

## Tax Newsflash



# Hong Kong Tax News

## Passage of Hong Kong Corporate Treasury Centre rules

The Inland Revenue (Amendment) (No. 4) Bill 2015 was passed by the Legislative Council on 26 May 2016. This eagerly awaited legislation introduces rules designed to attract foreign companies to establish their corporate treasury centres (CTCs) in Hong Kong to provide centralized treasury management services to companies in their groups. This should help reinforce Hong Kong's position as a competitive finance and corporate treasury hub.

The key features of the Bill that are relevant to CTCs and other Hong Kong taxpayers carrying on intragroup financing businesses, which are largely unchanged from that presented to the Legislative Council for First Reading on 16 December 2015, are as follows:

- Hong Kong Profits Tax concession at 8.25% (half rate of the prevailing Hong Kong Profits Tax rate) for a qualifying CTC on profits from certain qualifying corporate treasury activities.

- Deduction for interest paid by a Hong Kong taxpayer that carries on an intragroup financing business in Hong Kong (other than a financial institution but not necessarily a CTC) on loans from foreign associated corporations, if certain conditions are met.
- Interest income of a Hong Kong taxpayer (other than a financial institution but not necessarily a CTC) that arises through or from the carrying on of an intragroup financing business in Hong Kong deemed to be Hong Kong sourced, taxable receipts.

As the Bill has remained largely unchanged, Deloitte's observations on the CTC rules in [Tax Analysis Issue H66/2015 on 11 December 2015](#) would still be relevant. As such, please refer to this article for greater detail and insight on the new rules.

#### Effective dates:

- The CTC rules and interest deductibility rules should take effect retrospectively from 1 April 2016 once the relevant law is published in the Gazette, which is expected to be 3 June 2016 (commencement date).
- The deeming provision on interest income would only take effect on the date when the relevant law is published on the commencement date.

*Tax Newsflash* is published for the clients and professionals of Deloitte Touche Tohmatsu. The contents are of a general nature only. Readers are advised to consult their tax advisors before acting on any information contained in this newsletter.

If you have any questions please contact:

---

**Davy Yun**

Tax Partner

Tel: +852 2852 6538

Email: [dyun@deloitte.com.hk](mailto:dyun@deloitte.com.hk)

**Anthony Lau**

Tax Partner

Tel: +852 2852 1082

Email: [antlau@deloitte.com.hk](mailto:antlau@deloitte.com.hk)

**Samantha Tan**

Tax Senior Manager

Tel: +852 2852 6593

Email: [samtan@deloitte.com.hk](mailto:samtan@deloitte.com.hk)

---

[Homepage](#) | [Add Deloitte as a safe sender](#)



35/F One Pacific Place  
88 Queensway  
Hong Kong

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. Please see [About Deloitte](#) for a more detailed description of DTTL and its member firms.

Privacy

Thank you for your interest in Deloitte China services. Deloitte China would like to continue to use your personal information (in particular name and contact details) for the purpose of sending you marketing and regulatory updates, invitations to seminars and other events organized, sponsored or promoted by Deloitte China. If you do not wish to receive further communications from Deloitte China, please send a return email to the sender with the word “Unsubscribe” in the subject line.

If you would like to update your personal information, please click [here](#).

Deloitte China refers to Deloitte Touche Tohmatsu in Hong Kong, Deloitte Touche Tohmatsu in Macau, Deloitte Touche Tohmatsu Certified Public Accountants LLP in the Chinese Mainland and their respective affiliates practising in Hong Kong, Macau and the Chinese Mainland.

© 2016 Deloitte Touche Tohmatsu in Hong Kong, Deloitte Touche Tohmatsu in Macau, and Deloitte Touche Tohmatsu Certified Public Accountants LLP in the Chinese Mainland. All rights reserved.