

# 2020/21 Hong Kong Tax Facts and Figures





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# Income tax

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## A schedular system

Hong Kong has a schedular system of income tax. The Inland Revenue Ordinance charges income from an office, an employment or a pension to salaries tax, profits from a trade or business to profits tax and income from real estate to property tax. Any income that is not within any one of these schedules or categories is not subject to tax. Hong Kong does not currently impose any estate duty and payroll, turnover, sales, value-added, gift or capital gains taxes.

## Basis of taxation

Hong Kong imposes income tax on a territorial basis. This means that generally income is taxed in Hong Kong only if it arises in or is derived from Hong Kong. However, a limited number of other business receipts are deemed to be taxable.

## Year of assessment

The tax year or year of assessment runs from 1 April of a year to 31 March of the following year. The basis of assessment is the income accrued in the tax year for salaries tax and property tax. For profits tax, the basis of assessment is the accounting profits of the financial year ending within the year of assessment with appropriate adjustments for tax purpose.

## Double tax agreements and arrangement

As of 26 February 2020, Hong Kong has signed comprehensive double tax agreements/arrangement on income with the following jurisdictions:

- |  |                                    |                        |
|--|------------------------------------|------------------------|
| • Austria                              | • Ireland                          | • New Zealand          |
| • Belarus                              | • Italy                            | • Pakistan             |
| • Belgium                              | • Japan                            | • Portugal             |
| • Brunei                               | • Jersey                           | • Qatar                |
| • Cambodia<br>(effective from 2020/21) | • Korea                            | • Romania              |
| • Canada                               | • Kuwait                           | • Russia               |
| • Czech Republic                       | • Latvia                           | • Saudi Arabia         |
| • Estonia<br>(effective from 2020/21)  | • Liechtenstein                    | • South Africa         |
| • Finland                              | • Luxembourg                       | • Spain                |
| • France                               | • Macao SAR<br>(not yet effective) | • Switzerland          |
| • Guernsey                             | • Mainland China                   | • Thailand             |
| • Hungary                              | • Malaysia                         | • United Arab Emirates |
| • India                                | • Malta                            | • United Kingdom       |
| • Indonesia                            | • Mexico                           | • Vietnam              |
|  | • Netherlands                      |                        |

## Personal assessment

An individual who is a Hong Kong resident may elect for personal assessment, whereby incomes chargeable to salaries tax, profits tax and property tax are aggregated in a single assessment. Personal assessment enables an individual to offset a business loss against income subject to salaries tax or property tax and to claim deduction of loan interest on rental properties, which is not available under property tax. Up to the year of assessment 2017/18, a married person must elect for personal assessment jointly with his/her spouse if both of them earn taxable income. Starting from the year of assessment 2018/19, the husband and wife can elect for personal assessment separately.

Losses brought forward from previous years under personal assessment may also be used to offset income in the current year or subsequent years.

The tax payable under personal assessment is calculated in the same manner as for salaries tax.

# Salaries tax

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## Rates of tax

A person's income from employment, less allowable deductions, charitable donations and personal allowances (see below), is chargeable to salaries tax at the following progressive rates:

	2020/21		2019/20
First \$50,000 at	2%	First \$50,000 at	2%
Next \$50,000 at	6%	Next \$50,000 at	6%
Next \$50,000 at	10%	Next \$50,000 at	10%
Next \$50,000 at	14%	Next \$50,000 at	14%
On the remainder at	17%	On the remainder at	17%

The maximum tax payable is, however, limited to tax at the standard rate of 15% on the person's income from employment less allowable deductions and charitable donations, but without a deduction for personal allowances.

## Personal allowances

	2020/21	2019/20
Basic allowance	\$132,000	\$132,000
Married person's allowance	\$264,000	\$264,000
Child allowances		
– 1st to 9th child (each)		
• year of birth	\$240,000	\$240,000
• other years	\$120,000	\$120,000
Dependent parent/grandparent allowance		
– Aged 60 or above		
• not residing with taxpayer	\$50,000	\$50,000
• residing with taxpayer throughout the year	\$100,000	\$100,000
– Aged 55 to 59		
• not residing with taxpayer	\$25,000	\$25,000
• residing with taxpayer throughout the year	\$50,000	\$50,000
Dependent brother/sister allowance (for whom no child allowance is claimed)	\$37,500	\$37,500
Single parent allowance	\$132,000	\$132,000
Disabled dependant allowance (in addition to any allowances already granted for the disabled dependant)	\$75,000	\$75,000
Personal disability allowance (in addition to any allowances already granted for the disabled person)	\$75,000	\$75,000

## Deductions

In order to qualify as an allowable deduction, an expense must be wholly, exclusively and necessarily incurred in the production of the assessable income. In addition, the following concessionary deductions are available:

Maximum deduction for amount paid for:	2020/21	2019/20
Self-education expenses	\$100,000	\$100,000
Home loan interest	\$100,000	\$100,000
Elderly residential care expenses	\$100,000	\$100,000
Mandatory contributions to MPF scheme / Contributions to other recognised retirement schemes	\$18,000	\$18,000
Voluntary contributions to MPF scheme & qualifying annuity premiums	\$60,000	\$60,000
Qualifying premiums paid under the Voluntary Health Insurance Scheme	\$8,000 per insured person	\$8,000 per insured person
Approved charitable donations	35% of income after allowable expenses and depreciation allowances	35% of income after allowable expenses and depreciation allowances

## Tax thresholds

	Income level		
	2020/21	2019/20	
<b>No tax payable</b>			
Single person/no eligible children	up to	\$132,000	\$132,000
Married person/no eligible children		\$264,000	\$264,000
Married person/two eligible children		\$504,000	\$504,000
Married person/two eligible children and two dependent parents aged 60 or above and not residing with taxpayer throughout the year		\$604,000	\$604,000
<b>Tax at standard rate</b>			
Single person/no eligible children	over	\$2,022,000	\$2,022,000
Married person/no eligible children		\$3,144,000	\$3,144,000
Married person/two eligible children		\$5,184,000	\$5,184,000
Married person/two eligible children and two dependent parents aged 60 or above and not residing with taxpayer throughout the year		\$6,034,000	\$6,034,000

## Married persons

Although married persons who both earn taxable income are normally taxed separately, they may elect to be taxed jointly when it is to their advantage.



The married person's allowance is only available (1) where either the husband or wife has no taxable income, (2) where the married couple has elected for joint assessment to salaries tax or (3) where the married couple has jointly elected for personal assessment.

A married couple must state which spouse will claim child allowances.

