

Panel on Financial Affairs

Follow-up actions arising from the meeting on 5 June 2017

Agenda Item V — Subsidiary legislation and code relating to the open-ended fund company regime

The Administration is requested to provide information on:

- (a) relevant measures set out in the Inland Revenue Ordinance (Cap. 112), the Securities and Futures (Amendment) Ordinance 2016, and the proposed amendment bill to extend profits tax exemption to onshore privately offered open-ended fund companies ("OFCs") ("the proposed amendment bill") to avoid the abuse of (i) stamp duty and profits tax exemption granted to OFCs; and (ii) exemption applicable to privately offered OFCs;
- (b) measures to prevent a company from abusing the tax exemption for OFCs by packaging its business (like real estates) in the form of an OFC; and
- (c) whether there will be any loophole for tax avoidance if the proposed amendment bill is not enacted by the Legislative Council as scheduled.