

# Inland Revenue (Amendment) (Tax Deductions for Spectrum Utilization Fees) Bill 2023 gazetted

The Government published in the Gazette today (December 1) the Inland Revenue (Amendment) (Tax Deductions for Spectrum Utilization Fees) Bill 2023 (the Bill) to provide for tax deductions for spectrum utilization fees (SUF) payable by mobile network operators (MNOs) on radio spectrum acquired in future auctions, with a view to encouraging MNOs to invest more proactively in telecommunications infrastructure for providing better communications services to business sectors and the general public.

"The amendments aim to implement the proposals in the 2023-24 Budget. Communications infrastructure provides essential foundation for all sorts of advanced telecommunications, innovation and technology developments that are key to Hong Kong's digital transformation and long-term economic development. The Bill evidently demonstrates the current-term Government's commitment to, and support for, the enhancement of Hong Kong's communications infrastructure. It will benefit not only the telecommunications and innovation sectors but also the general public," a spokesman for the Commerce and Economic Development Bureau said.

The Government proposes that the SUF payable by MNOs for the radio spectrum to be acquired in future auctions is to be fully deductible, and the tax deduction will be spread over the spectrum assignment term (which is generally 15 years). The proposal has no retrospective effect and will only be applicable to the SUF derived in auctions conducted on or after the commencement of the Bill. In other words, the SUF derived in all past auctions, whether they are already paid or to be paid, will not be affected and will remain not tax deductible.

The Bill will be introduced into the Legislative Council for first reading on December 6.