

A BILL

To

Amend the Inland Revenue Ordinance to give effect to the proposals concerning tax concessions in the Budget introduced by the Government for the 2013–2014 financial year, and to provide for transitional matters.

Enacted by the Legislative Council.

1. Short title

This Ordinance may be cited as the Inland Revenue (Amendment) (No. 2) Ordinance 2013.

2. Inland Revenue Ordinance amended

The Inland Revenue Ordinance (Cap. 112) is amended as set out in sections 3 to 7.

3. Section 89 amended (transitional provisions)

At the end of section 89—

Add

“(11) Schedule 28 has effect in relation to a person liable to pay provisional salaries tax in respect of the year of assessment commencing on 1 April 2013.”.

4. Section 95 added

After section 94—

Add**“95. Reduction of taxes for year of assessment 2012/13**

Schedule 29 contains provisions relating to the reduction of salaries tax, profits tax and tax under personal assessment for the year of assessment commencing on 1 April 2012.”.

5. Schedule 3A amended (deduction for expenses of self-education)

Schedule 3A—

Repeal item 5**Substitute**

“5. For the years of assessment 2007/08 to 2012/13 inclusive \$60,000

6. For the year of assessment 2013/14 and for each year after that year \$80,000”.

6. Schedule 4 amended (allowances)

(1) Schedule 4, subheading—

Repeal

“For the year of assessment 2012/13 and for each year after that year”

Substitute

“For the year of assessment 2012/13”.

(2) At the end of Schedule 4—

Add

“For the year of assessment 2013/14 and
for each year after that year

	FIRST COLUMN (section)	SECOND COLUMN (the prescribed amount)
1.	Section 28 (basic allowance)	\$120,000
2.	Section 29 (married person’s allowance)	\$240,000
3.	Section 30 (dependent parent allowance)—	
	(a) subsection (3)(a)	\$ 38,000
	(b) subsection (3)(b)	\$ 38,000
	(c) subsection (3A)(a)	\$ 19,000
	(d) subsection (3A)(b)	\$ 19,000
	(e) subsection (4)(a)	\$ 12,000
4.	Section 30A (dependent grandparent allowance)—	
	(a) subsection (3)(a)	\$ 38,000
	(b) subsection (3)(b)	\$ 38,000
	(c) subsection (3A)(a)	\$ 19,000
	(d) subsection (3A)(b)	\$ 19,000
	(e) subsection (4)(a)	\$ 12,000
5.	Section 30B(1) (dependent brother or dependent sister allowance)	\$ 33,000

	FIRST COLUMN (section)	SECOND COLUMN (the prescribed amount)
6.	Section 31 (child allowance)—	
	(a) subsection (1)	\$70,000 for each child
	(b) subsection (1A)	\$70,000 for each child
	(c) subsection (5) (in relation to subsection (1))	\$630,000
	(d) subsection (5) (in relation to subsection (1A))	\$630,000
7.	Section 31A(1) (disabled dependant allowance)	\$ 66,000
8.	Section 32(1) (single parent allowance)	\$120,000”.

7. Schedules 28 and 29 added

At the end of the Ordinance—

Add

“Schedule 28

[s. 89(11)]

Transitional Provisions Relating to Provisional Salaries Tax in respect of Year of Assessment 2013/14

1. Interpretation

In this Schedule—

current year (本年度) means the year of assessment commencing on 1 April 2013;

preceding year (上一年度) means the year of assessment commencing on 1 April 2012.

2. Allowances granted for current year

(1) For the purposes of section 63C(1) of this Ordinance, in calculating the net chargeable income of a person for the preceding year to ascertain the provisional salaries tax in respect of the current year—

(a) the reference to “such allowances as are under Part 5 permitted for that person” in section 12B(1)(b) of this Ordinance; and

(b) the reference to “such allowances as are under Part 5 permitted in their case” in section 12B(2)(b) of this Ordinance,

are to be construed as allowances that may be granted to that person, or that person and his or her spouse, whichever is applicable, for the current year under Part 5 of this Ordinance as amended by the Inland Revenue (Amendment) (No. 2) Ordinance 2013 (of 2013).

(2) For the purposes of an application under section 63E(1) of this Ordinance to hold over the payment of provisional salaries tax in respect of the current year, the reference to “net chargeable income for the year preceding the year of assessment” in section 63E(2)(a) and (b) of this Ordinance is to be construed as the net chargeable income for the preceding year as calculated in accordance with subsection (1).