### Basis of taxation

A person's residence, domicile or citizenship is irrelevant to his/her liability to salaries tax except in the situation where the person is a tax resident from a jurisdiction with which Hong Kong has signed a double tax agreement/arrangement (DTA). A person is subject to salaries tax on his/her Hong Kong sourced employment income, any income from an office held in Hong Kong and any Hong Kong pension.

If an employment is a Hong Kong employment, the income from employment services rendered both in and outside Hong Kong is regarded as Hong Kong sourced employment income. In case an employment is a non-Hong Kong employment, only the income from employment services rendered in Hong Kong is regarded as Hong Kong sourced employment income (i.e. time-apportionment claim is applicable).

The Inland Revenue Department (IRD) will generally accept that an employment is a non-Hong Kong employment if all of the following three factors are present: (1) the contract of employment was negotiated and entered into, and is enforceable outside Hong Kong; (2) the employer is a resident outside Hong Kong; and (3) the employee's remuneration is paid outside Hong Kong.

For a Hong Kong employment, employment income is not taxable if all of the employment services for a year of assessment are rendered outside Hong Kong. In determining whether or not all the services are rendered outside Hong Kong, no account is taken of services rendered in Hong Kong during visits not exceeding 60 days in the basis period for the year of assessment.

Up to year of assessment 2017/18, partial exemption is available for income derived from services rendered in a territory outside Hong Kong where tax similar to salaries tax has been charged and paid on that income in such territory, regardless of whether there is a DTA between Hong Kong and that territory. Effective from year of assessment 2018/19, the above partial income exemption will only apply where foreign tax similar to salaries tax has been paid in a non-DTA territory. This means that in the cases of DTA territories, double tax relief (if any) will only be granted by means of a credit of foreign tax paid against the salaries tax liabilities.

For a non-Hong Kong employment, salaries tax is payable only on the income derived from services rendered in Hong Kong. Similar to Hong Kong employment, services rendered in Hong Kong during visits not exceeding 60 days in the basis period for the year of assessment will not be taken into account when considering whether services are rendered in Hong Kong.

The source of directors' fees is determined by the location in which the company paying the fees is managed and controlled.

Pensions are, in practice, taxable in Hong Kong if the funds from which the payment is made are managed and controlled in Hong Kong, and the pension (other than a government pension) relates to services rendered in Hong Kong.

Legislation is in place to prevent the use of service companies to disguise an employer-employee relationship. An interpretation and practice note issued by the IRD also addresses the payment of management fees by a firm to a service company controlled by the firm's proprietor or its associates.

A comprehensive transfer pricing (TP) regime that also applies to the determination of salaries tax liabilities was introduced in Hong Kong in July 2018. Except in a situation where there is no potential Hong Kong tax benefit, TP Rule 1 (i.e. the arm's length principle) applies to transactions between related parties from year of assessment 2018/19, with a grandfathering provision that transactions entered into or effected before 13 July 2018 are not subject to the rule (see Transfer pricing regulation and documentation – page 17 to 18).

### Perquisites and exemptions

Perquisites and allowances are generally taxable, including any benefit capable of being converted into money by the recipient and any amount paid by an employer in connection with the education of a child or holiday journey of an employee. If the employer has sole and primary liability for payment of other benefits, e.g. utilities, the employee will generally not be taxed on such benefits.

Gains from any employee share option are taxable when the option is exercised, assigned or released.

Accommodation that is provided or subsidised by an employer or its associated corporation is taxable. The rental value of accommodation provided rent free by an employer or the excess of this rental value over the rent actually paid by the employee to his employer for the accommodation will be included as assessable income. The rental value of an accommodation is usually 10% of net income from the employer, but reduced to 8% and 4% when the accommodation is not more than 2 bedrooms and 1 bedroom respectively in a hotel, hostel or boarding house. Similar tax treatment applies where an employer refunds all or part of the rent paid by an employee.

### Retirement benefits

#### Mandatory Provident Fund schemes

Under the Mandatory Provident Fund (MPF) system, employees are required to contribute 5% of their monthly income and employers have to match this amount. Currently, the maximum level of income for contribution purposes is \$30,000 per month and the maximum mandatory contribution for each of the employer and employee is \$1,500 per month. An employee whose income is less than \$7,100 per month is not required to make mandatory contributions, but the employer of such employee is required to contribute an amount that is equal to 5% of the employee's monthly income. An employee and an employer may make voluntary contributions in addition to the mandatory contributions.

A self-employed person is required to enroll in and contribute to an MPF scheme. Limited categories of persons are not required to join an MPF scheme, including people from overseas who enter Hong Kong for employment for a period that does not exceed 13 months, or who are covered by overseas retirement schemes.

Employees' mandatory MPF contributions are deductible in computing their income subject to salaries tax. The maximum amount of deduction is \$18,000 per annum for year of assessment 2015/16 onwards. Effective from year of assessment 2019/20, there is a combined maximum salaries tax deduction of \$60,000 per annum for employees' voluntary MPF contributions and qualifying annuity premiums paid under qualifying deferred annuity policies.

All benefits derived from mandatory contributions under an MPF scheme must generally be preserved until the employee reaches the prescribed retirement age of 65. There are some exceptions enabling early withdrawal of benefits including where a person in fact retires between ages 60 and 65, where a person has departed or will depart from Hong Kong permanently, or where a person has become totally incapacitated, suffered from terminal illness or died before the retirement age. The benefits accrued from mandatory contributions to MPF schemes can be withdrawn in a lump sum or by instalments upon retirement, death, incapacity, terminal illness or permanent departure from Hong Kong.

So much of the accrued benefits received from the approved trustee of an MPF scheme on the ground of a person's retirement from employment, death, incapacity, terminal illness or permanent departure from Hong Kong as are attributable to employer's and employee's mandatory contributions as well as employee's voluntary contributions are exempt from salaries tax.

So much of the accrued benefits received from the approved trustee of an MPF scheme on the ground of a person's retirement from employment, death, incapacity, terminal illness or termination of service as are attributable to an employer's voluntary contributions are also generally exempt from salaries tax, though there are some exceptions where these voluntary contributions are withdrawn upon a termination of service of less than ten years. An employer's voluntary contributions received at times other than these are taxable.

### Other retirement schemes

Employees' contributions to a recognised occupational retirement scheme (RORS) (i.e. not an MPF scheme) are also eligible for a salaries tax deduction up to the amount of \$18,000 per annum for year of assessment 2015/16 onwards.

Sums received by way of commutation of pension, or other sums withdrawn, from a RORS upon retirement from employment, death, incapacity, terminal illness or termination of service are exempt with certain exceptions, e.g. where there is a termination of service of less than ten years with an employer. An employer's contribution received by an employee from a RORS other than the above circumstances are taxable.

