Bill on refined FSIE regime gazetted

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In brief

The Inland Revenue (Amendment) (Taxation on Specified Foreign-sourced Income) Bill 2022[1] (the Bill) was gazetted on 28 October 2022, which introduces refinements to Hong Kong's foreign source income exemption (FSIE) regime for four types of offshore income, namely (1) interest, (2) dividends, (3) disposal gains from the sale of equity interests, and (4) income from intellectual property (IP) (collectively, 'specified foreign-sourced income') expected to take effect from 1 January 2023.

On the same date, the Inland Revenue Department (IRD) also published on a dedicated webpage of its website, an administrative guidance on the refined FSIE regime which includes frequently asked questions, illustrative examples and procedures for applying for a Commissioner's Opinion on the compliance with the proposed economic substance requirement[2].

This News Flash highlights the key features of the Bill, with reference to the IRD's administrative guidance, and our observations. For the background and earlier developments of the proposed refinements to the FSIE regime, please refer to our previous News Flashes[3].

In detail

After various rounds of discussions with the European Union (EU) and consultation with stakeholders conducted by the Hong Kong SAR government (the Government), the Bill that seeks to introduce refinements to Hong Kong's FSIE regime was released on 28 October 2022.

The provisions in the Bill are substantially consistent with the proposed framework revealed in the briefing paper[4] submitted to the Legislative Council (LegCo) Panel on Financial Affairs on 4 July 2022 (the Proposal), with certain refinements based on feedback from stakeholders. The main changes from the Proposal and clarifications are highlighted as follows. For completeness, the key features of the Bill are summarised in ***Appendix***.

Main changes from the Proposal and clarifications

Covered taxpayer

1. The refined FSIE regime applies to a Multinational Enterprise (MNE) entity that carries on a trade, profession or business in Hong Kong. An overseas permanent establishment (e.g. branch) of a Hong Kong resident MNE entity is regarded as a separate MNE entity carrying on a trade, profession or business where it is established, and hence will not be impacted by the refined regime.

2. An MNE entity excludes an excluded entity, which is defined in a way similar to that in the Global Anti-Base Erosion Model Rules (GloBE Rules) promulgated by the Organisation for Economic Co-operation and Development (OECD), with certain modifications. Essentially, tax-exempt funds and entities benefitting from a preferential tax regime with substantial activities requirements are also excluded

entities. However, the general inclusion of investment or ancillary vehicles 95% owned by an excluded entity as excluded entities is apparently not in the definition.

Covered income

3. Specified foreign-sourced income covered by the refined FSIE regime comprises (1) interest, (2) dividends, (3) disposal gains, and (4) IP income.

4. 'Interest' and 'dividends' are not further defined. 'Disposal gain' is defined to mean gains or profits derived from the sale of equity interests (other than partnership interests) in an entity. 'IP income' is defined to mean income derived from intellectual property in respect of the exhibition or use of (or a right to exhibit or use), or the imparting of (or undertaking to impart) knowledge directly or indirectly connected with the use of, intellectual property, whether such exhibition / use is in or outside Hong Kong.

5. Interest, dividends and disposal gains derived by a regulated financial entity (essentially, authorised insurers, authorised banks and entities licensed by the Securities and Futures Commission) from the carrying on of a regulated business are carved out.

***Our observations:** We welcome the further narrowing down of covered taxpayers and covered income that will be in scope for the refined FSIE regime. The exclusion of entities benefitting from preferential tax regimes and certain income derived by regulated entities is reasonable as these entities should generally have sufficient economic substance in Hong Kong. As the definition of excluded entities involves some complexity, taxpayers should review it carefully to determine whether they are in scope or not (e.g. a fund with one single investor or a co-investment vehicle may not be excluded).*

Deeming provision

6. Unless any of the exceptions applies, specified foreign-sourced income is regarded as a receipt arising in or derived from Hong Kong (and as not arising from the sale of capital assets even if it so arises) in the year of assessment in which it is received in Hong Kong. 'Received in Hong Kong' is defined to cover physical remittance as well as the use of the sum to satisfy trade debts or purchase movable property brought into Hong Kong, similar to the concept adopted by Singapore.

7. Losses sustained from the sale of equity interests outside Hong Kong or in respect of a qualifying IP may be set off against the taxpayer's assessable profits derived in the current or subsequent years of assessment subject to certain conditions.

