



Tax Newsflash

Hong Kong Tax News: Passage of Two-tiered Profits Tax Regime

The Inland Revenue (Amendment) (No. 7) Bill 2017, which introduces the two-tiered profits tax regime, was passed by the Legislative Council on 21 March 2018. The two-tiered tax rates (see the table below) will apply starting from the year of assessment 2018/19.

Assessable Profits	Tax Rate	
	Corporation	Unincorporated Business
First HK\$2 million	8.25%	7.5%
Remainder	16.5%	15%

The Bill was slightly amended to clarify certain issues. For example, it is clarified that the profits relating to qualifying debt instruments, which are already taxed at half-rate under the existing tax concession, would not be counted towards the "cap" of the first HK\$2 million of assessable profits for the two-tiered tax regime. For other details of the regime, please refer to our [Tax Analysis](#) issued on 5 January 2018.

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:

Ryan Chang

Tax Partner

+852 2852 6768

ryanchang@deloitte.com.hk

Doris Chik

Tax Senior Manager

+852 2852 6608

dchik@deloitte.com.hk



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.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively the "Deloitte Network") is by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

© 2018 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.

To no longer receive emails about this topic please send a return email to the sender with the word "Unsubscribe" in the subject line.