

## 9 Legislative Amendments

The following pieces of legislation enacted during the year 2017-18 are related to matters under the purview of the Department.

### **Inland Revenue (Amendment) Ordinance 2017 (Ordinance No. 3 of 2017)**

This Ordinance amended the Inland Revenue Ordinance to give effect to the following proposals in the Budget for the 2017-18 financial year:

- to widen the marginal tax bands from \$40,000 to \$45,000;
- to increase the dependent brother / sister allowance for each dependant from \$33,000 to \$37,500;
- to increase the disabled dependant allowance for each dependant from \$66,000 to \$75,000;
- to increase the maximum deduction amount of expenses of self-education from \$80,000 to \$100,000;
- to extend the entitlement period for deduction of home loan interest from 15 to 20 years of assessment; and
- to reduce the amounts of salaries tax, profits tax and tax under personal assessment payable for the year of assessment 2016-17 by 75%, subject to a maximum of \$20,000 in each case.

### **Inland Revenue (Amendment) (No. 2) Ordinance 2017 (Ordinance No. 4 of 2017)**

This Ordinance amended the Inland Revenue Ordinance to expand the list of “reportable jurisdictions” to cover 75 jurisdictions for the more effective implementation of the arrangement relating to automatic exchange of financial account information in tax matters (AEOI).

### **Inland Revenue (Amendment) (No. 3) Ordinance 2017 (Ordinance No. 9 of 2017)**

This Ordinance amended the Inland Revenue Ordinance to introduce a concessionary profits tax rate for qualifying aircraft lessors and qualifying aircraft leasing managers.

### **Stamp Duty (Amendment) Ordinance 2018 (Ordinance No. 2 of 2018)**

This Ordinance amended the Stamp Duty Ordinance to increase the ad valorem stamp duty (AVD) rate on any instruments executed on or after 5 November 2016 for the acquisition of residential properties, unless specifically exempt or provided otherwise, to a flat rate of 15%. For Hong Kong permanent residents who change their residential property and wish to claim partial refund of the AVD paid on acquisition of the new property, if the new property is acquired on or after 5 November 2016, the Ordinance extends the time

limit for the disposal of the original property from within 6 months to within 12 months after the date of conveyance of the new property.

### **Inland Revenue (Amendment) Ordinance 2018 (Ordinance No. 5 of 2018)**

This Ordinance amended the Inland Revenue Ordinance to provide the legal framework for Hong Kong to implement multilateral tax arrangements and to align with the Common Reporting Standards promulgated by the Organisation for Economic Cooperation and Development in respect of AEOI.

### **Inland Revenue (Amendment) (No. 2) Ordinance 2018 (Ordinance No. 12 of 2018)**

This Ordinance amended the Inland Revenue Ordinance to extend profits tax exemption to privately offered open-ended fund companies with their central management and control exercised in Hong Kong.

### **Inland Revenue (Amendment) (No. 3) Ordinance 2018 (Ordinance No. 13 of 2018)**

This Ordinance amended the Inland Revenue Ordinance to implement the two-tiered profits tax rates regime announced in the 2017 Policy Address. The two-tiered profits tax rates regime is applicable to any year of assessment commencing on or after 1 April 2018. The profits tax rate for the first \$2 million of assessable profits of corporations is lowered to 8.25%. Profits above that amount continue to be subject to the tax rate of 16.5%. For non-corporate persons, the two-tiered tax rates are correspondingly set at 7.5% and 15%.

### **Exemption from Profits Tax (Non-Renminbi Sovereign Bonds) Order (Legal Notice No. 2 of 2018)**

The purpose of this Order was to exempt payment of profits tax chargeable in respect of interest or profits arising from non-Renminbi sovereign bonds.

### **International Organizations (Privileges and Immunities) (New Development Bank) Order (Legal Notice No. 59 of 2018)**

This Order was to give effect to the privileges and immunities, including exemption from taxation, accorded to the New Development Bank and its personnel under Chapter VI of the Articles of Agreement on the New Development Bank.

## Inland Revenue (Double Taxation Relief and Prevention of Fiscal Evasion with respect to Taxes on Income/Taxes on Income and Capital) Order

Country	Date of Order	Nature
Latvia	27 June 2017	Double Taxation Relief and Prevention of Fiscal Evasion with respect to Taxes on Income
Belarus	27 June 2017	Double Taxation Relief and Prevention of Fiscal Evasion with respect to Taxes on Income and Capital
Pakistan	27 June 2017	Double Taxation Relief and Prevention of Fiscal Evasion with respect to Taxes on Income

## Inland Revenue (Double Taxation Relief and Prevention of Fiscal Evasion with respect to Taxes on Income) (Amendment) Order 2017

Country	Date of Order	Nature
New Zealand	3 October 2017	Double Taxation Relief and Prevention of Fiscal Evasion with respect to Taxes on Income (Second Protocol)