear the following in mind:

- Once an auto-assessment is received, taxpayers need to carefully check the assessment to make sure it agrees with relevant income and deductions for the period. If not in agreement, the taxpayer should reject the auto-assessment.

If a taxpayer does not agree with the auto-assessment, but erroneously accepts it, it is not clear whether the taxpayer will be able to request corrections or whether the taxpayer will need to file an objection

Deloitte's view

With the above in mind, taxpayers are encouraged to:

- Register a SARS e-filing profile, if they do not already have one;
- Ensure their files are up to date with SARS and submit any outstanding annual income tax returns;
- Ensure their registered taxpayer information (*e.g.*, physical address, bank details) is correct, which can be done via e-filing;
- Request relevant tax certificates from applicable third-parties and review the certificates to ensure the information is correct; and
- Check the SARS auto-assessment before accepting it.

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