

2016-17 Budget – Tax Concessions

Waiver of Business Registration Fees for One Year

(from 1 April 2016 to 31 March 2017)

The Financial Secretary proposed to waive business registration fees for one year, starting from 1 April 2016. The Government will introduce the relevant legislative amendment into the Legislative Council as soon as possible to effect the proposal.

Implementation Details of the Waiver of Business Registration Fees

1. In respect of local companies registered under the one-stop company incorporation and business registration regime (“One-stop Registration”), the fees payable under section 5A(1)(a) of the Business Registration Ordinance (Cap. 310) will be reduced by a sum of \$2,000 if the related incorporation submissions are made within the period from 1 April 2016 to 31 March 2017 (“Waiver Period”). For other cases, the fees payable in respect of business registration certificates and branch registration certificates with commencement date falling within the Waiver Period will be reduced by a sum of \$2,000 and \$73 respectively.
2. Businesses are still required to pay the levy for the Protection of Wages on Insolvency Fund.
3. Please refer to the [business registration fee & levy table](#) for details of the total amount payable in respect of a certificate.

Concessionary Refund of Registration Fees Paid

4. The proposal only relates to the waiver of one year registration fees for the incorporation submissions made under the One-stop Registration within the Waiver Period or, in other cases, new certificates or renewal certificates with commencement date falling within the Waiver Period. It does not provide for the refund of fees paid in respect of the Waiver Period.
5. In order that businesses that have paid the registration fees for the Waiver Period but are not required to renew their certificates in the Waiver Period can also benefit from the waiver, concessionary refunds of the relevant amount of

business registration fees paid will be made, upon applications. They include:

- (a) Businesses or branches, which hold a 3-year registration certificate with a commencement date before 1 April 2016 and an expiry date on or after 31 March 2017;
 - (b) Ceased businesses or branches, which last hold a 1-year registration certificate with an expiry date on or after 1 April 2016 but before 31 March 2017;
 - (c) Ceased businesses or branches, which last hold a 3-year registration certificate with an expiry date between 1 April 2016 and 31 March 2017; and
 - (d) Local companies registered under the One-stop Registration, which make incorporation submissions between 1 April 2015 and 31 March 2016 and hold a 1-year or 3-year registration certificate with a commencement date between 1 April 2016 and 31 March 2017.
6. The IRD will announce the application and refund procedures after the relevant legislative amendment is passed by the Legislative Council.

FAQ

Q1: Do I need to pay the levy for the Protection of Wages on Insolvency Fund for the Waiver Period?

A1: Yes, you still need to pay the levy for the Protection of Wages on Insolvency Fund.

Q2: Can a company incorporated or registered under the Companies Ordinance (Cap. 622) apply for concessionary refund if it has ceased business within the Waiver Period?

A2: Normally, a company cannot claim refund of the business registration fee paid if it ceases business during the period covered by the business registration certificate, since under the Business Registration Ordinance (Cap. 310), a company incorporated or registered under the Companies Ordinance (Cap. 622)

is deemed to be a person carrying on business notwithstanding its cessation of business.

However, under the concessionary refund scheme, where the company is holding a 3-year certificate with a commencement date before 1 April 2016 and an expiry date on or after 31 March 2017, it can apply for concessionary refund in respect of the Waiver Period, i.e. 1 April 2016 to 31 March 2017, WHETHER OR NOT the company has ceased business during the Waiver Period.

Please refer to A6 below on how the refund will be calculated.

Q3: My business received its renewal business registration certificate (1-year) in the middle of February 2016 (i.e. just before the Budget was announced) and the business registration fee and levy demanded will be due in April 2016. Is my business required to pay the fee and levy demanded on or before the due date? How can my business benefit from the waiver?

A3: Yes, your business is still required to pay the fee and levy demanded on or before the due date. Your business can benefit from the waiver when the renewal certificate is issued in February 2017 since the business registration fee will be waived and only the levy will be payable.

Q4: My business's business registration certificate will be expired in April 2016. Is my business required to pay the business registration fee and levy upon renewal?

A4: The renewal business registration certificate will be issued to your business in March 2016. Taking into account of the proposal of waiver of business registration fee, this Office will **NOT** demand the business registration fee for the Waiver Period in the renewal certificate. For a 1-year certificate, only the levy of \$250 is payable. For a 3-year certificate, the business registration fee and levy payable will be \$3,950 (\$3,200 + \$750)(i.e. reduced by \$2,000).

Q5: I applied for company incorporation just before the proposal of waiver of business registration fee was announced in the Budget and paid the business registration fee and levy. How can I benefit from the waiver?

A5: If you have elected for a 1-year certificate which will commence before 1 April

2016, your company can benefit from the waiver when its business registration certificate is due for renewal within the Waiver Period since the business registration fee will be waived and only the levy will be payable. If you have elected for a 3-year certificate which will commence before 1 April 2016, your company can apply for concessionary refund in respect of the Waiver Period under the concessionary refund scheme since the company will not be required to renew its business registration certificate within the Waiver Period.

Please refer to A6 below on how the refund will be calculated.

Q6: How to calculate the amount of concessionary refund?

A6: The refund will be calculated by reference to the validity period of the certificate held by the business, the number of days within the Waiver Period (i.e. 1 April 2016 to 31 March 2017) for which the concession applies, and the actual amount of fees paid in respect of the Waiver Period. Detailed calculations with examples will be announced after the relevant legislative amendment is passed by the Legislative Council.