

NOTES AND INSTRUCTIONS – SUPPLEMENTARY FORM (S14)

1. The basis period must be the same as that stated in item 7.2 of the Profits Tax Return.
2. “Qualifying regulated activity” means an act that—
 - (a) is specified in Part 1 of Schedule 1A to the Insurance Ordinance (Cap. 41); and
 - (b) relates to a contract of insurance effected by a professional reinsurer or a specified insurer in the course of carrying on a business specified in section 14B(1)(a) or (c) of the Inland Revenue Ordinance (Cap. 112) (“IRO”)
3. “Total income” means all types of income including service income, interest income, exchange gains, hedging gains, other ordinary business income, proceeds from the sale of capital assets and other non-taxable income derived from any business activities of the Corporation.
4. “Connected person” means a person as defined in section 16(1C) of the IRO.
5. “Concessionary trading receipts” means the trading receipts and other sums (received by or accrued to the licensed insurance broker company on or after 19 March 2021) in respect of which assessable profits are chargeable at concessionary tax rate under section 14B(1) of the IRO.
6. “Normal trading receipts” means any trading receipts and other sums, other than concessionary trading receipts.
7. The Relevant Activities refer to the core income generating activities undertaken by the Corporation in relation to its business as a licensed insurance broker company, the profits from which are claimed to be chargeable at concessionary tax rate.
8. A person is associated with another person if one of the relevant persons was participating in the management, control or capital of the other relevant person, or the same person or persons was or were participating in the management, control or capital of each of the relevant persons.
9. An example of such situation is that the employees concerned were employed by an associated person of the Corporation and were seconded by the associated person to the Corporation for the carrying out of the Relevant Activities. The remunerations of the employees were fully or partially borne by the Corporation.
10. An example of such situation is that an associated person of the Corporation engaged in the provision of insurance brokerage services. The Relevant Activities were carried out by the associated person at a fee charged to the Corporation on an arm’s length basis.
11. Section 3(2) of the Inland Revenue (Profits Tax Concessions for Insurance-related Businesses) (Threshold Requirements) Notice (Cap. 112DO) stipulates that the number of full-time employees in Hong Kong who carry out the Relevant Activities and have the necessary qualifications must be adequate and in any event not less than 3 in the basis period concerned.
12. If associated person(s) was/were involved in the carrying out of the Relevant Activities, the details reported should include those of the employees of the associated person(s) who carried out the Relevant Activities.
13. The number refers to the “average number of employees” of the Corporation which shall be calculated as: the aggregate of the number of employees as at the end of each calendar month in the basis period concerned as divided by the number of calendar months in that basis period.
14. Section 3(3) of the Inland Revenue (Profits Tax Concessions for Insurance-related Businesses) (Threshold Requirements) Notice (Cap. 112DO) stipulates that the total amount of operating expenditure incurred in Hong Kong for the Relevant Activities must be adequate and in any event not less than HK\$1,000,000 in the basis period concerned.
15. If associated person(s) was/were involved in the carrying out of the Relevant Activities, the amount of operating expenditure reported should include the remunerations borne by the Corporation in respect of the employees of the associated person(s) who carried out the Relevant Activities (see Note 9), and/or the service fee incurred by the Corporation for the Relevant Activities carried out by the associated person(s) (see Note 10).
16. You must export the filled form to XML file and upload the XML file via the eTAX services under GovHK for submission. If you do not choose to submit Profits Tax Return through electronic filing or semi-electronic filing, you have to print and sign a paper Control List (containing details of the XML file uploaded and QR code) generated by the eTAX services for submission together with the Profits Tax Return in order to complete the submission process. The Control List of this supplementary form must be signed by the same person signing the tax return.