An employer's contribution received by an employee from a provident fund that is not a RORS or an MPF scheme are subject to salaries tax.

### Payments for termination of employment

Compensation for termination of employment that does not represent a payment for past, present or future services is generally not taxable. This would typically be a sum paid in consideration of the surrender by the employee of his/her rights in respect of the employment. Such payments should be distinguished from termination gratuities that do relate to services previously rendered by the employee and are therefore taxable. Taxable termination gratuities may be spread backward over the final three years of employment for salaries tax purposes. The Commissioner of Inland Revenue accepts that long service and severance payments made in accordance with the Employment Ordinance are not subject to salaries tax. Payment in lieu of notice is regarded by the IRD as income from employment and subject to salaries tax.

### Statutory obligations of employers under the Inland Revenue Ordinance

There is no PAYE (pay as you earn) mechanism in Hong Kong. Hence employers are not required to deduct salaries tax from the payroll, instead the Inland Revenue Ordinance imposes the following obligations on employers:

- 1) to report an employee's commencement of employment in Hong Kong within three months of such commencement;
- 2) to make an annual return of remuneration paid to employees;
- 3) to report an employee's cessation of employment at least one month before the cessation;
- 4) to report at least one month before the expected departure if an employee is about to leave Hong Kong for a period in excess of one month; and
- 5) to withhold payments to the employee within one month of having given the notice in (4).

The requirement in (4) does not, however, apply to an employee who in the course of employment is required to leave Hong Kong at frequent intervals for business purposes.



# Profits tax

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## Rates of tax

	2020/21	2019/20
Companies		
• First \$2,000,000	8.25%	8.25%
• On the remainder	16.5%	16.5%
Unincorporated businesses		
• First \$2,000,000	7.5%	7.5%
• On the remainder	15%	15%

## Basis of taxation

A person who carries on a trade, profession or business in Hong Kong is chargeable to profits tax on the profits from that trade, profession or business (excluding profits that are capital in nature) that arise in or are derived from (i.e. are “sourced” in) Hong Kong. The tax residence of a person is generally irrelevant for profits tax purposes except in the situation where the person is a tax resident from a jurisdiction with which Hong Kong has signed a double tax agreement/arrangement (DTA). The existence of a permanent establishment (PE) does not necessarily mean there is a profits tax exposure but a non-Hong Kong resident who has a PE in Hong Kong will be deemed as carrying on a trade, profession or business in Hong Kong effective from year of assessment 2018/19. Foreign-sourced income is not taxed even if it is remitted to Hong Kong.

Whether or not a person is carrying on a trade, profession or business in Hong Kong is a matter of fact.

Whether or not income or profits arise in or are derived from Hong Kong is also a matter of fact. The general rule adopted for determining whether profits arise in or are derived from Hong Kong is that one looks to see what the taxpayer has done to earn the profits in question and where he has done it. If the operations that essentially give rise to the profits take place in Hong Kong, the profits will be taxable in Hong Kong. The application of this territorial concept has given rise to numerous disputes between taxpayers and the Inland Revenue Department (IRD). In view of this, the IRD has issued and subsequently revised Departmental Interpretation and Practice Notes No. 21 on the locality of profits indicating the IRD’s latest views on source in a variety of circumstances. The IRD has also provided, on a user-pays basis, an advance ruling service on the source of profits.

The assessable profits are computed by taking the profit or loss disclosed in the accounts and adjusting the amount for tax purposes. The adjustments would typically include the disallowance of accounting depreciation and substitution of tax deductible capital allowances.

The assessable profits of insurance companies, aircraft owners, qualifying aircraft lessors and ship owners are computed using special formulae laid down in the Inland Revenue Ordinance (IRO) (see Special classes of taxpayer/income – page 13). A bill introducing a special tax regime for qualifying ship lessors (similar to the one for qualifying aircraft lessors) was gazetted on 17 January 2020. The bill is currently under the scrutiny of the Legislative Council. Upon enactment of the bill, the special ship leasing tax regime will apply from 1 April 2020. Clubs and trade associations may be subject to profits tax if they do not meet the conditions laid down in the IRO.

Dividends from companies that are chargeable to Hong Kong profits tax are generally exempt from profits tax or not subject to withholding tax in Hong Kong.

Dividends from foreign companies are generally regarded as offshore and not subject to profits tax.

## Profits deemed to be taxable in Hong Kong

Certain types of receipts that might not otherwise be caught by Hong Kong's general profits tax charging section are specifically brought into the Hong Kong tax net under the IRO by deeming such sums to be taxable. These include:

- a) sums from the exhibition or use in Hong Kong of cinema or TV film or tape, or any sound recording;
- b) royalties for the use of, or for the right to use, most intellectual properties in Hong Kong;
- c) royalties for the use of, or for the right to use, most intellectual properties outside Hong Kong if they are deductible in ascertaining the assessable profits of a person for Hong Kong profits tax purposes;
- d) royalties for the use of, or for the right to use, outside Hong Kong of any intellectual property or know-how generated from any research and development (R&D) activity in respect of which a tax deduction for R&D expenditure is allowable in ascertaining the assessable profits of the recipient of the royalties;
- e) sums from assignment of a performer's right in relation to a performance in Hong Kong;
- f) grants, subsidies or similar financial assistance in connection with a business carried on in Hong Kong (other than sums in connection with capital expenditure made or to be made);
- g) lease rentals for the use of movable property in Hong Kong;
- h) interest accruing to a financial institution through or from the carrying on of its business in Hong Kong; and profits made by a financial institution through or from the carrying on of its business in Hong Kong from the sale or on the redemption on maturity or presentment of any certificate of deposit or bill of exchange;
- i) interest income and profits from the sale, disposal or upon redemption or maturity, etc. of a certificate of deposit, bill of exchange or regulatory capital securities derived by a corporation (other than a financial institution) that arises through or from the carrying on of an intra-group financing business in Hong Kong;
- j) interest derived from Hong Kong except for individuals in a non-business capacity (see Interest income exemption below for exemption);
- k) Hong Kong sourced profits from the sale or on the redemption on maturity or presentation of a certificate of deposit or bill of exchange except for individuals in a non-business capacity [refer to (h) above for financial institutions]; and
- l) consideration received by a person for the transfer of certain rights to receive income from property.