***Our observations:** The IRD has provided two simple examples to illustrate whether a specified foreign-sourced income is received in Hong Kong. As 'receive' is a new concept under Hong Kong tax law and there are many different scenarios of fund flows in the commercial world, we look forward to more examples to be provided by the IRD in this regard.*

Losses sustained from the sale of equity interests outside Hong Kong can only be set off against the taxpayer's assessable profits derived from specified foreign-sourced income that is chargeable to profits tax under the refined FSIE regime. This seems to deviate from the general principle that losses can be set off against assessable profits of the same taxpayer without any restriction. Apparently, there is no such restriction for losses sustained in respect of a qualifying IP.

Exceptions

8. The three exceptions to the deeming provision (i.e. economic substance requirement for non-IP income, nexus requirement for IP income, and participation requirement for dividends and disposal gains) are similar to those set out in the Proposal, with certain refinements. The Bill clarifies that the exception requirements need to be met in the year of income accrual rather than in the year in which the income is received.

Economic substance requirement – for interest, dividends and disposal gains

9. There continues to be a reduced substantial activities test available to a pure equity-holding entity, which is defined to mean an entity that only holds equity interests in other entities and only earns dividends, disposal gains and income incidental to the acquisition, holding or sale of such equity interests. In order to meet the reduced substantial activities test,

a pure equity-holding entity is required to comply with every applicable registration and filing requirement under the relevant corporate law in Hong Kong and have in Hong Kong adequate human resources and premises for holding and managing its equity participation in other entities.

Our observations: *While the definition of a pure equity-holding entity has been tightened up from 'as its primary function, acquires and holds shares or equity interests' to 'only holds equity interest', we welcome the addition regarding incidental income, such that the earning thereof (e.g. interest from a bank account used for the purpose of receiving dividends and paying expenses, based on an illustrative example provided by the IRD) would not affect the entity's status as a pure equity-holding entity. However, it seems that the provision of a shareholder's loan may affect such status. Also, based on the illustrative examples, Hong Kong-based personnel (e.g. resident directors) undertaking the holding and management of equity investments in Hong Kong will be needed to fulfil the reduced substantial activities test, which seems to be slightly different from the practical approach adopted by tax neutral jurisdictions such as the BVI and the Cayman Islands.*

The IRD has also included various examples to illustrate how an entity other than a pure equity-holding entity may practically fulfil the economic substance requirement, as well as provided further guidance in terms of outsourcing arrangements, which should be helpful to taxpayers.

Nexus requirement – for IP income

10. A key change to the nexus requirement is that qualifying expenditures now include those expenditures on research and development (R&D) activities undertaken by the taxpayer in or outside Hong Kong (whereas under the Proposal only those R&D activities undertaken by the taxpayer in Hong Kong would be taken into account).

Our observations: *The refinement is helpful to taxpayers who may not undertake all of their R&D activities in Hong Kong, and they may still be able to treat part of their IP income as non-taxable under the refined FSIE regime where the R&D activities are performed in respect of a qualifying IP asset.*

Participation requirement – for dividends and disposal gains

11. A key change to the participation exemption regime is that the previous requirement that no more than 50% of the income derived by the investee company can be passive income has been removed and replaced by a holding period requirement, which requires that the MNE entity has continuously held at least 5% of equity interests in the investee company for at least 12 months immediately prior to the accrual of dividends or disposal gains.

12. There are also further clarifications with respect to the switch-over rule under the anti-abuse rules. With regard to the 'subject to tax (at 15% or above)' condition, a 'look-through' approach is adopted in the case of dividends, such that foreign tax paid on dividends and underlying profits by a chain of a maximum of five tiers of investee entities (including the immediate investee) will also be taken into account. However, instead of referencing to the headline tax rate of the foreign jurisdiction as set out in the Proposal, the Bill looks at the headline tax rate that is actually applicable to the relevant income / profits. Further, the Bill imposes the condition that the total amount of the underlying profits out of which the dividends are paid and subject to tax at 15% or above must be equal to or larger than the amount of the subject dividends.

