

Legislative Amendments

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

Revenue (Allowances for Tax) Ordinance 2005 (No. 8 of 2005)

This Ordinance gave effect to the following proposals in the 2005-06 Budget:

- (1) to increase the child allowance for taxpayers chargeable to tax under Part III (salaries tax) and Part VII (personal assessment) of the Inland Revenue Ordinance from \$30,000 to \$40,000 with effect from the year of assessment 2005-06; and
- (2) to introduce:
 - i. a new basic allowance and an additional allowance for the dependent parents aged between 55 and 59; and
 - ii. a new basic allowance and an additional allowance for the dependent grandparents aged between 55 and 59,

for those taxpayers with effect from the year of assessment 2005-06. The new basic allowance and additional allowance for each dependent parent/grandparent are both fixed at \$15,000.

Revenue (Abolition of Estate Duty) Ordinance 2005 (No. 21 of 2005)

This Ordinance gave effect to the proposal to abolish estate duty in the 2005-06 Budget and to:

- (1) make related amendments to the Inland Revenue Ordinance and Probate and Administration Ordinance;
- (2) establish a system that allows the Secretary for Home Affairs to facilitate release of money from bank accounts of deceased people and inspection of bank deposit boxes upon the lapse of similar powers under the Estate Duty Ordinance on the abolition of estate duty;
- (3) make consequential amendments to several other pieces of legislation; and
- (4) make saving provision.

The Ordinance came into operation on 12 February 2006 (Legal Notice No. 210 of 2005).



Revenue (Profits Tax Exemption for Offshore Funds) Ordinance 2006 (No. 4 of 2006)

The purpose of this Ordinance was to give effect to the proposal to exempt offshore funds from profits tax in the budget introduced by the Government for the 2003-04 financial year, and to make related amendments, including the introduction of a deeming provision to prevent abuse of the new provisions.

The exemption provision took retrospective effect from the year of assessment 1996-97. The deeming provision shall come into operation from the year of assessment 2006-07.

Business Registration (Fee Reduction) Regulation 2006 (Legal Notice No. 1 of 2006)

This Regulation amends the Business Registration Regulations to reduce the fees payable for:

- (1) the issue of a certified copy of a valid business registration certificate or a valid branch registration certificate or an extract of any information on the register of businesses, from \$45 to \$27;
- (2) the issue of a duplicate business registration certificate or a duplicate branch registration certificate, from \$36 to \$20;
- (3) the issue of an extract of any information on the register of businesses in uncertified form, from \$45 to \$27.

The Order came into operation on 3 April 2006.

Inland Revenue Ordinance (Amendment of Schedules 5 and 11 - Fee Revision) Order 2006 (Legal Notice No. 3 of 2006)

This Order amended Schedules 5 and 11 to the Inland Revenue Ordinance to:

- (1) increase the fee payable for an application requiring the Board of Review to state a case, from \$640 to \$770;
- (2) reduce the fee payable in respect of a request for a notice of no objection for the deregistration of a private company under the Companies Ordinance, from \$350 to \$270.

The Order came into operation on 6 March 2006.

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

Country/Region	Date of Order	Nature
Switzerland	7.6.2005	Aircraft Operation Income
Finland	7.6.2005	Aircraft Operation Income
Kuwait	7.6.2005	Aircraft Operation Income
Kenya	7.6.2005	Aircraft Operation Income
Iceland	7.6.2005	Aircraft Operation Income
Jordan	7.6.2005	Aircraft Operation Income
Denmark	7.6.2005	Shipping Operation Income
Thailand	18.10.2005	Income and Prevention of Fiscal Evasion

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

Legal Notice No.	Periods in force	Annual rate of interest
44 of 2005	4 April 2005 to 2 May 2005	0.5000%
59 of 2005	3 May 2005 to 5 June 2005	0.7500%
89 of 2005	6 June 2005 to 31 July 2005	1.0833%
128 of 2005	1 August 2005 to 4 September 2005	1.6000%
141 of 2005	5 September 2005 to 2 October 2005	1.8500%
155 of 2005	3 October 2005 to 6 November 2005	2.1333%
194 of 2005	7 November 2005 to 4 December 2005	2.4000%
220 of 2005	5 December 2005 to 2 January 2006	2.7500%
237 of 2005	On or after 3 January 2006	2.8500%