The assessable profits deemed to arise in respect of items (a), (b) and (c) are usually taken to be 30% of the sum in question, generating an effective tax rate of (i) 4.95% (i.e. 16.5% times 30%) or (ii) 2.475% for the first \$2 million of assessable profits (i.e. 8.25% times 30%) and 4.95% for the remaining amount if the two-tier profits tax rates are applicable. A lower tax rate under a double tax agreement/arrangement may apply. However, where such royalties are received or accrued from an associated corporation, 100% of the sum is deemed to be taxable at the rates of (i) 16.5% or (ii) 8.25% for the first \$2 million of assessable profits and 16.5% for the remaining amount if the two-tier profits tax rates are applicable, unless the Commissioner of Inland Revenue is satisfied that no person carrying on business in Hong Kong has at any time owned the property in respect of which the sum is paid.

## Interest income exemption

Interest income accruing to a person (including a corporation) carrying on a trade, profession or business in Hong Kong and derived from any deposit placed in Hong Kong with a financial institution is exempt from profits tax, unless the deposit secures a borrowing the interest expense on which is deductible. This exemption does not, however, apply to interest accruing to a financial institution.

## Allowable deductions

Expenses incurred in the production of taxable profits are allowed without territorial restriction. The Inland Revenue Ordinance specifically provides for a deduction for certain expenditure, including:

- a) interest on money borrowed for the purpose of producing taxable profits together with any legal fees, stamp duty and other expenses in connection with that loan. The interest must also satisfy one of a number of other specified conditions (besides being for the purpose of producing taxable profits) before it is deductible. These other conditions are essentially anti-tax avoidance rules designed, for example, to prevent taxpayers obtaining a tax deduction for interest expense when the borrowing is secured by either a deposit or loan made by the taxpayer (or an associate) and the interest income on which is not subject to Hong Kong tax. Interest incurred in financing the construction of investment properties is regarded as capital in nature and not deductible;
- b) rent on buildings or land occupied to produce taxable profits;
- c) foreign turnover taxes (e.g. goods and services tax and value added tax) paid on income chargeable to profits tax;
- d) foreign income taxes paid in jurisdictions not having a double tax agreement/arrangement with Hong Kong on specified income chargeable to profits tax;
- e) bad debts written off, where the debts are amounts previously included as taxable trading receipts or are loans made in the ordinary course of a money-lending business;
- f) doubtful debts that the tax authorities are satisfied have become bad or impairment losses in respect of credit-impaired loans (if fair value basis for financial instruments is elected for profits tax filing purpose), and where the debts are amounts previously included as taxable trading receipts or are loans made in the ordinary course of a money-lending business;
- g) the cost of repairing articles, premises, machinery and equipment used to produce taxable profits;
- h) the cost of replacing implements, utensils or articles used to produce taxable profits;
- i) the cost of registering trademarks, designs or patents used in the production of taxable profits;
- j) certain expenditure on in-house research and development (R&D) activities and certain payments made to R&D institutions (including Designated Local Research Institutions or DLRI) for subcontracted R&D activities (see Enhanced deduction of research and development expenditure below);
- k) employers' contributions to Mandatory Provident Fund schemes or other approved retirement schemes (limited to 15% of each employee's yearly emoluments); and
- l) charitable donations (in cash) to approved charities, subject to certain conditions.

Tax deductions are available for certain capital expenditure (see Tax relief for capital expenditure – page 16).

## Enhanced deduction of research and development expenditure

Effective from year of assessment 2018/19, there are two types of tax deductible R&D expenditure, namely Type A expenditure (which qualifies for 100% deduction) and Type B expenditure (which qualifies for 300% deduction for the first \$2 million and 200% for the remaining amount, without any cap). Type B expenditure is defined as (1) a payment made to a DLRI for a qualifying R&D activity and (2) staff costs of employees directly engaged in a qualifying R&D activity (excluding directors' remuneration and benefits) and expenditure on consumables directly used in a qualifying R&D activity. Type A expenditure is defined as R&D expenditure other than Type B expenditure. Only R&D activities that meet certain criteria (e.g. the activities must be wholly undertaken and carried on in Hong Kong) are regarded as a "qualifying R&D activity". There are also various conditions that need to be fulfilled to qualify for the deduction (e.g. the R&D activities must not be taken for another person) and anti-avoidance rules that prevent abuse of the deduction.

## Losses

Tax losses are deductible from other taxable profits arising in the year of assessment and any unused balance can be carried forward and deducted from the taxable profits of future tax years without any time limit.

If a company is a partner in a partnership that makes a tax loss, the company's share of the partnership loss may be deducted from the taxable profits of the company. A tax loss made by a company can be deducted from its share of taxable profits in a partnership in the same year of assessment and to the extent not so set off, may be deducted from its taxable profits for later years of assessment or from its share of partnership profits for such later years.

Hong Kong's tax laws do not provide for loss relief to be given between members of groups of companies. The Inland Revenue Ordinance contains provisions designed to prevent the trafficking in tax loss companies.

## Special classes of taxpayer/income

### Financial institutions

Banks and deposit-taking companies are taxed on interest income that might otherwise be regarded as having an offshore source, if such interest arises through or from the carrying on of their businesses in Hong Kong.

### Insurance, reinsurance and captive insurance businesses

The taxable profits of a life insurance business are deemed to be 5% of the premiums from a life insurance business in Hong Kong, but the company may make an irrevocable election to be assessed on a formula based on actuarial reports.

The taxable profits of a company from an insurance business other than life insurance are calculated by including in taxable profits gross premiums from such insurance business in Hong Kong, interest derived from Hong Kong, other income from Hong Kong, balancing charges on the disposal of fixed assets, the reserve for unexpired risks outstanding at the beginning of the profit period and recoveries of losses by reinsurance. Deductions are allowed for insurance premiums refunded, premiums paid on reinsurance, a reserve for unexpired risks at a percentage adopted by the company and applied to its worldwide operations at the end of the profit period, actual losses, agency expenses in Hong Kong, depreciation allowances on fixed assets and balancing allowances upon their disposal and a fair proportion of head office expenses.

A concessionary profits tax rate (i.e. 50% of the normal profits tax rate) is applicable to: (1) assessable profits of a company derived from the business of reinsurance of onshore and offshore risks as a professional reinsurer and (2) assessable profits derived from qualifying onshore and offshore risks insurance business of authorised captive insurers.

A bill introducing enhanced profits tax concession to the insurance industry was gazetted on 6 December 2019. The bill proposes to extend the 8.25% concessionary profits tax rate to (1) general reinsurance business of direct insurers, (2) certain types of general insurance business of direct insurers and (3) certain types of insurance brokerage business of licensed insurance broker companies. The bill is currently under the scrutiny of the Legislative Council and the commencement date of the extended tax concession has yet to be determined.



