

Inland Revenue (Amendment) (No. 3) Bill 2018
Debate and voting arrangements

Object of the Bill : To amend the Inland Revenue Ordinance (Cap. 112) to:

- (a) provide for enhanced tax deductions for certain expenditures incurred in relation to research and development (“R&D”) activities;
- (b) introduce further safeguards to prevent the abuse of tax deductions in respect of R&D activities; and
- (c) provide that certain sums received by or accrued to a person are deemed as trading receipts chargeable to tax.

First debate	: Clauses with no amendment	–	Clauses 1 to 4, 6 to 12 and 14
Voting	: To vote on the above clauses standing part of the Bill		
Second debate	: Clauses with amendments proposed by Secretary for Innovation and Technology (“S for IT”)	–	Clauses 5 and 13
Joint debate on the original clauses and the amendments.			
Clause 5			
In view of the passage of the Inland Revenue (Amendment) (No.2) Bill 2018 ¹ , to amend clause 5 of the Bill to renumber and re-organise several provisions in section 15 of Cap. 112.			
Clause 13			
To amend clause 13 of the Bill, by adding subsection 6(2A) to section 6, and subsection 10(2) to section 10, of the proposed Schedule 45 to widen the scope of the meaning of “R&D expenditure” to include payments by a person made to a local institution within six months before it is designated as a designated local research institution. The person is allowed to claim 100% tax deduction or enhanced tax deduction for such payments.			
In view of the above amendments, to make consequential amendments to sections 8(a), 9(1)(b) and (3)(b), 10, and 11(1)(b) and (2)(b) in the proposed Schedule 45.			
Voting	: To vote on the above amendments, and then the original clauses or the clauses as amended standing part of the Bill		

S for IT’s amendments

(set out in LC Paper No. CB(3) 25/18-19 issued on 12 October 2018)

Council Business Division 3
Legislative Council Secretariat
 23 October 2018

¹ The Inland Revenue (Amendment) (No. 2) Bill 2018 was passed at the Council meeting of 20 June 2018.