Our observations: *The removal of the '50% passive income' test is good news as it has been one of the major concerns expressed by many stakeholders during the consultation period, and the 12-month holding period requirement should be easier to meet. The 'look-through' approach adopted in applying the 'subject to tax' condition is also welcomed. However, as the total amount of underlying profits that have been taxed at 15% or above must be equal to or larger than the amount of the subject dividends, the tracking of such details will be necessary, and the composition of profits taxed at different rates may give rise to different results as illustrated in the IRD's examples.*

Double tax relief

13. With respect to dividends deemed taxable under the refined FSIE regime, the unilateral tax credit mechanism is enhanced to cover foreign tax paid on dividends and underlying profits by a chain of a maximum of five investee entities at least 10% held directly or indirectly by the MNE entity.

14. Similar foreign tax payable in a jurisdiction that has signed a comprehensive avoidance of double taxation agreement (CDTA) with Hong Kong but is not allowable as a bilateral tax credit under the CDTA may be allowed as a unilateral tax credit in the above manner.

15. While tax credits are only available to Hong Kong tax resident persons, foreign tax paid by a non-Hong Kong resident person on taxable specified foreign-sourced income may be allowed as a deduction.

Our observations: *The refinements enhance the effectiveness of the tax credit system in avoiding double taxation and should be appreciated by taxpayers.*

Computation of provisional tax

The Bill also amends the relevant provisions for computation of provisional tax in the Inland Revenue Ordinance (IRO). Any tax credit or deduction allowed under section 50 of the IRO for the preceding year of assessment is to be taken into account in computing the amount of provisional salaries tax, provisional profits tax and provisional property tax payable for the year of assessment 2023/24 onwards.

Our observations: *While not directly related to the FSIE regime, it seems that the Government has taken the opportunity of the law amendment to include this relief. This should be a pleasant surprise to the community, as the profession has longed for a solution to the hardship suffered by taxpayers who have had to pay provisional tax calculated without regard to foreign tax credit even in cases where they would normally be entitled to such tax credit on an annual basis.*

Facilitation measures for ease of compliance

Apart from the draft tax legislation contained in the Bill, the Government will also put in place business-friendly compliance requirements and simplified reporting procedures, with the following four-pronged approach to provide ease of compliance:

1. To minimise the compliance burden for taxpayers, covered taxpayers will only be required to provide essential information to demonstrate compliance with the economic substance requirement in the tax return for the year of accrual of the relevant income, and be required to report the receipt of the relevant income in the year of receipt only if no exception applies in the year of accrual. Notification to the IRD in writing within four months after the end of the basis period of the year of assessment during which the income is received in Hong Kong would be required if no tax return has been issued to the taxpayer. Business records relating to specified foreign-sourced income must be retained at least until the later of (a) seven years after the completion of the transactions; and (b) seven years after the income is received or deemed received in Hong Kong (or, in the case of qualifying IP income, seven years after making the claim in relation to the excepted portion).

2. To enhance tax certainty, taxpayers may apply for an advance ruling on whether the adequacy test is satisfied, with the ruling remaining valid for up to five years and streamlined reporting requirements applicable during such valid period. As an interim measure before the enactment of the Bill, taxpayers may apply for a Commissioner's Opinion in respect of their compliance with the proposed economic substance requirement, the procedures for which can be found in the IRD's dedicated webpage.

3. To ensure tax transparency, the IRD has published elaborated administrative guidance aided with sector-specific illustrative examples to help taxpayers ascertain their tax liabilities. It is our understanding that further examples may be added as appropriate in due course.

4. To facilitate compliance by the affected MNE entities, a dedicated unit within the IRD will also provide technical support and respond to enquiries by them.

Latest legislative timeline

The Bill will be introduced into the LegCo on 2 November 2022. The relevant amendment ordinance is expected to be gazetted before the end of 2022 with a view to bringing the refined FSIE regime into force from 1 January 2023.

The takeaway

We welcome the Government's pragmatic approach in implementing the refined FSIE regime by taking into consideration the views and suggestions from various stakeholders and engaging in discussions with the EU to ensure that Hong Kong will be considered as a co-operative tax jurisdiction by the EU.

There are various noticeable changes in the Bill as compared with the Proposal that demonstrate the Government's commitment to uphold Hong Kong's territorial source principle of taxation as well as to maintain the simplicity, certainty and transparency of Hong Kong's tax regime. Such changes include, but are not limited to, (1) the exclusion of certain income and taxpayers from the refined FSIE regime, (2) the replacement of the 50% passive income test with a 12-month holding period test under the participation requirement, (3) the introduction of a 'look-through' approach in applying the subject to tax condition under the switch-over rule, (4) the relaxation in the geographic restriction for R&D activities by also covering R&D activities undertaken by the taxpayer outside Hong Kong under the nexus requirement, and (5) the introduction of underlying tax and 'look through' approach for foreign tax paid with respect to dividends under the unilateral tax credit.

