

# **Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Bill 2019 gazetted**

The Government published the Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Bill 2019 in the Gazette today (December 6).

The Bill seeks to amend the Inland Revenue Ordinance (IRO) (Cap. 112) to reduce profits tax rate by 50 per cent (i.e. 8.25 per cent) for all general reinsurance business of direct insurers, selected general insurance business of direct insurers and selected insurance brokerage business. Administrative provisions, including provisions on anti-avoidance and ascertainment of assessable profits, are also included in the Bill to address enforcement issues arising from the provision of the proposed tax relief.

"The Bill will implement the policy initiative in the 2018 Policy Address and the 2019-20 Budget Speech respectively of providing tax relief to promote the development of marine insurance and the underwriting of specialty risks in Hong Kong. This policy initiative will also support and enhance the development of high value-added maritime services," a spokesman for the Financial Services and the Treasury Bureau said.

At present, there are only tax incentives for captive insurance business and reinsurance business of professional reinsurers in Hong Kong at 50 per cent of the profits tax rate. In the light of international competition, other insurance hubs have introduced different measures including tax incentives to enhance their own competitiveness. It is necessary for Hong Kong to introduce new measures to keep the business environment conducive to insurance business and help the insurance industry seize new opportunities, including those arising from the Belt and Road Initiative.

The Bill will be introduced into the Legislative Council for first reading on December 18.