

Bills Committee on Inland Revenue (Amendment) Bill 2015

**List of follow-up actions arising from the discussion
at the meeting on 28 April 2015**

To follow up on concerns and comments raised by members at the meeting, the Administration was requested to provide written information on the following –

- (a) the operation of offshore private equity funds and taxation regime in relation to the profits derived from transactions in securities of offshore private companies by offshore funds under the existing arrangement;
- (b) cases, if any, in which profits derived from transactions in securities of overseas private companies by offshore funds have been taxed in Hong Kong since 2006;
- (c) breakdown of investment in portfolio companies by private equity companies in Hong Kong, such as the ratio of local and overseas portfolio companies they have invested in, and proportion of their respective investment in public and private companies by way of securities in these companies or otherwise to shed light on the concern whether the proposed tax exemption would benefit offshore portfolio companies at the expense of local companies;
- (d) financial and economic implications to Hong Kong (i.e. cost and benefits, whether actual or anticipated) of the proposed profits tax exemption for offshore private equity funds;
- (e) similar measures in Singapore in respect of profits tax exemption for offshore private equity funds; and
- (f) the private equity funds industry of Hong Kong's competitors in the region, such as sizes of capital under management by such funds in these countries and the respective percentages in Asia.