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特許秘書

The Hong Kong Institute of Chartered Secretaries

Submission:

Proposed Amendments to the Inland Revenue (Amendment)
(No.4) Bill 2017

31 January 2018

By Email only: carriechang@fstb.gov.hk

Financial Services Branch
Financial Services and the Treasury Bureau
Government of the Hong Kong SAR
24/F, Central Government Offices
2 Tim Mei Avenue, Tamar
Hong Kong

Attn: Miss Carrie Chang

Dear Sirs

Re: Proposed Amendments to the Inland Revenue (Amendment) (No.4) Bill 2017 (Bill)

About HKICS

The Hong Kong Institute of Chartered Secretaries (HKICS) is an independent professional institute representing Chartered Secretaries as governance professionals in Hong Kong and Mainland China with over 5,800 members and 3,200 students. HKICS originates from The Institute of Chartered Secretaries and Administrators (ICSA) in the United Kingdom with 9 divisions and over 30,000 members and 10,000 students internationally. HKICS is also a Founder Member of Corporate Secretaries International Association Limited (CSIA), an international organisation comprising 14 national member organisations to promote good governance globally.

HKICS supports the open-ended fund companies (OFC) regime being implemented in Hong Kong as being consistent with Hong Kong as an international financial centre and the choice it provides to the fund industry. HKICS has commented and supported the appropriate governance structures built into the OFC regime, and the current proposed amendments to close a technical loophole that might give rise to tax leakage through investment in overseas private companies by onshore privately offered OFC is consistent with good governance.

Accordingly, we support the removal from the Bill the 10% *de minimis* rule (which will be retained in the OFC Code to be issued by the Securities and Futures Commission) along with the tainting provisions. That is an onshore privately offered OFC would be allowed to enjoy tax exemption on all of its profits provided that it does not carry any other trade or business in Hong Kong and it does not invest in certain specified types of private companies detailed in paragraphs 5 and 7 of the document detailing the Proposed Amendments to the Inland Revenue (Amendment) (No.4) Bill.

Should you have any questions, please feel free to contact Samantha Suen FCIS FCS(PE), Chief Executive, HKICS or Mohan Datwani FCIS FCS(PE), Senior Director, and Head of Technical and Research, HKICS at 2881 6177 or research@hkics.org.hk.

Yours faithfully,

David Fu FCIS FCS(PE)

President

The Hong Kong Institute of Chartered Secretaries