



## Legislative Amendments

The following Ordinances enacted during the year were concerned with matters administered by the Department.

### Revenue Ordinance 2004 (No. 9 of 2004)

This Ordinance gave effect to the following proposals in the 2004-05 Budget:

1. to extend the entitlement period for home loan interest deduction from 5 years to 7 years with effect from the year of assessment 2003-04;
2. to extend the profits tax deduction for research and development expenses to cover expenses on design-related activities with effect from the year of assessment 2004-05.

### Inland Revenue (Amendment) Ordinance 2004 (No. 12 of 2004)

Following are the major provisions:

1. to strengthen the anti-avoidance provisions for interest deduction to prevent abuse by disallowing interest deduction involving indirect interest flow-back;
2. to revise the provisions relating to royalty income to ensure that all sums payable for the use of intellectual property (whether in or outside Hong Kong) by a person carrying on a trade, profession or business in Hong Kong and deductible in ascertaining the assessable profits of that person are deemed to be receipts arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong;
3. to enable all the depreciation allowances previously granted to a building, which has been used both as an industrial building and as a commercial building, to be accounted for in the calculation of balancing charge and allowance of the building upon its disposal;
4. to widen the scope of courses recognised for deduction of self-education expenses and to extend the scope of deduction to cover examination fees for courses provided by eligible education providers or professional, trade or business associations;
5. to permit the deduction on interest paid for the acquisition of owner-occupied car parking space acquired with the dwelling in respect of which home loan interest is claimed;
6. to revise provisions relating to the Board of Review. The Secretary for Financial Services and the Treasury is empowered to vary the costs and fees involved. The Board is empowered to extend the time for lodging notice of appeal.

## Electronic Transactions (Amendment) Ordinance 2004 (No. 14 of 2004)

This ordinance provided for greater certainty and clarity to members of the public as to the form of electronic signature to be used for transactions with the Government and introduced consequential amendments to the Inland Revenue Ordinance.

## Professional Accountants (Amendment) Ordinance 2004 (No. 23 of 2004)

The Ordinance made consequential amendment to the Inland Revenue Ordinance to change the name of the Hong Kong Society of Accountants to Hong Kong Institute of Certified Public Accountants.

## Land Titles Ordinance (No. 26 of 2004)

The Ordinance provided for a system of registering the title to land and made consequential amendments to the Estate Duty Ordinance, Inland Revenue Ordinance and Stamp Duty Ordinance.

## Companies (Amendment) Ordinance 2004 (No. 30 of 2004)

The Ordinance removed the upper limit on the number of partners in a partnership and made consequential amendment to the Inland Revenue Ordinance.

## Stamp Duty (Specification of Instruments) Notice (Legal Notice No. 81 of 2004)

This Notice specified the instruments in respect of which a person may apply to the Collector of Stamp Revenue for stamping without presenting the instruments under section 18F of the Stamp Duty Ordinance. This Notice came into operation on 2 August 2004.

## Specification of Arrangements (Double Taxation) Orders under section 49 of the Inland Revenue Ordinance

Country/Region	Date of Order	Nature
Macao	12.10.2004	Aircraft Operation Income
Germany	16.11.2004	Shipping Income
Norway	16.11.2004	Shipping Operation Income
Singapore	16.11.2004	Shipping or Aircraft Operations Income
Sri Lanka	16.11.2004	Shipping and Air Transport Income

## Legal Notices to fix the rate of interest payable on Tax Reserve Certificates

Legal Notice No.	Periods in force	Annual rate of interest
69 of 2004	3 May 2004 to 6 June 2004	0.0171%
106 of 2004	7 June 2004 to 5 September 2004	0.0500%
146 of 2004	6 September 2004 to 3 October 2004	0.1500%
153 of 2004	4 October 2004 to 5 December 2004	0.2500%
194 of 2004	6 December 2004 to 6 March 2005	0.1250%
25 of 2005	7 March 2005 to 3 April 2005	0.2000%