With the refinements made, we note that Hong Kong's FSIE regime should remain competitive as compared with those in other jurisdictions. In addition, to uphold Hong Kong's competitiveness, we understand that the Government is seriously exploring devising a preferential tax regime for Hong Kong-sourced IP income to encourage more R&D activities in Hong Kong, as well as considering introducing appropriate measures to enhance tax certainty for Hong Kong-sourced disposal gains of non-revenue nature.

We also welcome the amendment to the computation of provisional tax by taking into account any tax credit or deduction allowed under section 50 of the IRO. Given the increasing number of CDTAs entered into by Hong Kong as well as cross-border arrangements entered into / transactions conducted by taxpayers in Hong Kong, it will be even more helpful if the IRO can be further enhanced (e.g. to allow holdover applications for provisional tax payment on the grounds that the amount of provisional tax liability, after taking into account creditable foreign tax, is likely to be less than 90% of the final tax liability for the preceding year of assessment) to keep its provisions compatible with such developments such that Hong Kong can remain competitive within the international arena.

Given that the draft tax legislation contained in the Bill is still subject to final agreement by the EU and scrutiny in the LegCo, MNE entities currently in Hong Kong and those exploring business opportunities in Hong Kong should keep a close eye on the latest development of the refined FSIE regime, and get prepared before the refined FSIE regime comes into operation from 1 January 2023. As the refined FSIE regime presents unprecedented and significant changes to Hong Kong's tax system and complex rules may apply depending on the circumstances of each case, professional advice should be sought where appropriate.

Endnotes

1. The Bill and the Legislative Council Brief on the Bill can be accesses via these links:
   https://www.gld.gov.hk/egazette/pdf/20222643/es32022264319.pdf
   https://www.legco.gov.hk/yr2022/english/brief/tsybr21838001410c_20221026-e.pdf

2. The IRD's dedicated webpage on the refined FSIE regime can be accessed via this link:
   https://www.ird.gov.hk/eng/tax/bus_fsie.htm

3. The News Flashes can be accessed via these links:
   https://www.pwchk.com/en/hk-tax-news/2022q2/hongkongtax-news-jun2022-8.pdf
   https://www.pwchk.com/en/hk-tax-news/2022q3/hongkongtax-news-sep2022-11.pdf
   https://www.pwchk.com/en/hk-tax-news/2022q4/hongkongtax-news-oct2022-12.pdf

4. LC Paper No. CB(1)411/2022(02) (issued on 4 July 2022), *Refinements to Hong Kong's Foreign Source Income Exemption Regime for Passive Income*. The paper can be accessed via this link:
   https://www.legco.gov.hk/yr2022/english/panels/fa/papers/fa20220704cb1-411-2-e.pdf

Appendix – Summary of key features of the Bill

Deeming provision

Unless any of the exceptions discussed further below applies, any specified foreign-sourced income (i.e. interest, dividends, disposal gains or IP income) will be deemed to be arising in or derived from Hong Kong (and not to be regarded as arising from the sale of capital assets even if it so arises), and chargeable to profits tax, if the specified foreign-sourced income is received in Hong Kong by an MNE entity (defined in a way similar to a constituent entity of an MNE group under the OECD's GloBE Rules, without any threshold on revenue or assets) carrying on a trade, profession or business in Hong Kong.

A specified foreign-sourced income is regarded as 'received in Hong Kong' if

(a) the sum is remitted to, or is transmitted or brought into, Hong Kong;
(b) the sum is used to satisfy any debt incurred in respect of a trade, profession or business carried on in Hong Kong; or
(c) the sum is used to buy movable property, and the property is brought into Hong Kong.

The following income / taxpayers are specifically carved out from the refined FSIE regime:

1. Any interest, dividend or disposal gain derived by a regulated financial entity (i.e. an authorised insurer, authorised institution under the Banking Ordinance, or a regulated entity licensed by the Securities and Futures Commission) from the carrying on of a business as such a regulated financial entity.