### Shipping and aircraft businesses

The assessable profits of a company that charters or operates ships are calculated using the ratio of the company's worldwide shipping profits to the worldwide shipping income. That ratio is then applied to sums received from (1) passengers or goods shipped in Hong Kong, (2) any towage operations undertaken within or commencing from the waters of Hong Kong, (3) any dredging operations undertaken within the waters of Hong Kong and (4) certain types of charter hire connected with navigation solely or mainly within Hong Kong waters or between Hong Kong waters and river trade waters.

However, as an incentive for ship owners to register their ships in Hong Kong, if a ship is registered under the Merchant Shipping (Registration) Ordinance, income from (1) the international carriage of passengers or goods shipped in Hong Kong and (2) towage operations from Hong Kong and proceeding to sea is not chargeable to profits tax.

A taxpayer resident in any territory outside Hong Kong, but deemed to be carrying on a business as a ship owner in Hong Kong, is entitled to tax exemption in Hong Kong if the ship owner's home territory offers reciprocal tax exemption to Hong Kong resident ship operators.

The assessable profits of a company that carries on a business of chartering (excluding chartering by demise) or operating aircraft are calculated using the ratio of the company's worldwide aircraft profits to the total worldwide aircraft income. That ratio is then applied to amounts received from passengers embarking in Hong Kong or goods shipped in Hong Kong. The ratio is also applied to certain types of international charter hire that are attributable to Hong Kong.

### Aircraft leasing business

Aircraft leasing and aircraft leasing management businesses can elect to be taxed according to a concessionary tax regime in Hong Kong. Under the concessionary tax regime, provided that the specified conditions are met, the taxable amount of qualifying profits derived by a qualifying aircraft lessor from leasing of aircraft to an aircraft operator, either local or overseas, is deemed to be 20% of the gross lease payments less deductible expenses, excluding tax depreciation allowance. The taxable amount is then taxed at a concessionary profits tax rate of 8.25%. The concessionary profits tax rate of 8.25% also applies to the assessable profits derived from qualifying aircraft leasing management activities carried out by qualifying aircraft leasing managers in Hong Kong when certain specified conditions are met.

### Ship leasing business

A bill introducing a concessionary tax regime for qualifying ship lessors and qualifying ship leasing managers in Hong Kong was gazetted on 17 January 2020.

Under the proposed concessionary tax regime, provided that the specified conditions are met, the assessable profits of a qualifying ship lessor carrying out operating lease or finance lease activities (include sale and leaseback arrangement and subleasing) will be taxed at 0%. The taxable amount of qualifying profits derived by a qualifying ship lessor will be equal to (1) 20% of the gross lease payments less deductible expenses, excluding tax depreciation allowance (for operating lease activities) or (2) the finance charges or interest after deduction of allowable expenses (for finance lease activities). The applicable concessionary tax rates for qualifying ship leasing managers will be 0% for qualifying ship leasing management activities carried out for an associated corporation and 8.25% (i.e. 50% of the normal profits tax rate) for qualifying ship leasing management activities carried out other than for an associated corporation.

The bill set out the threshold requirements of the substantial activity requirement test, which requires the entities to have (a) an adequate number of full-time qualified employees and (b) an adequate amount of operating expenditure in Hong Kong. The proposed minimum thresholds for the above two measurements for the ship leasing and ship leasing management tax regimes are summarised as follows (measured at the group level):

	Average number of full-time employees for the basis period of a year of Assessment	Total amount of operating expenditure for the basis period of a year of assessment
Qualifying ship leasing activity	Not less than 2	Not less than HK\$7,800,000
Qualifying ship leasing management activity	Not less than 1	Not less than HK\$1,000,000

The bill is currently under the scrutiny of the Legislative Council. Upon enactment of the bill, the concessionary tax regime will apply from 1 April 2020.

### Qualifying debt instruments

Interest income and trading profits derived from qualifying debt instruments issued before 1 April 2018 are either subject to a concessionary rate of 50% of the regular profits tax rate or tax exempt depending on the date of issue and maturity period of the debt instruments. Interest income and trading profits derived from qualifying debt instruments issued on or after 1 April 2018 are tax exempt regardless of the maturity period. In addition, qualifying instruments must (1) either be lodged with and cleared through the Hong Kong Monetary Authority or debt securities listed on the Stock Exchange of Hong Kong, (2) carry a suitable credit rating and (3) be of a minimum denomination of \$50,000.

### Investment funds

Publicly offered funds that are regulated by the Securities and Futures Commission (SFC) of Hong Kong and other similar bona fide widely held investment schemes which comply with the requirements of a supervisory authority within an acceptable regulatory regime are exempt from profits tax in Hong Kong.

Effective from 1 April 2019, both onshore and offshore privately offered funds are exempt from Hong Kong profits tax on profits derived from certain specified transactions provided that (1) the specified transactions are carried out or arranged by “specified persons” (i.e. SFC licensed fund managers) or (2) the funds are a “qualified investment fund” as defined.

However, there are also specific anti-avoidance provisions in the IRO deeming certain resident persons to be subject to profits tax on their share of the tax exempt profits of the investment funds.

The 2020/21 Budget proposed to provide tax concession for carried interest issued by private equity funds operating in Hong Kong subject to the fulfilment of certain conditions. Details are yet to be announced.

### Corporate treasury centres

Corporate treasury centres (other than a financial institution) can enjoy a concessionary profits tax rate of 8.25% (i.e. 50% of the normal profits tax rate) for certain profits derived from specified intra-group corporate treasury activities with Hong Kong and non-Hong Kong group companies.

### Islamic bonds

There is a special tax framework for Islamic bonds (i.e. sukuk) that provides for the same tax treatments for sukuk vis-à-vis their conventional counterparts.

Under the framework, the “qualified bond arrangement” and “qualified investment arrangement” of an Islamic bond that qualifies as a specified alternative bond scheme will be regarded as debt arrangements for profits tax purposes when specified conditions are met and the relevant provisions in the Inland Revenue Ordinance governing the taxation of interest income, deduction of interest expenses and tax depreciation allowances, etc. will be applied.

### Substantial activities requirement for concessionary tax regimes

The concessionary tax regimes for the following businesses in Hong Kong are subject to the substantial activities requirement: (1) reinsurance business, (2) captive insurance business, (3) general insurance business, (4) insurance brokerage business, (5) corporate treasury centres, (6) aircraft leasing business, (7) shipping business and (8) ship leasing business. The Commissioner of Inland Revenue is empowered to specify the details of the requirement by a public notice in the Gazette.

