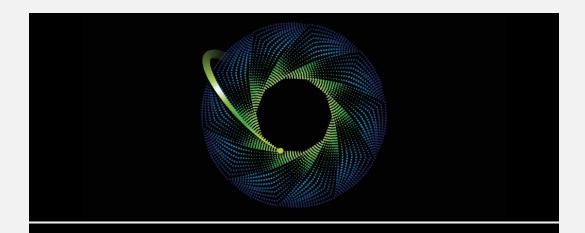
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# Hong Kong Tax Newsflash

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

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The draft legislation<sup>1</sup> 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 <u>Hong Kong Tax Newsflash</u> 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).

### <sup>1</sup> Insurance (Amendment) Bill 2023

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