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3919 3508

2877 5029
vkfcheng@legco.gov.hk

By Fax (2294 0460)

4 May 2015

Ms Joyce HO
Principal Assistant Secretary for Financial Services and
the Treasury (Financial Services)¹
Financial Services and the Treasury Bureau
24/F, Central Government Offices
2 Tim Mei Avenue
Tamar
Hong Kong

Dear Ms HO,

Inland Revenue (Amendment) Bill 2015

Further to my letter of 10 April 2015, I would be grateful if you could clarify the following matters:

Clause 5

Please consider whether it is appropriate to adopt "買賣" as the Chinese rendition of "trade" in paragraph (d) of the definition of "special purpose vehicle" under the new section 20ACA(2) since "trade" is rendered as "行業、生意" in the interpretation as provided in section 2 of Cap. 112.

Clause 8

Under the new section 20AF(7), the deeming provision in respect of assessable profits of special purpose vehicles does not apply to a resident person

who has a direct or indirect beneficial interest in a non-resident person if the Commissioner is satisfied that beneficial interests in the non-resident person are bona fide widely held. Please explain how the requirement of "bona fide widely held" can be satisfied and consider whether such term should be defined in the Bill.

I should appreciate your reply in both English and Chinese by **11 May 2015**.

Yours sincerely,

(Vanessa CHENG)
Assistant Legal Adviser

c.c. DoJ (Attn: Ms Mandy NG, SGC (By Fax: 2536 8201))
Clerk to the Bills Committee
LA