For the substantial activity requirement in the proposed concessionary tax regime for ship leasing business, see page 14 to 15.

### Tax relief for capital expenditure

Tax depreciation allowances are granted for capital expenditure incurred on the construction of industrial buildings and structures, the construction of commercial buildings and structures, and the provision of plant and machinery for trade and business purposes. There are also special tax deductions for capital expenditure incurred on refurbishing buildings or structures, provision of certain fixed assets and purchase of certain intellectual property rights.

### Buildings or structures

An initial allowance of 20% is available in relation to the construction cost of an industrial building or structure (excluding the cost of land) used for the purposes of a qualifying trade. These include trades carried on in mills, factories or similar premises. An annual allowance of 4% of the original capital expenditure is also given.

For buildings or structures used for business purposes other than industrial buildings (i.e. commercial building or structure), an annual allowance of 4% of the capital expenditure incurred on construction is granted.

Balancing allowances may be granted or balancing charges may be included in computing the taxable profits in the tax year in which the building or structure is sold. Balancing charges are restricted to the total of annual and initial allowances given.

### Environmental protection installations

Before year of assessment 2018/19, capital expenditures incurred in relation to certain environment-friendly installations are deductible over five consecutive years at the rate of 20% per year. Effective from year of assessment 2018/19, an immediate 100% deduction in the year of purchase is available for capital expenditure incurred on eligible energy-efficient building installations and renewable energy devices.

However, capital expenditure incurred under a hire-purchase agreement will not qualify for the deduction.

### Plant and machinery

An immediate 100% deduction is allowed for capital expenditure on:

- a) “prescribed fixed assets”, covering certain machinery or plant used specially and directly for any manufacturing process, computer hardware (other than that which is an integral part of any machinery or plant) and computer software and computer systems;
- b) certain environment-friendly machinery; and
- c) environment-friendly vehicles.

The 100% deduction is not, however, available for a fixed asset in which any person holds rights as a lessee under a lease or for capital expenditure incurred under a hire-purchase agreement.

Alternatively, depreciation allowance is available on the capital expenditure incurred on machinery or plant. An initial allowance of 60% is available in the year in which the expenditure is incurred. An annual allowance is also given at prescribed rates on the reducing value. The prescribed rates are 10%, 20% and 30%, depending on the type of machinery or plant.

### Intellectual property rights

An immediate 100% deduction is allowed for the purchase cost of certain patent rights or rights to know-how used in the production of taxable profits.

Capital expenditure incurred on the purchase of specified intellectual property rights (namely copyrights, registered designs, registered trademarks, protected layout-design (topography) rights in respect of integrated circuits, protected plant variety rights and performer’s economic rights) used in the production of taxable profits are also deductible but at the rate of 20% per year over a five-year period starting from the year of purchase, provided certain conditions are met.

Cost of patent rights, rights to know-how or specified intellectual property rights purchased wholly or partly from an associate will not qualify for the deduction.

### Refurbishment concession

Capital expenditure on the renovation or refurbishment of a building or structure, other than a domestic building or structure, is deductible at the rate of 20% per year over a five-year period.

### Sale and leaseback and leveraged leasing

Tax depreciation allowances may be denied to a lessor of machinery or plant (1) under a sale and leaseback arrangement, (2) where the leased asset (not being a ship or aircraft) is used wholly or principally outside Hong Kong or (3) where the leased asset was acquired through a leveraged lease transaction financed directly or indirectly by a non-recourse debt. Special provisions also apply in respect of a leased ship or aircraft.

### Transfer pricing regulation and documentation

Hong Kong enacted legislation in July 2018 to introduce a comprehensive transfer pricing (TP) regime and a three-tiered TP documentation requirement in Hong Kong.

### Transfer pricing regulation

There are two sets of TP adjustment rules which are applicable to both domestic and cross-border related-party transactions. Rule 1 has the effect of requiring TP adjustments where connected parties have entered into a transaction at a price differs from an arm’s length price and that difference results in a potential Hong Kong tax advantage. Rule 2 has a similar effect of Rule 1, but applies to the attribution of profits to a Permanent Establishment (PE) of a non-Hong Kong resident using the separate enterprises principle. The PE threshold for non-DTA residents takes into account the latest post-BEPS PE definition whereas the PE threshold for DTA residents follows

that of the respective DTA. Rule 1 applies from year of assessment 2018/19 with a grandfathering provision under which transactions entered into or effected before 13 July 2018 are not subject to the rule. Rule 2 is applicable from year of assessment 2019/20.

Where (1) the income or loss of an enterprise arising from a related-party transaction is subject to the above mentioned TP adjustment for Hong Kong tax purpose and (2) another enterprise (the disadvantaged person) also has income or loss arising from that transaction that needs to be taken into account for Hong Kong tax purpose, there is a compensating adjustment mechanism which can provide a relief for the disadvantaged person so as to avoid double taxation.

### Transfer pricing documentation

The three-tiered TP documentation requirement consists of the Master File, Local File and Country-by-Country (CbC) report.

Hong Kong entities which do not meet any one of the following two exemptions are required to prepare Master File and Local File for accounting periods starting on or after 1 April 2018. The Master File and Local File will need to be prepared within 9 months of the accounting year end if required.

The two exemptions are based on the size of the Hong Kong entity and the volume of its related-party transactions respectively.

A Hong Kong entity that satisfies any two of the following three conditions is exempted from preparing the Master File and Local File:

- total annual revenue of not more than HK\$400 million;
- total assets of not more than HK\$300 million; and
- average number of employees of not more than 100.

Local Files are not required for the following related-party (controlled) transactions if the total amount of that type of transaction does not exceed the following limit:

- transfer of properties (other than financial assets and intangibles): HK\$220 million;
- transactions in respect of financial assets: HK\$110 million;
- transfer of intangibles: HK\$110 million; or
- any other transactions: HK\$44 million.

If no Local File is required to be prepared for all types of related-party (controlled) transactions specified above, the entity is not required to prepare the Master File.

Following the OECD's threshold for preparing CbC reports, multinational enterprise groups with (1) annual consolidated group revenue of EUR 750 million (i.e. about HK\$6.8 billion) or more and (2) the ultimate parent entity (UPE) residing in Hong Kong are required to file CbC returns in Hong Kong. A Hong Kong entity of a multinational enterprise group meeting the above revenue threshold and with a non-Hong Kong UPE may also need to file a CbC return locally in Hong Kong in certain circumstances. The CbC return requirement applies to accounting periods begin on or after 1 January 2018. The CbC return will need to be filed within 12 months after the end of the accounting period to which the return relates.

