



Hong Kong Tax Newsflash

Passage of Risk-based Capital (RBC) regime for insurance industry

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The draft legislation¹ regarding the RBC regime for the insurance industry was passed by the Legislative Council on 6 July 2023. It provides a legal framework for the implementation of the RBC regime. The Bill also seeks to amend the Inland Revenue Ordinance (IRO) as follows:

- Provide for a spreading over arrangement to assess the one-off increase in assessable profits arising from the implementation of the RBC regime over five years
- Re-define the insurance businesses into 3 categories for tax purpose:
 - Life insurance business
 - Non-life long term insurance business
 - General insurance business
- Provide that the assessable profits of non-life long term insurance business be ascertained based on the adjusted surplus basis per Section 23 of the IRO

Please refer to our [Hong Kong Tax Newsflash Issue 181](#) for more details.

The amendments to the IRO will come into operation on the day on which the Ordinance is published in the Gazette (i.e. 14 July 2023 tentatively).

¹ [Insurance \(Amendment\) Bill 2023](#)

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