



PORTCULLIS NEWS

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19 January 2018

HONG KONG TAX UPDATES – EXTENSION OF DOUBLE TAX TREATY BENEFITS

The Hong Kong Government has recently gazetted two amendment bills in respect of the Inland Revenue Ordinance on 29 December 2017. The bills will bring more opportunities to investors.

We highlight the points for your easy reference:-

1. Inland Revenue (Amendment) (No.6) Bill 2017 - Extension of Double Tax Treaties Benefits

- The period for making a foreign tax credit claim is extended from 2 years to 6 years after the end of the relevant year of assessment.
- Double tax relief will also be available for any tax that would have been payable under the laws of a treaty jurisdiction but is relieved under the laws of that jurisdiction for the purposes of promoting investment and economic development and such relief is provided for in that the tax treaty concerned.
- Taxpayers should try the best to minimize their overseas tax liabilities as any foreign tax voluntarily paid will not be creditable in Hong Kong.

2. Inland Revenue (Amendment) (No.7) Bill 2017 - Two-tier profits tax system

As proposed by the Hong Kong Chief Executive in the Policy Address 2017, tax relief will be provided to small and medium-sized enterprises by two-tier profits tax system. We summarize the relief regarding the corporations as below:-

Profits HK\$	Proposed tax rate	Current tax rate	Maximum tax saving under the proposal HK\$
2,000,000 or below	8.25%	16.5%	165,000
Remainder	16.5%	16.5%	N/A

It is worth to note that such relief is only restricted to one enterprise nominated by each business group.

With the introduction of more tax relief, investments in Hong Kong will bring more benefits and returns to investors.



PORTCULLIS GROUP

6 Temasek Boulevard
Suntec Tower Four #09-05
Singapore 038986

Tel: +65 6496 0496
+65 6836 9555

Info.Singapore@portcullis.co
www.portcullis.co

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For further details, please contact your Portcullis Relationship Manager or Ms Pisces Wong, Senior Accounts and Tax Manager at:-

Portcullis (Hong Kong) Limited

Tel: +852 3173 1046

Email: Pisces.Wong@portcullis.co

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www.portcullis.co



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Suntec Tower Four #09-05
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