

BFAC appreciates Intellectual Property Department's contribution to development of Hong Kong into regional intellectual property trading centre

The following is issued on behalf of the Business Facilitation Advisory Committee Secretariat:

The Business Facilitation Advisory Committee held its 55th meeting today (October 15). At the meeting, members were briefed by the Intellectual Property Department (IPD) on various policy measures implemented by the Government to develop Hong Kong into a regional intellectual property (IP) trading centre, and the progress to date.

The Government has been implementing a series of short-, medium- and long-term measures from three aspects, including strengthening the protection of IP rights, building capacity, and promoting widely, to promote the development of Hong Kong into a regional IP trading centre, thereby expanding Hong Kong's competitive advantages in developing IP trading in the region. Key measures include, among others, implementing the "patent box" tax incentive and exploring further enhancement of the Copyright Ordinance (Cap. 528) regarding protection for development of artificial intelligence (AI) technology.

The Inland Revenue (Amendment) (Tax Concessions for Intellectual Property Income) Ordinance 2024 was enacted in July 2024 to implement a "patent box" tax incentive in Hong Kong. The tax rate for qualifying profits derived from eligible IP (in particular patents) created through research and development activities is set at 5 per cent which is substantially lower than the prevailing normal profits tax rate of Hong Kong (i.e. 16.5 per cent). In addition, in view of the copyright issues arising from the rapid development of AI technology, the IPD, having launched its two-month public consultation (closed on September 8 this year), is considering stakeholders' submissions in exploring further enhancement of the Copyright Ordinance regarding protection for such technology development to ensure that the local copyright regime remains robust and competitive.

The Committee appreciated the IPD's ongoing efforts in taking forward a series of policy measures to enable Hong Kong to seize the opportunity brought by IP trading and sustain its competitiveness, thereby ensuring the continuous high-quality development of the economy.

The Committee also received the work reports of its three task forces:

Wholesale and Retail Task Force (WRTF)

- Hong Kong Customs briefed the WRTF on the scope of registration for dealers in precious metals and stones (DPMS) and the DPMS Registration System (DRS). Any person who is seeking to carry on a business of dealing in precious metals and stones in Hong Kong and engage in any transaction(s) with a total value at or above HK\$120,000 in Hong Kong is required to register with the Commissioner of Customs and Excise. To advocate the Government's vision to develop Hong Kong into a smart city, Hong Kong Customs has rolled out the DRS to support the submission of registration applications and progress checking by the trade at their convenience. The DRS adopts the dynamic QR code authentication technology to enable the industry and consumers to instantly validate the registration of dealers. The WRTF thanked Hong Kong Customs for the briefing and welcomed the e-service introduced by Hong Kong Customs for the registration for DPMS.
- The Hong Kong Productivity Council (HKPC) briefed the WRTF on the Government Funding Scheme Management Centre (GFSMC) and the Biz Expands Easy (BEE) Platform. Since 2022, the GFSMC introduced the BEE 3-in-1 platform, which provides Hong Kong corporations with integrated information for 28 funding schemes. Registered users can log in to the platform to view and manage applications for multiple funding schemes under HKPC secretariat support. Furthermore, the GFSMC inaugurated the Biz Expands Easy Square in January 2024 to further enhance the accessibility of funding resources for Hong Kong corporations and start-ups, and also foster a network for applicants to share their successful experiences. The WRTF welcomed the BEE Platform, and considered the BEE Platform would enable users to further understand designated funding schemes and explore suitable funding schemes.

Food Business and Related Services Task Force (FRSTF)

- The Food and Environmental Hygiene Department (FEHD) briefed and consulted the FRSTF on whether there is a need to retain composite food shop licences and extend the validity period of a full food business licence, in response to the views of the Legislative Council (LegCo)'s Public Accounts Committee. The FRSTF suggested that the FEHD retain the composite food shop licence with better promotion to the trades on the licence type. For the extension of the validity period of full licences, as trades would not have flexibility to choose a shorter licensing period and the annual compliance of fire safety requirements remains at the status quo, the FRSTF considered that the extension of the validity period of full licences may not facilitate the trades' operations and there is no need for its implementation.
- The FEHD also briefed and consulted the FRSTF on enhanced measures against illegal operations of food businesses in response to the views

of the LegCo's Public Accounts Committee. To suppress the industry's practice of operating food businesses before obtaining a provisional licence/full licence, in addition to taking enforcement actions, the FEHD suggested suspending the processing of licence applications and debarring the same applicant and his/her partners from applying for the same type of licence for the same premises for 12 months upon conviction of a relevant offence by the court. The FRSTF opined that the proposed administrative measures are too harsh and may undermine the catering business. The FRSTF suggested that the FEHD assist the trades to obtain a provisional licence more efficiently to address the issue of illegal operations.

Task Force on Business Liaison Groups (BLGTF)

- The Inland Revenue Department (IRD) briefed the BLGTF on the initiative of the electronic filing (e-filing) of profits tax returns, including the need to take forward the mandatory e-filing, the benefits of e-filing, the enhanced e-filing services, the IRD's support measures to taxpayers, and the timeline of the phased implementation of mandatory e-filing. The BLGTF welcomed the above initiatives and invited the IRD to brief and consult more small and medium-sized enterprises (SMEs) on the initiative. The IRD undertook to keep up the ongoing work of soliciting suggestions and opinions from SMEs through different channels.

The Committee also expressed appreciation of the commitment and achievements of the bureaux and departments in continuously implementing business facilitation measures under the Be the Smart Regulator Programme to enhance their business licensing services.

Papers for the Committee meeting are available at www.gov.hk/en/business/supportenterprises/bf/advisory/index.htm for public access.