

NOTES AND INSTRUCTIONS – SUPPLEMENTARY FORM (S9)

1. The basis period must be the same as that stated in item 7.2 of the Profits Tax Return.
2. An aircraft leasing activity carried out by a corporation in respect of an aircraft is a qualifying aircraft leasing activity if the activity is carried out in the ordinary course of the corporation's business carried on in Hong Kong.
3. Subject to the enactment and operation of relevant legislation, "operating lease" means an arrangement as defined under section 14G(1) of the Inland Revenue Ordinance (Cap. 112) ("IRO").
4. "Funding lease" means an arrangement as defined under section 14G(1) of the IRO.
5. "Connected person" means a person as defined in section 14G(1) of the IRO.
6. "Associate" means a person as defined in section 14G(1) of the IRO.
7. Subject to the enactment and operation of relevant legislation, the following scenario is regarded as an exception case:
 - (a) the aircraft was acquired by the Corporation from the lessee or its associate (end-user) at a consideration not more than the price paid by the end-user to the supplier; and
 - (b) allowances under Part 6 of the IRO have not been granted to the end-user in respect of the aircraft.
8. "Total income" means all types of income including lease payment, 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.
9. "Gross lease payments" means the aggregate amount of the gross lease payments (whether or not they are periodic payments and including any sum payable under a residual value guarantee) earned by or accrued to the Corporation under the lease of an aircraft where the 20% tax base concession applies during the basis period concerned.
10. "Outgoings and expenses" means the aggregate amount of any outgoings and expenses deductible under Part 4 of the IRO to the extent to which they are incurred during the basis period concerned by the Corporation in the production of the gross lease payments referred to under section 3.4.
11. If the 20% tax base concession applies, the amount of net lease payments earned should be computed as follows:
(Gross lease payments [section 3.4] – Outgoings and expenses [section 3.5]) x 20%
12. "Gross lease payments" means the aggregate amount of the gross lease payments (whether or not they are periodic payments and including any sum payable under a residual value guarantee) earned by or accrued to the Corporation under the lease of an aircraft during the basis period concerned but excluding the gross lease payments referred to under section 3.4.
13. "Outgoings and expenses" means the aggregate amount of any outgoings and expenses deductible under Part 4 of the IRO (excluding capital expenditure on acquisition of aircraft) to the extent to which they are incurred during the basis period concerned by the Corporation in the production of the gross lease payments referred to under section 3.8.
14. Subject to the enactment and operation of relevant legislation, capital expenditure incurred on the provision of an aircraft, which is deductible under the IRO.
15. Assessable profits/adjusted loss derived from operating leases in Part B under Section 3 of this form.
16. Subject to the enactment and operation of relevant legislation, "gross payments of finance charges or interest" means the aggregate amount of the gross payments of finance charges or interest (whether or not they are periodic payments) earned by or accrued to the Corporation under a funding lease during the basis period concerned.
17. "Outgoings and expenses" means the aggregate amount of any outgoings and expenses deductible under Part 4 of the IRO to the extent to which they are incurred during the basis period concerned by the Corporation in the production of the gross payments of finance charges or interest under funding leases.
18. Assessable profits/adjusted loss derived from funding leases.
19. This amount refers to the disposal gain in respect of an aircraft that has been used for carrying out a qualifying aircraft leasing activity for a continuous period of at least three years immediately prior to its disposal and would be treated as a capital gain not chargeable to profits tax.
20. "Concessionary trading receipts" means the trading receipts and other sums in respect of which assessable profits are chargeable at concessionary tax rate under section 14H(1) of the IRO.
21. "Normal trading receipts" means any trading receipts and other sums, other than concessionary trading receipts.

22. The Relevant Activities refer to the core income generating activities undertaken by the Corporation in relation to its business as a qualifying aircraft lessor for producing qualifying profits chargeable at concessionary tax rate.
23. 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.
24. 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.
25. An example of such situation is that an associated person of the Corporation engaged in the provision of services related to aircraft leasing. The Relevant Activities were carried out by the associated person at a fee charged to the Corporation on an arm's length basis.
26. 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.
27. 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 24), and/or the service fee incurred by the Corporation for the Relevant Activities carried out by the associated person(s) (see Note 25).
28. 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.