L.N. 69 of 2018

Inland Revenue Ordinance (Amendment of Schedule 16) Notice 2018

(Made by the Commissioner of Inland Revenue under section 20AC(5) of the Inland Revenue Ordinance (Cap. 112))

1. Commencement

This Notice comes into operation on 22 June 2018.

2. Inland Revenue Ordinance amended

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

3. Schedule 16 amended (specified transactions)

(1) Schedule 16, English text, Part 1, items 1, 2, 3, 4, 5 and 6—

Repeal

"a transaction"

Substitute

"A transaction".

(2) Schedule 16, Part 1—

Add

"7. A transaction in an investee company's shares carried out through or arranged by a specified person for, or carried out by, a non-resident partner fund.".

(3) Schedule 16, English text, Part 2, section 1, definition of ***share***—

Repeal the full stop

Substitute a semicolon.

(4) Schedule 16, Part 2, section 1—

Add in alphabetical order

"***investee company*** (獲投資公司) means—

(a) a corporation that has ITVFC and a partner fund as shareholders under the ITVF Scheme; or

(b) a corporation that—

(i) had, at any time, ITVFC and a partner fund (***Fund A***) as shareholders under the ITVF Scheme; and

(ii) has, since that time, continued to have a partner fund (whether Fund A or another partner fund) as a shareholder;

ITVF Scheme (創基計劃) means the Innovation and Technology Venture Fund Scheme established by the Innovation and Technology Commission;

ITVFC (創基公司) means The Innovation and Technology Venture Fund Corporation incorporated under the Companies Ordinance (Cap. 622);

non-resident partner fund (非居港夥伴基金) means a partner fund that is a non-resident person within the meaning of section 20AB(3);

partner fund (夥伴基金) means a fund that is a party (whether or not through an agent) to an agreement—

(a) to which ITVFC is also a party;

(b) that stipulates the overall rights and obligations of ITVFC and the fund in respect of their participation in the ITVF Scheme; and

(c) that is valid and in force;

specified person (指明人士) has the meaning given by section 20AC(6).”.

WONG Kuen-fai
Commissioner of Inland Revenue

24 April 2018

Explanatory Note

1. Under subsection (1) of section 20AC of the Inland Revenue Ordinance (Cap. 112) (***Ordinance***), a non-resident person is exempt from profits tax in respect of the person's assessable profits from transactions specified in Part 1 of Schedule 16 to the Ordinance (***Part 1***) if certain conditions set out in that section are satisfied.

2. The main purpose of this Notice is to add a new transaction to the list of transactions specified in Part 1. Minor textual amendments are also made to the English text of Part 1.