2. Any excluded entity, defined in a way similar to that under the OECD's GloBE Rules, with the following modifications:

   (i) The definitions of 'investment fund' and 'real estate investment vehicle' are expanded to include an entity exempt under the unified fund exemption regime and / or one that is a tax-exempt collective investment scheme authorised by the Securities and Futures Commission;
   (ii) An excluded entity also includes an insurance investment entity, as well as an entity that benefits from an existing preferential regime where the substantial activities requirements apply; and
   (iii) The general inclusion of investment or ancillary vehicles 95% owned by an excluded entity as excluded entities is not in the definition.

3. Any overseas permanent establishment (for example a branch) of a Hong Kong resident MNE entity, which is regarded as a separate MNE entity carrying on a trade, profession or business where it is established.

Losses sustained from the sale of equity interests outside Hong Kong (where the proceeds are received in Hong Kong, and where the gain would have been taxable had a gain been derived from the transaction) may be set off against the taxpayer's assessable profits derived in the current or subsequent years of assessment from specified foreign-sourced income that is chargeable to profits tax under the refined FSIE regime. The qualifying portion of any loss sustained in respect a qualifying IP (i.e. the portion that is not attributable to the excepted portion of the qualifying IP income) may be set off against the taxpayer's assessable profits in the current or subsequent years of assessment, apparently without any restriction on the type of income or profits that can be set off against.

For the purpose of computing the taxpayer's assessable profits, any outgoing or expense incurred in the production of specified foreign-sourced income may be deducted, and any balancing charge or allowance relating to the production of specified foreign-sourced income may be taken into account, in the year of assessment in which the specified foreign-sourced income is chargeable.

The refined FSIE regime will apply in relation to specified foreign-sourced income accrued and received on or after 1 January 2023 and losses sustained from the sale of equity interests outside Hong Kong or in respect of qualifying IP on or after 1 January 2023.

Exceptions from deeming provision

Exception 1: Economic substance requirement – for interest, dividends and disposal gains

For interest, dividends and disposal gains, the deeming provision will not apply if the taxpayer conducts substantial economic activities with regard to the relevant income (specified economic activities) in Hong Kong during the year of assessment in which the income accrues (instead of the year of assessment in which the income is received in Hong Kong). The conditions of the economic substance requirement are as follows:

	Pure equity-holding entity	Entity that is not a pure equity-holding entity
Definition	An entity that (1) only holds equity interests in other entities; and (2) only earns dividends, disposal gains, and income incidental to the acquisition, holding or sale of such equity interests	An entity that is not a pure equity-holding entity
Economic substance requirement	(1) complying with every applicable registration and filing requirement under the specified Ordinances *(Note)* in Hong Kong; and (2) having adequate human resources and premises for carrying out the specified economic activities in Hong Kong	(1) employing an adequate number of qualified employees in Hong Kong; and (2) incurring an adequate amount of operating expenditures in Hong Kong, for carrying out the specified economic activities in Hong Kong
Specified economic activities	Holding and managing its equity participation in other entities	Making necessary strategic decisions, and managing and bearing principal risks in respect of any assets it acquires, holds or disposes of

Note: The specified Ordinances refer to:

(a) the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(b) the Limited Partnerships Ordinance;

(c) the Business Registration Ordinance;

(d) the Companies Ordinance.

‘Adequate’ is not defined and will be based on the Commissioner’s opinion in each case. Outsourcing of the specified economic activities will be permitted provided that the taxpayer is able to demonstrate adequate monitoring of the outsourced activities and that the outsourced activities are conducted in Hong Kong.

The determination of source of profits will not be affected by the introduction of the economic substance requirement under the refined FSIE regime.

Exception 2: Nexus requirement – for IP income

For IP income, the nexus approach will apply in ascertaining the excepted portion of income derived from the exhibition or use of, or a right to exhibit or use, qualifying IP (qualifying IP income) to which the deeming provision will not apply. The key features of the nexus requirement are summarised as follows:

1. Qualifying IP assets only cover patents and other IP assets which are functionally equivalent to patents, but not other IP assets such as marketing-related IP assets (e.g. trademarks and copyrights).

2. The excepted portion of qualifying IP income will be based on a nexus ratio, which is defined as the qualifying expenditures as a proportion of the overall expenditures that have been incurred by the taxpayer to develop the IP asset.