### Advance pricing arrangement

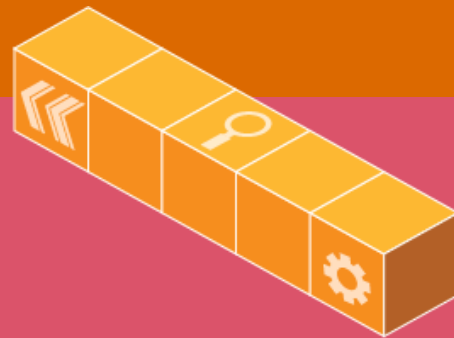
A formal statutory advance pricing arrangement (APA) scheme has been introduced in Hong Kong effective from year of assessment 2018/19. As the scheme allows APA to be made with or without a DTA, companies can apply for both unilateral and bilateral/multilateral APAs.



# Property tax



Rate of tax	20
Basis of taxation	20
Exemptions and reliefs	20
Net assessable value	20



### Rate of tax

Property tax is charged at a flat rate of 15%.

### Basis of taxation

Property tax is charged on the owner of any land or buildings in Hong Kong on the net assessable value of such land or buildings.

### Exemptions and reliefs

Property tax is not charged on government and consular properties.

Rental income derived by a company from a Hong Kong property is subject to profits tax. The company that is subject to profits tax may apply in writing for an exemption from property tax in respect of the property. If no exemption is applied, the property tax paid can be used to offset profits tax payable by the company.

### Net assessable value

The assessable value of a property is the consideration, in money or money's worth, payable in that year to the owner for the right to use the land or buildings, less any consideration that becomes irrecoverable during that year.

Net assessable value is the assessable value less rates paid by the owner and a 20% notional allowance of this net figure for repairs and outgoings. Actual expenses and outgoings are not deductible.



# Tax filing due dates and collection



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Holdover and payment of tax	23





## Filing of tax return

### Profits tax return

Normal issue date	For accounting year ended between	Normal filing date for unrepresented/ represented cases	Due date for tax payment
First working day in April of the following year of assessment	1 April to 30 November	2 May <sup>1</sup>	As stipulated in the notice of assessment, generally between November of the year in which the return is issued to April of the following year.
	1 December to 31 December	2 May <sup>1</sup> / 15 August	
	1 January to 31 March	2 May <sup>1</sup> / 15 November	

### Salaries tax return

Normal issue date	Normal filing date for unrepresented/ represented cases	Due date for tax payment
First working day in May of the following year of assessment <sup>1</sup>	2 June / 2 July <sup>2</sup>	As stipulated in the notice of assessment, generally between January and April of the year following the year in which the return is issued.

### Property tax return

Normal issue date	Normal filing date	Due date for tax payment
First working day in April of the following year of assessment	2 May <sup>1</sup>	As stipulated in the notice of assessment, generally in or after November of the year in which the return is issued.

### Employer's return of remuneration and pensions

Normal issue date	Normal filing date
First working day in April of the following year of assessment	2 May <sup>1</sup>

Notes:

1 1 May is a Hong Kong public holiday.

2. 1 July is a Hong Kong public holiday.

### Lodging of objection to assessment

Normally, objection to an assessment must be lodged within one month after the issue date of the notice of assessment.

### Holdover and payment of tax

Profits tax or salaries tax for a year of assessment is typically collected through the payment of provisional tax by taxpayers before the relevant tax return for that year is filed and the relevant final assessment is received. The provisional tax payable is calculated with reference to the final tax assessed for the preceding year. The provisional tax already paid is credited against the final tax assessed for the year. If the provisional tax exceeds the final tax assessed, the excess is applied against the provisional tax payable for the succeeding year.

Property tax is collected through provisional property tax demand notes, which may be raised on the owner when the property is first rented out. Any provisional tax paid is credited against the final tax assessed for that year of assessment and any balance is applied against the provisional tax payable for the following year. Any excess thereafter is refundable.

Where the provisional profits/salaries/profits tax is excessive, the taxpayer may apply for holdover of payment of either all or part of the provisional tax payable. This application must be made in writing not later than 28 days before the due date for payment or 14 days after the date of the notice for payment, whichever is later.



# Stamp duty



Rates of tax	25-26
Basis of taxation	26
Exemptions	27



## Rates of duty

### Conveyance on sale of immovable property – Ad valorem stamp duty

Property consideration <sup>1</sup>	Flat rate <sup>2</sup>	Scale 1 rates <sup>3</sup>	Scale 2 rates <sup>4</sup>
Up to \$2,000,000		1.50%	\$100
\$2,000,001 – \$3,000,000		3.00%	1.50%
\$3,000,001 – \$4,000,000		4.50%	2.25%
\$4,000,001 – \$6,000,000	15%	6.00%	3.00%
\$6,000,001 – \$20,000,000		7.50%	3.75%
\$20,000,001 and above		8.50%	4.25%

Notes:

- Marginal relief is available upon entry into each higher value band.
- The 15% flat rate applies to (i) transfer of residential property executed on or after 5 November 2016 except for cases where the Scale 2 rates are applicable and (ii) acquisition of more than one residential property under one instrument by Hong Kong permanent residents on or after 12 April 2017.
- The Scale 1 rates apply to transfer of non-residential property.
- The Scale 2 rates apply to residential property acquired by a Hong Kong permanent resident who does not own any other residential property in Hong Kong at the time of acquisition and in some other specified circumstances.

Where a conveyance on sale of an immovable property is executed in conformity with a chargeable agreement for sale of that property and the agreement for sale is duly stamped, the conveyance on sale is chargeable with stamp duty of \$100.

Conveyances on sale should be submitted for stamping within 30 days after execution.

### Agreement for sale of immovable property – Ad valorem Stamp Duty

Any agreement for sale of residential property as well as non-residential property is subject to ad valorem stamp duty. The applicable ad valorem duty rates are the same as those for conveyance on sale of immovable property as specified above.

Chargeable agreements should be submitted for stamping within 30 days after execution.

### Special Stamp Duty on disposal of residential properties

There is a Special Stamp Duty (SSD) on resale of residential property within certain months from the date of acquisition. The SSD is imposed on top of the ad valorem stamp duty payable on conveyance on sale or agreement for sale of residential property with a few exemptions. The SSD payable will be calculated based on the stated consideration or the market value (whichever is higher) of the resold property at the regressive rates indicated below.

Holding period	Duty rate
• For residential properties held for six months or less	20%
• For residential properties held for more than six months but for 12 months or less	15%
• For residential properties held for more than 12 months but for 36 months or less	10%

### Buyer's Stamp Duty on acquisition of residential properties

A Buyer's Stamp Duty (BSD) is payable on acquisition of Hong Kong residential properties by any persons (including Hong Kong and foreign companies) other than a Hong Kong permanent resident.

