

NOTES AND INSTRUCTIONS – SUPPLEMENTARY FORM (S8)

1. The basis period must be the same as that stated in item 7.2 of the Profits Tax Return.
2. “Multinational enterprise group” means a group that includes:
 - (a) two or more enterprises of which the tax residence is in different jurisdictions; or
 - (b) an enterprise that is resident for tax purposes in one jurisdiction and is subject to tax in another jurisdiction with respect to the business carried out through a permanent establishment in that other jurisdiction.
3. This refers to the total consolidated group revenue as reflected in the group’s consolidated financial statements for the period that ends immediately before the basis period. For a group with its ultimate parent entity resident in Hong Kong, the threshold amount of the total consolidated group revenue is HK\$6.8 billion. For a group with its ultimate parent entity resident in a jurisdiction other than Hong Kong, the threshold amount is the one specified under the laws or regulations of that jurisdiction for country-by-country reporting or an amount equivalent to EUR750 million as at January 2015.
4. “Corporate treasury activities” means carrying on an intra-group financing business, providing a corporate treasury service to an associated corporation or entering into a corporate treasury transaction related to the business of an associated corporation.
5. Only activities that generate income to a corporation are taken into account.
6. “Safe harbour rule” refers to the requirements in relation to a corporation’s profits and assets as stipulated in section 14E of the Inland Revenue Ordinance (Cap. 112) (“IRO”).
7. Section 14F of the IRO empowers the Commissioner to determine whether a corporation is a qualifying corporate treasury centre for a year of assessment.
8. “Associated corporation”, in relation to a corporation, means:
 - (a) another corporation over which the corporation has control;
 - (b) another corporation that has control over the corporation; or
 - (c) another corporation that is under the control of the same person as is the corporation.
9. “Total income” means all types of income including interest income, service income, other ordinary business income, proceeds from the sale of capital assets and other non-taxable income derived from any business activities of the Corporation.
10. “Interest income” means interest earned from lending of money by the Corporation to associated corporations.
11. “Service income” means income earned from corporate treasury services provided by the Corporation to associated corporations.
12. “Transaction income” means income earned from corporate treasury transactions entered into by the Corporation in relation to the business of associated corporations.
13. Interest paid or payable by the Corporation to a non-Hong Kong associated corporation (“the lender”) is deductible under profits tax if –
 - (a) the interest is paid or payable on money borrowed from the lender in the ordinary course of the Corporation’s intra-group financing business;
 - (b) the lender, in respect of the interest, is subject to similar tax in a territory outside Hong Kong at a rate not lower than that charged on the Corporation; and
 - (c) the lender’s right to use and enjoy the interest is not constrained by a contractual or legal obligation to pass that interest to any other person.
14. “Concessionary trading receipts” means the trading receipts and other sums in respect of which assessable profits are chargeable at concessionary tax rate under section 14D(1) of the IRO.
15. “Normal trading receipts” means any trading receipts and other sums, other than concessionary trading receipts.
16. The Relevant Activities refer to the core income generating activities undertaken by the Corporation in relation to its business as a qualifying corporate treasury centre, the profits from which are claimed to be chargeable at concessionary tax rate.
17. 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.
18. 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.

19. An example of such situation is that an associated person of the Corporation engaged in the provision of services related to corporate treasury. The Relevant Activities were carried out by the associated person at a fee charged to the Corporation on an arm's length basis.
20. 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.
21. 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 18), and/or the service fee incurred by the Corporation for the Relevant Activities carried out by the associated person(s) (see Note 19).
22. This supplementary form must be signed by the same person signing the tax return.