



# PORTCULLIS NEWS

MCI (P) 013/06/2017

20 October 2017

## HONG KONG TAX UPDATES – MORE OPPORTUNITIES FROM THE 2017 POLICY ADDRESS

The Hong Kong Chief Executive Ms Carrie Lam announced her first Policy Address on 11 October 2017. In order to encourage the development of small and medium-sized enterprises and Research and Development (R&D) industries, she proposes the following policies:-

### Two-tier profits tax system

The Government will provide tax relief to small and medium-sized enterprises. Profits tax rate for the first HK\$2 million (US\$255,000) of profits is proposed to be lowered to 8.25% (which is half of the prevailing tax rate of 16.5%). Profits above that amount will continue to be subject to the prevailing standard tax rate of 16.5%. Such relief is only restricted to one enterprise nominated by each business group.

Comparison:

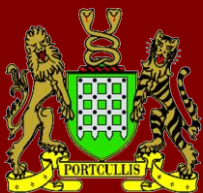
Profits HK\$	Proposed tax rate	Current tax rate	Maximum tax saving under the proposal HK\$
2,000,000 or below	8.25%	16.5%	165,000
Remainder	16.5%	16.5%	N/A

### Encouragement to R&D investment by enterprises

It is proposed to provide additional tax deduction for R&D expenditure. A 300% tax deduction is proposed to be offered for the first HK\$2 million eligible R&D expenditure, with the remainder at 200%.

Comparison:

Eligible R&D expenditure HK\$	Proposed tax deduction	Current tax deduction
2,000,000 or below	300%	100%
Remainder	200%	100%



**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

*Disclaimer: This Newsletter is published by Portcullis (Singapore) Pte Ltd, (Co. Reg. No. 198900404M) whose registered office is at 6 Temasek Boulevard, #09-05, Suntec Tower Four, Singapore 038986. This Newsletter does not constitute and is not to be construed as the provision of legal, investment or tax advice or as an invitation or solicitation to make any investment. Readers should not act in reliance on any statement contained in this publication without first obtaining appropriate professional advice.*



# PORTCULLIS NEWS

MCI (P) 013/06/2017

20 October 2017

## HONG KONG TAX UPDATES – MORE OPPORTUNITIES FROM THE 2017 POLICY ADDRESS

### Increase the total number of comprehensive avoidance of double taxation agreements (CDTA)

The Chief Executive proposes to increase the total number of CDTAs to be signed with other tax jurisdictions to 50 in the next few years. As of 24 August 2017, the total number of CDTAs which Hong Kong has concluded with other jurisdictions is 38.

According to the Hong Kong Inland Revenue Department, a bill to implement the **Two-tier profits tax system** and **Encouragement to R&D investment** will be submitted to the Legislative Council as soon as possible.

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

Portcullis (Hong Kong) Limited

Tel: +852 3173 1046

Email: [Pisces.Wong@portcullis.co](mailto:Pisces.Wong@portcullis.co)

PORTCULLIS GROUP

[www.portcullis.co](http://www.portcullis.co)

The above article is compiled by:

Portcullis (Hong Kong) Limited | [Info.HongKong@portcullis.co](mailto:Info.HongKong@portcullis.co)



**PORTCULLIS GROUP**

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

Tel: +65 6496 0496  
+65 6836 9555

[Info.Singapore@portcullis.co](mailto:Info.Singapore@portcullis.co)  
[www.portcullis.co](http://www.portcullis.co)

*Disclaimer: This Newsletter is published by Portcullis (Singapore) Pte Ltd, (Co. Reg. No. 198900404M) whose registered office is at 6 Temasek Boulevard, #09-05, Suntec Tower Four, Singapore 038986. This Newsletter does not constitute and is not to be construed as the provision of legal, investment or tax advice or as an invitation or solicitation to make any investment. Readers should not act in reliance on any statement contained in this publication without first obtaining appropriate professional advice.*