

# Inland Revenue (Amendment) (Tax Deductions for Spectrum Utilization Fees) Ordinance 2024 takes effect upon gazettal

The Government today (January 19) gazetted the Inland Revenue (Amendment) (Tax Deductions for Spectrum Utilization Fees) Ordinance 2024 (Amendment Ordinance) to provide for tax deductions for spectrum utilization fees (SUF) payable by mobile network operators (MNOs) on radio spectrum acquired in the future. The Amendment Ordinance took immediate effect today.

"Thanks to the passage of the relevant bill by the Legislative Council on January 10, we successfully implement the proposal in the 2023-24 Budget to provide greater incentives for MNOs to invest in mobile communications services by bidding of radio spectrum to further improve network quality. The general public can thereby enjoy better communications services, and Hong Kong can be supported more effectively in the development of high-end and innovative technologies, facilitating our economic development in the long run," a spokesman for the Commerce and Economic Development Bureau said.

Under the Amendment Ordinance, the SUF payable by MNOs for the radio spectrum to be acquired in the future is to be fully deductible, and the tax deduction will be spread over the spectrum assignment term (which is generally 15 years). The Amendment Ordinance has no retrospective effect and is only applicable to the SUF incurred from the spectrum acquired on or after today. In other words, the SUF payable in respect of radio spectrum assigned in the past, whether they are already paid or to be paid, remain not tax deductible.

The Government will continue to facilitate the development of 5G in Hong Kong through a series of measures, including the timely provision of more radio spectrum to the market through auctions for the provision of mobile communications services. It is the Government's plan to conduct auctions for the spectrum in the 850/900 MHz, 2.3 GHz and the newly launched 6/7 GHz bands within this year to make available a total of 510 MHz of radio spectrum for public mobile communications services.