



Hong Kong Tax Newsflash

Passage of tax concession for carried interest and various tax measures



The Legislative Council passed the Inland Revenue (Amendment) (Tax Concessions for Carried Interest) Bill 2021 and Revenue (Tax Concessions) Bill 2021 yesterday. These two bills provide tax concession for carried interest and tax reduction as proposed in the Budget speech respectively.

Tax concession for carried interest

The tax concession regime provides profits tax and salaries tax exemptions for eligible carried interest, provided the relevant conditions such as "qualifying payer", "qualifying recipient" and "qualifying transaction" are satisfied. The tax exemptions will apply retrospectively to eligible carried interest received or accrued on or after 1 April 2020. Please refer to our [Hong Kong Tax Newsflash \(Issue 135\)](#) for more details.

Tax reduction and other Budget measures

This gives effect to a one-off tax reduction for profits tax, salaries tax and tax under personal assessment for the year of assessment 2020/21 by 100%, subject to a ceiling of HK\$10,000 for each case.

The one-off tax reduction will be reflected in the taxpayers' final tax payable for the year of assessment 2020/21. Taxpayers who will file or have filed tax returns for 2020/21 will notice the aforesaid tax reduction in the assessments to be issued by the Inland Revenue Department.

The other measures proposed in the Budget i.e. waivers of rates and business registration and branch registration fees have also come into effect on 1 April 2021. Please refer to our [Hong Kong Tax Newsflash \(Issue 137\)](#) for more details.

Abolition of doubled ad valorem stamp duty on non-residential property transactions

The Stamp Duty (Amendment) Ordinance 2021 was enacted in March 2021. The Ordinance gives effect to the abolition of the doubled ad valorem stamp duty rates applicable to non-residential property transactions with effect from 26 November 2020, reverting the ad valorem stamp duty rates chargeable on non-residential properties to the Scale 2 rates. Please refer to our [Hong Kong Tax Newsflash \(Issue 132\)](#) for more details.

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