

Submission on Inland Revenue (Amendment) (No. 2) Bill 2018

9 May 2018

We welcome the proposed amendments. We understand the proposal is an expansion of the scope of tax deduction to cover three additional types of intellectual property ("IP") rights ("IPR"), namely a) layout-design (topography) of integrated circuits("ICs"); b) plant varieties; and c) performances.

Being the R&D Centre for Information and Communication Technologies in Hong Kong, ASTRI also hosts the National Engineering Research Centre for Application Specific Integrated Circuit System (Hong Kong Branch). ASTRI conducts research in the design of integrated circuits and are happy to see that the proposed amendments cover layout-design of ICs. ICs play an important role in various industrial and consumer products. IC companies can benefit from the proposed amendments.

Overall, the proposal provides an incentive for more companies to purchase IPR and it may also encourage IPR owners to put in more efforts on commercializing their IP. This will promote IP trading in Hong Kong. We believe the proposed tax amendments can help enhance Hong Kong's competitiveness in technology-based industries.

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