3. Applications for holding over of payment of provisional salaries tax on additional ground

(1) Without affecting section 63E of this Ordinance, if in relation to the current year a person is liable to pay

- provisional salaries tax, that person may, by notice in writing lodged with the Commissioner, apply to the Commissioner on the ground specified in subsection (3) to have the payment of the whole or part of the tax held over until that person is required to pay salaries tax for the current year.
- (2) An application under subsection (1) must be made not later than—
- (a) 28 days before the day by which the provisional salaries tax is to be paid; or
 - (b) 14 days after the date of the notice for payment of provisional salaries tax under section 63C(6) of this Ordinance,
- whichever is the later.
- (3) The ground specified for the purposes of subsection (1) is that the amount of the expenses of self-education paid or to be paid by the person during the current year, to the extent to which a deduction in respect of those expenses is allowable under section 12 of this Ordinance for that year, exceeds or is likely to exceed \$60,000.
- (4) If the Commissioner is satisfied that it is appropriate to do so, the Commissioner may, either generally or in a particular case, extend the time within which an application may be made under subsection (1).
- (5) On receipt of an application made under subsection (1), the Commissioner must consider the application and may hold over the payment of the whole or part of the provisional salaries tax.
- (6) The Commissioner must, by notice in writing, inform the person applying under subsection (1) of the Commissioner's decision.
- (7) In this section—

expenses of self-education (個人進修開支) has the meaning given to it by section 12(6)(b) of this Ordinance.

Schedule 29

[s. 95]

Reduction of Taxes for Year of Assessment 2012/13

1. Salaries tax

The amount of salaries tax charged under Part 3 of this Ordinance for the year of assessment commencing on 1 April 2012 is reduced by an amount equivalent to—

- (a) 75% of the amount of the tax as computed under section 13(1) of this Ordinance read together with section 13(2) of this Ordinance; or
- (b) \$10,000,

whichever is the lesser.

2. Profits tax

(1) The amount of profits tax charged under Part 4 of this Ordinance for the year of assessment commencing on 1 April 2012 is reduced by an amount equivalent to—

- (a) 75% of the amount of the tax as computed under section 14 of this Ordinance read together with sections 14A and 14B of this Ordinance; or
- (b) \$10,000,

whichever is the lesser.

(2) If a trade, profession or business is carried on by a partnership, and any of the partners has elected to be

assessed in accordance with Part 7 of this Ordinance for the year of assessment commencing on 1 April 2012, the reduction under subsection (1) applies to the tax chargeable on the whole of the net assessable profits of the trade, profession or business, and not the tax charged on the net assessable profits of the trade, profession or business shared by those partners who have not made that election.

3. Tax under personal assessment

- (1) The amount of tax charged under Part 7 of this Ordinance for the year of assessment commencing on 1 April 2012 is reduced by an amount equivalent to—
 - (a) 75% of the amount of the tax as computed under section 43(1) of this Ordinance read together with section 43(1A) of this Ordinance; or
 - (b) \$10,000,whichever is the lesser.
- (2) For the purposes of section 43(2B) of this Ordinance, in ascertaining the portion of tax to be charged on each spouse in the year of assessment commencing on 1 April 2012, the amount of tax to be apportioned between the husband and wife is the amount as reduced under subsection (1).”

Explanatory Memorandum

The object of this Bill is to amend the Inland Revenue Ordinance (Cap. 112) (*the Ordinance*) to give effect to the proposals concerning tax concessions in the Budget introduced by the Government for the 2013–2014 financial year.

2. Clause 1 sets out the short title.
3. Clause 3 amends section 89 of the Ordinance to provide that the transitional provisions set out in the new Schedule 28 (added by clause 7) have effect in relation to a person liable to pay provisional salaries tax in respect of the year of assessment 2013/14.
4. Clause 4 adds a new section 95 to the Ordinance. The new section and the new Schedule 29 (added by clause 7) provide for the reduction of salaries tax, profits tax and tax under personal assessment payable for the year of assessment 2012/13 by 75%, subject to a maximum of \$10,000 in each case.
5. Clause 5 amends Schedule 3A to the Ordinance to increase the maximum amount deductible from assessable income for the expenses of self-education. The maximum deductible amount is increased from \$60,000 to \$80,000 for the year of assessment 2013/14 and subsequent years of assessment.
6. Clause 6 amends Schedule 4 to the Ordinance to increase—
 - (a) the amount of child allowance granted under section 31(1) of the Ordinance in respect of a child from \$63,000 to \$70,000, and the maximum amount of those allowances granted to a person from \$567,000 to \$630,000; and
 - (b) the amount of additional child allowance granted under section 31(1A) of the Ordinance in respect of a child in the year of assessment in which the child is

born from \$63,000 to \$70,000, and the maximum amount of those allowances granted to a person from \$567,000 to \$630,000.

The increases take effect for the year of assessment 2013/14 and subsequent years of assessment.

7. Clause 7 adds new Schedules 28 and 29 to the Ordinance. The new Schedule 28 provides for the transitional arrangements relating to the assessment of, and holding over of payment of, provisional salaries tax for the year of assessment 2013/14.