3. Qualifying expenditures only include R&D expenditures that are directly connected to the qualifying IP asset and exclude interest payments, payments for buildings or structures, and acquisition costs of the IP asset. A 30% uplift may be applied on the qualifying expenditures to the extent that non-qualifying expenditures have been incurred, capped at 100% of the overall expenditures.

4. Qualifying expenditures are those expenditures on R&D activities (1) undertaken by the taxpayer in or outside Hong Kong, (2) outsourced to unrelated parties to take place in or outside Hong Kong, or (3) outsourced to Hong Kong resident related parties to take place in Hong Kong.

Exception 3: Participation requirement – for dividends and disposal gains

For dividends and disposal gains, even if the economic substance requirement as mentioned above is not met, the deeming provision will not apply if the MNE entity is a Hong Kong resident person or a non-Hong Kong resident person that has a permanent establishment in Hong Kong, and has continuously held at least 5% of equity interests in the investee company for at least 12 months immediately prior to the accrual of dividends or disposal gains.

The participation exemption will be subject to the following specific anti-abuse rules:

1. *Switch-over rule (subject to tax condition)*: Participation exemption will apply only if the disposal gains or investee's underlying profits and / or underlying dividends (in the case of dividends) are subject to tax in a foreign jurisdiction at an applicable tax rate equal to or higher than 15%, with a 'look-through' approach for investee's profits (in the case of dividends) where foreign tax paid on dividends and underlying profits by a chain of a maximum of five tiers of investee entities (including the immediate investee) will also be taken into account. The aggregate amount of underlying profits out of which the dividends are paid and subject to tax at 15% or above must be equal to or larger than the amount of the subject dividends.

2. *Anti-hybrid mismatch rule*: For dividends, participation exemption will not apply to the extent that the dividend payment is deductible by the investee company when computing the amount of foreign tax payable on the underlying profits of the dividend.

3. *Main purpose rule*: Participation exemption will not apply if the Commissioner is of the opinion that the main purpose or one of the main purposes of entering into an arrangement is to obtain a tax benefit.

Where participation exemption is not available due to the application of the above specific anti-abuse rules, foreign tax paid on the specified foreign-sourced income may be allowed as foreign tax credit even if the foreign tax is paid in a non-CDTA jurisdiction (see below).

In summary, the deeming provision will not be applicable to the specified foreign-sourced income if the respective exception requirements are met as follows:

	Interest	Dividends and disposal gains	IP income
Applicable exception requirements	Meeting the economic substance requirement	Meeting either (1) the economic substance requirement; or (2) the participation requirement	Meeting the nexus requirement

Double taxation relief

Foreign tax paid by a Hong Kong resident person

Any foreign tax paid by a Hong Kong resident person on the specified foreign-sourced income that is chargeable to profits tax under the refined FSIE regime will be eligible for tax credit against the profits tax payable on the same income, either as bilateral tax credit under a CDTA or as unilateral tax credit under the refined FSIE regime. No tax credit will be available if the specified

foreign-sourced income is not chargeable to profits tax under the refined FSIE regime or if the tax paid in a non-CDTA territory relates to income other than specified foreign-sourced income. Also, tax sparing does not apply.

For dividends, the following enhanced mechanism under the unilateral tax credit will apply to the foreign tax paid by a taxpayer who has an adequate interest (i.e. at least 10%) in the investee company in either a CDTA territory (to the extent that the relevant CDTA does not contain a provision to that effect) or a non-CDTA territory:

1. *Underlying tax*: Foreign tax paid on underlying profits from which dividends are distributed will be taken into account in determining the amount of tax credit.

2. *'Look-through' approach*: Foreign tax paid on dividends and underlying profits by a chain of a maximum of five tiers of entities directly or indirectly held by the dividend receiving MNE entity will be taken into account in determining the amount of tax credit.

The unilateral tax credit will apply in relation to tax payable for the year of assessment 2022/23 onwards in respect of specified foreign-sourced income accrued and received on or after 1 January 2023.

Foreign tax paid by a non-Hong Kong resident person

Though tax credit will not be available, the foreign tax paid by a non-Hong Kong resident person on the specified foreign-sourced income that is chargeable to profits tax under the new deeming provision may be allowed as deduction under s.16(1)(ca) of the IRO.

Let's talk

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