



Hong Kong Tax Newsflash

Passage of tax certainty enhancement scheme for onshore capital gains

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The Bill¹ for the tax certainty enhancement scheme for onshore gains on disposal of equity interests was passed by the Legislative Council yesterday (i.e., 6 December 2023). Under the scheme, onshore disposal gains on equity interests held for at **least 24 months** by an investor entity that constitute not less than **15%** of an investee entity's total equity interests can be regarded as capital in nature and hence not taxable. The scheme will apply to disposal transactions on or after 1 January 2024 and disposal gains accrued from the year of assessment 2023/24.

For the background and details of the scheme, please refer to our [Hong Kong Tax Newsflash Issue 176](#), [Issue 191](#) and [Issue 196](#).

¹ [Inland Revenue \(Amendment\) \(Disposal Gain by Holder of Qualifying Equity Interests\) Bill 2023](#)

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