

NOTES AND INSTRUCTIONS – SUPPLEMENTARY FORM (S3)

1. Type A expenditure is an R&D expenditure other than a Type B expenditure and includes an interim Type A expenditure. For further details, see sections 6 and 8 of Schedule 45 to the Inland Revenue Ordinance (Cap. 112) (“IRO”). The figure in section 1.1 should be equal to the sum of the subtotals in columns 1(c), 1(d), 1(e) and 1(f) in Table 1.
2. Type B expenditure is an R&D expenditure falling within any of the following descriptions:
 - (a) a payment to a designated local research institution for a qualifying R&D activity related to your trade, profession or business;
 - (b) a payment to a designated local research institution which has, as an object, the undertaking of a qualifying R&D activity related to the class of trade, profession or business to which your trade, profession or business belongs, where the payment is used for pursuing that object;
 - (c) a qualifying expenditure related to your trade, professional or business.

Interim Type B expenditures and payments made to a local institution within 6 months prior to its being designated as a designated local research institution are also included. For further details, see section 10 of Schedule 45 to the IRO.

The figure in section 1.2 should be equal to the sum of the subtotals in columns 1(h), 1(i) and 1(j) in Table 1.

3. 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.
4. For each project, ONLY ONE R&D category should be selected from the table below. For example, if R&D category is Mathematics, fill in “1.1”.

Code	R&D category
1.1	Mathematics
1.2	Computer and information sciences
1.3	Physical sciences
1.4	Chemical sciences
1.5	Earth and related environmental sciences
1.6	Biological sciences
1.7	Other natural sciences
2.1	Civil engineering
2.2	Electrical engineering, electronic engineering, information engineering
2.3	Mechanical engineering
2.4	Chemical engineering
2.5	Materials engineering
2.6	Medical engineering
2.7	Environmental engineering
2.8	Environmental biotechnology

Code	R&D category
2.9	Industrial biotechnology
2.10	Nano-technology
2.11	Other engineering and technologies
3.1	Basic medicine
3.2	Clinical medicine
3.3	Health sciences
3.4	Health biotechnology
3.5	Other medical sciences
4.1	Agriculture, forestry, and fisheries
4.2	Animal and dairy science
4.3	Veterinary science
4.4	Agricultural biotechnology
4.5	Other agricultural sciences
5.1	Feasibility study
5.2	Market, business or management research

5. Total amount of Type A expenditures for in-house R&D activities or qualifying R&D activities carried on in Hong Kong (e.g. capital expenditures on plant or machinery, fees paid to independent contractors for expert advice, etc).
6. Total amount of Type A expenditures for in-house R&D activities carried on outside Hong Kong.
7. Total amount of payments made to an R&D institution for an R&D activity carried on in Hong Kong.
8. Total amount of payments made to an R&D institution for an R&D activity carried on outside Hong Kong.

9. (a) If the R&D institution is a designated local research institution, fill in the code of the institution as listed in the web site of Innovation and Technology Commission ("ITC") (www.itc.gov.hk/en/fund_app/dlri/list.html). For example, if the R&D institution is The University of Hong Kong, fill in "D001".
- (b) If the R&D institution is not a designated local research institution,
- (i) fill in code "N001" for a local university or college and provide its name.
 - (ii) fill in code "N002" for a university or college outside Hong Kong and provide its name.
10. Total amount of expenditures in relation to the employees engaged directly and actively in a qualifying R&D activity. For further details, see section 12 of Schedule 45 to the IRO. Fill in the actual amount incurred.
11. Total amount of expenditures on the consumable items used directly in a qualifying R&D activity. For further details, see section 12 of Schedule 45 to the IRO. Fill in the actual amount incurred.
12. Total amount of payments made to a designated local research institution for a qualifying R&D activity. Fill in the actual amount paid.
13. Select and fill in the code of the institution as listed in ITC's web site (www.itc.gov.hk/en/fund_app/dlri/list.html).
14. Select an appropriate type of intellectual property right from the table below and fill in the code. For example, if the intellectual property right generated from the R&D activities is a patent, fill in "IP1". In case code "IP8" is selected, also state the nature of the intellectual property right involved.

Code	Nature
IP1	Patent
IP2	Right to any know-how
IP3	Copyright material
IP4	Layout-design (topography) of an integrated circuit
IP5	Plant variety right
IP6	Design
IP7	Secret process or formula
IP8	Others

15. Select an appropriate type of income from the table below and fill in the code. For example, if the nature of income is royalties, fill in "R1".

Code	Nature
R1	Royalties
R2	Proceeds of sale of rights generated from the R&D activities