The BSD will be charged at a flat rate of 15% of the stated consideration or the market value of the property acquired, whichever is the higher. The BSD will be imposed on top of the ad valorem stamp duty and the Special Stamp Duty (if applicable), with exemptions in certain situations.

### Lease of immovable property in Hong Kong

For leases, stamp duty is calculated at a specified rate of the annual rental that varies with the term of the lease as indicated in following table:

Lease period	2020/21	2019/20
• Where the lease term is not defined or is uncertain	0.25%	0.25%
• Not more than one year	0.25%	0.25%
• More than one year but does not exceed three years	0.50%	0.50%
• More than three years	1.00%	1.00%

### Hong Kong stock

The rate of stamp duty on stock transactions is 0.2% of the consideration (\$2 per \$1,000) per transaction.

### Hong Kong bearer instrument

Duty of 3% of the market value is charged for any Hong Kong bearer instrument issued in respect of any stock.

### Basis of taxation

The Stamp Duty Ordinance (SDO) imposes duty on certain types of documents, which include conveyance on sale of immovable property in Hong Kong, agreement for sale of immovable property in Hong Kong, lease of immovable property in Hong Kong, transfer of Hong Kong stock and the issue of Hong Kong bearer instruments. A \$5 stamp duty is payable on duplicates or counterparts of instruments chargeable to stamp duty provided that the original document has been duly stamped. If immovable property in Hong Kong, or Hong Kong stock, is transferred at less than its market value, stamp duty may be imposed based on the market value at the date of transfer.

## Exemptions

Subject to certain anti-avoidance provisions, there is an exemption from stamp duty for a conveyance of a beneficial interest in immovable property or a transfer of shares from one associated body corporate to another associated body corporate. Companies are associated for this purpose when one is the beneficial owner of not less than 90% of the issued share capital of the other or a third body corporate is the beneficial owner of not less than 90% of the issued share capital of each.

The SDO also provides exemptions on documents in relation to the following:

- a) stock lent under certain stock lending agreements;
- b) certain stock transactions carried out by market makers for the purpose of hedging options transactions or directly arising out of options transactions entered into in the course of acting as a market maker;
- c) transactions in regional derivative options and convertible bonds or notes;
- d) allotment or redemption of units of unit trust funds;
- e) certain transactions in relation to Islamic bonds (i.e. sukuk); and
- f) transfer of units or shares of all Hong Kong listed exchange traded funds.

The 2020/21 Budget proposed to waive the stamp duty on stock transfers paid by Exchange Traded Fund (ETF) market makers in the course of creating and redeeming ETF units listed in Hong Kong. Details are yet to be announced.



# Duties, fees and charges

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	2020/21	2019/20
<b>Business registration fees<sup>1</sup></b>		
Business registration fee + levy (one year)	\$250	\$250
Business registration fee + levy (three years) (There is relief for some small businesses)	\$3,950	\$3,950
<b>Registration and licence fees for banks and deposit-taking companies</b>		
Fees vary according to the type of operation.		
<b>Vehicle registration and licence fees</b>		
First registration tax and annual licence fee are payable and vary according to the type and size of vehicle. Exemption/reduction of the first registration tax is available for certain environment-friendly vehicles until 31 March 2021 <sup>2</sup> .		
<b>Air passenger departure tax</b>		
For passengers 12 years of age or above	\$120	\$120
For passengers less than 12 years of age (Same day transit passengers are exempt)	nil	nil
<b>Airport construction fee</b>	\$70-\$180	\$70-\$180
<b>Betting duty</b>		
Horse racing (On net stake receipts)	72.5%-75%	72.5%-75%
Lotteries (Mark Six) (On amount of proceeds)	25%	25%
Football (On net stake receipts)	50%	50%

Notes:

1 The business registration fees for 2019/2020 and 2020/21 are waived.

2 Until 31 March 2021, a full waiver of the first registration tax is available for electric commercial vehicles, motor cycles and motor tricycles whereas a partial waiver of the first registration tax (capped at \$97,500) is available for electric private cars. In addition, the "one-for-one replacement" scheme is effective from 28 February 2018 to 31 March 2021 under which eligible private car owners buying a new electric car and scrapping an eligible private car they own can enjoy a higher first registration tax concession of up to \$250,000.

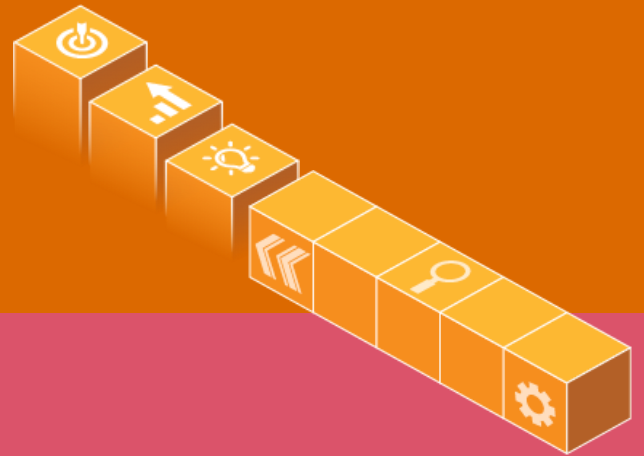


	2020/21	2019/20
<b>Dutiable commodities</b>		
<b>Hydrocarbons</b>		
Aircraft spirit	\$6.51/litre	\$6.51/litre
Light diesel oil (Except for ultra low sulphur diesel and Euro V diesel)	\$2.89/litre	\$2.89/litre
Ultra low sulphur diesel	\$2.89/litre	\$2.89/litre
Euro V diesel	\$0/litre	\$0/litre
Leaded petrol	\$6.82/litre	\$6.82/litre
Unleaded petrol	\$6.06/litre	\$6.06/litre
<b>Tobacco</b>		
For each 1,000 cigarettes	\$1,906	\$1,906
Cigars	\$2,455/kg	\$2,455/kg
Chinese prepared tobacco	\$468/kg	\$468/kg
All other manufactured tobacco not intended for cigarette manufacture	\$2,309/kg	\$2,309/kg
<b>Liquor</b>		
Liquor with alcoholic content above 30%	100%	100%
Wine	0%	0%
Other liquor with alcoholic content not exceeding 30%	0%	0%
<b>Methyl alcohol</b>		
Basic duty which increases if alcoholic strength exceeds 30%	\$840/hectolitre	\$840/hectolitre



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