

Government welcomes passage of Inland Revenue (Amendment) (Miscellaneous Provisions) Bill 2021

The Secretary for Financial Services and the Treasury, Mr Christopher Hui, welcomed the passage of the Inland Revenue (Amendment) (Miscellaneous Provisions) Bill 2021 by the Legislative Council today (June 2).

It will implement four areas of amendments to the Inland Revenue Ordinance (Cap. 112), namely the tax treatment for amalgamation of companies under the court-free procedures as provided for under the Companies Ordinance (Cap. 622); the tax treatment for transfer or succession of specified assets under certain circumstances; refining the statutory framework for the furnishing of tax returns; and enhancing the foreign tax deduction regime.

Mr Hui said, "The Ordinance codifies the tax treatment with regard to qualifying amalgamations and the transfer or succession of specified assets, offering better clarity and certainty of the relevant matters.

"It would also provide the legal basis to enable more businesses to voluntarily file tax returns, including financial statements, electronically, with the ultimate goal of implementing electronic filing of profits tax returns through the Business Tax Portal.

"Enhancing the foreign tax deduction regime will reduce the tax liability of Hong Kong branches of foreign corporations, in particular foreign banks, and holders of intellectual property. It would help foster a more favourable business environment, particularly reinforcing Hong Kong's attractiveness as a banking location, and promoting Hong Kong as a research and development hub."

The Ordinance will come into operation on its gazettal date (June 11). Amendments in relation to foreign tax deduction will take effect from the year of assessment 2021/22.