

**Inland Revenue (Amendment) (No. 7) Bill 2018**  
**Debate and voting arrangements**

- Object of the Bill :** To amend the Inland Revenue Ordinance (Cap. 112) to:
- (a) align tax treatment of financial instruments with their accounting treatment in certain circumstances;
  - (b) provide for deduction of interest expenses payable to overseas export credit agencies;
  - (c) refine the provisions that implement the arrangement relating to automatic exchange of financial account information in tax matters;
  - (d) avoid potential double non-taxation of income of visiting teachers and researchers; and
  - (e) revise the meaning of the sibling relationship.

<b>First debate</b>	<b>: Clauses with no amendment</b>	<b>–</b>	<b>Clauses 1, 2 and 6 to 13</b>
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<b>Voting</b>	: To vote on the above clauses standing part of the Bill
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<b>Second debate</b>	<b>: Clauses with amendments proposed by Secretary for Financial Services and the Treasury (“SFST”)</b>	<b>–</b>	<b>Clauses 3, 4 and 5</b>
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Joint debate on the original clauses and the amendments.

**Debate theme : Scope of financial reporting standard and accounting standard, and definition of governmental entity**

**Clause 3**

- To amend the proposed section 18G(1)(a) in clause 3 by adding sub-paragraph (iii) to stipulate that the definition of “specified financial reporting standard” includes a financial reporting standard adopted by a relevant authority in a jurisdiction other than Hong Kong, which is, in the opinion of the Commissioner of Inland Revenue, equivalent to the standard referred to in the International Financial Reporting Standard 9 (Financial Instruments); and make corresponding amendments to the proposed sections 18G(1)(a)(i) and (b);
- to amend the proposed section 18L(6)(c) in clause 3 by adding sub-paragraph (iii) to stipulate that the related accounting standard includes an accounting standard adopted by a relevant authority in a jurisdiction other than Hong Kong, which is, in the opinion of the Commissioner of Inland Revenue, equivalent to the standard referred to in the International Accounting Standard 32 (Financial Instruments: Presentation); and make corresponding amendments to the proposed sections 18L(6)(c)(i) and (ii); and
- to make textual amendments to the Chinese text of the proposed section 18G(2)(b) in clause 3 to improve the clarity of the reference to relevant provisions.

**Clauses 4 and 5**

- To amend the definition of “governmental entity” under the proposed section 16(3) in clause 4(2) by removing “political subdivision of the jurisdiction” in paragraph (d) to avoid duplication with paragraph (b) in that definition, and add paragraph (2A) in clause 5 to make a similar amendment to the definition of “governmental entity” under section 50A(1) of the Inland Revenue Ordinance.

**Voting** : To vote on the above amendments, and then the original clauses or the clauses as amended standing part of the Bill

**SFST’s amendments**

(set out in LC Paper No. CB(3) 372/18-19 issued on 31 January 2019)

Council Business Division 3  
Legislative Council Secretariat  
19 February 2019