



Hong Kong Tax Newsflash

Tax concession for insurance-related businesses will come into operation in March 2021



Further to the introduction of tax incentives for insurance-related businesses, the Government gazetted two pieces of subsidiary legislation last week to give effect to the tax concession on 19 March 2021.

The tax concession regime seeks to reduce the profits tax rate by half (i.e. 8.25%) for all general reinsurance business of direct insurers, selected general insurance business of direct insurers and selected insurance brokerage business. For details, please refer to our previous [Tax Newsflash - Issue 111](#).

The subsidiary legislation prescribes threshold requirements for determining whether the relevant activities of the specified insurance-related business are, or are arranged to be, conducted in Hong Kong, which is one of the conditions for qualifying for the tax concession. The threshold requirements are as follows:

Type of activity	Average number of full-time qualifying employees in HK	Annual operating expenditure incurred in HK
Specified general insurance business / general reinsurance business	<ul style="list-style-type: none"> Not less than 4 (for mutual insurance corporations) / 7 (for non-mutual 	<ul style="list-style-type: none"> Not less than HK\$2 million (for mutual insurance corporations) /

	insurance corporations; and <ul style="list-style-type: none"> • Adequate in the opinion of the Commissioner 	HK\$4 million (for non-mutual insurance corporations); and <ul style="list-style-type: none"> • Adequate in the opinion of the Commissioner
Insurance brokerage business	<ul style="list-style-type: none"> • Not less than 3; and • Adequate in the opinion of the Commissioner 	<ul style="list-style-type: none"> • Not less than HK\$1 million; and • Adequate in the opinion of the Commissioner

The two pieces of subsidiary legislation are scheduled to be tabled before the Legislative Council for negative vetting on 20 January 2021. If the Legislative Council does not amend the subsidiary legislation by 28 days or extend the scrutiny period by 21 days, the new profits tax concessions for insurance-related businesses and the relevant threshold requirements will come into operation on 19 March 2021.

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 us:

Authors

Doris Chik

Tax Director

+852 2852 6608

dchik@deloitte.com.hk

Carmen Cheung

Tax Manager

+852 2740 8660

carmcheung@deloitte.com.hk

Global Financial Service Industry

National Leader

Natalie Yu

Tax Partner

+86 10 8520 7567

natyu@deloitte.com.cn

Hong Kong

Jonathan Culver

Tax Partner

+852 2852 6683

joculver@deloitte.com.hk

Roy Phan

Tax Director

+852 2238 7689

rphan@deloitte.com.hk

Get in touch



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our global network of member firms and related entities in more than 150 countries and territories (collectively, the “Deloitte organization”) serves four out of five Fortune Global 500® companies. Learn how Deloitte’s approximately 330,000 people make an impact that matters at www.deloitte.com.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which are separate and independent legal entities, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

The Deloitte brand entered the China market in 1917 with the opening of an office in Shanghai. Today, Deloitte China delivers a comprehensive range of audit & assurance, consulting, financial advisory, risk advisory and tax services to local, multinational and growth enterprise clients in China. Deloitte China has also made—and continues to make—substantial contributions to the development of China’s accounting standards, taxation system and professional expertise. Deloitte China is a locally incorporated professional services organization, owned by its partners in China. To learn more about how Deloitte makes an Impact that Matters in China, please connect with our social media platforms at www2.deloitte.com/cn/en/social-media.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organization”) 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 representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

© 2021 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.