

**Bills Committee on
Revenue (Profits Tax Exemption for Offshore Funds) Bill 2005
Second meeting on 25 October 2005**

List of follow-up actions to be taken by the Administration

Application of the “central and management control” criterion

1. In respect of the concern raised by some deputations that the Bill may impose profits tax liability on some offshore funds (i.e. owned by non-residents), mostly boutique funds, which establish their central management and control in Hong Kong (thus becoming an onshore fund) but engage in transactions overseas, the Administration agrees to make clarification in a Departmental Interpretation and Practice Note to allay the concern.

Committee Stage Amendments (CSAs)

2. To facilitate the clause-by-clause examination of the Bill, the Administration is requested to provide draft proposed CSAs for the Bills Committee’s consideration before the next meeting to be held on 28 November 2005. The draft proposed CSAs should include those undertaken by the Administration in LC Paper Nos. CB(1)44/05-06(22) and (24). The Administration is requested to provide a marked-up copy of the draft proposed CSAs with brief explanatory notes to facilitate members’ perusal.

Council Business Division 1
Legislative Council Secretariat
10 November 2005