

Profits tax concessions for insurance-related businesses to commence operation on March 19

The Government gazetted today (January 15) subsidiary legislation to implement the new profits tax concessions for insurance-related businesses on March 19, 2021.

Enacted in July 2020, the Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Ordinance 2020 reduces the 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. For the purpose of effecting the profits tax concessions, the Government has gazetted the following two pieces of subsidiary legislation:

- (a) the Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Ordinance 2020 (Commencement) Notice; and
- (b) the Inland Revenue (Profits Tax Concessions for Insurance-related Businesses) (Threshold Requirements) Notice.

"The profits tax concessions will promote the development of marine and specialty insurance businesses of Hong Kong. They will also enhance the competitiveness of the insurance industry in seizing new opportunities, including those arising from the Belt and Road Initiative," a spokesman for the Financial Services and the Treasury Bureau said.

The Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Ordinance 2020 (Commencement) Notice appoints March 19, 2021, as the date on which the Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Ordinance 2020 will become effective. The Inland Revenue (Profits Tax Concessions for Insurance-related Businesses) (Threshold Requirements) Notice prescribes threshold requirements for determining whether the relevant activities of the specified insurance-related business are, or are arranged to be, conducted in Hong Kong.

The two pieces of subsidiary legislation will be tabled before the Legislative Council for negative vetting on January 20.