

**立法會**  
**Legislative Council**

**(issued by email only)**  
LC Paper No. CB(3) 589/19-20

Ref : CB(3)/B/FST/2 (19-20)

Tel : 3919 3306

Date : 29 June 2020

From : Clerk to the Legislative Council

To : All Members of the Legislative Council

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**Council meeting of 8 July 2020**

**Proposed amendments to Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Bill 2019**

Further to LC Paper No. CB(3) 564/19-20 issued on 22 June 2020, the President has given permission for the Secretary for Financial Services and the Treasury to move the amendments to the captioned Bill as set out in **Appendix 1**, subject to the Bill receiving Second Reading.

2. Members are invited to note that when giving notice to move the captioned amendments, the Administration has provided supplementary information about the amendments (**Appendix 2**) for Members' information.

(Ivy NGAI)  
for Clerk to the Legislative Council

Encls.

Inland Revenue (Amendment) (Profits Tax Concessions for  
Insurance-related Businesses) Bill 2019

**Committee Stage**

Amendments to be moved by the Secretary for Financial Services and the Treasury

<u>Clause</u>	<u>Amendment Proposed</u>
7	In the proposed section 19CA, in the definition of <b><i>chargeable concessionary trading receipts</i></b> , in paragraph (a), by deleting “do not fall within the description in section 14B(1)(a), (b) or (c)” and substituting “fall within none of the descriptions in sections 14B(1)(a), (b) and (c) and 14P(1)”.
7	In the proposed section 19CA, in the definition of <b><i>chargeable concessionary trading receipts</i></b> , in paragraph (a)(ii), by deleting “and”.
7	In the proposed section 19CA, in the definition of <b><i>chargeable concessionary trading receipts</i></b> , in paragraph (b), by adding “and” after the semicolon.
7	In the proposed section 19CA, in the definition of <b><i>chargeable concessionary trading receipts</i></b> , by adding— <ul style="list-style-type: none"> <li>“(c) if the assessable profits in respect of the concessionary trading receipts fall within the description in section 14P(1)—the amount of the assessable profits calculated in accordance with section 14R or 14S;”.</li> </ul>
7	In the proposed section 19CA, in the definition of <b><i>concession provision</i></b> , in paragraph (d), by deleting “or”.
7	In the proposed section 19CA, in the definition of <b><i>concession provision</i></b> , by adding— <ul style="list-style-type: none"> <li>“(f) section 14P(1); or</li> <li>(g) section 14T(1);”.</li> </ul>
7	In the proposed section 19CA, in the definition of <b><i>unabsorbed loss in respect of the concessionary trading receipts</i></b> , in paragraph (a), by

deleting “do not fall within the description in section 14B(1)(a), (b) or (c)” and substituting “fall within none of the descriptions in sections 14B(1)(a), (b) and (c) and 14P(1)”.

7 In the proposed section 19CA, in the definition of *unabsorbed loss in respect of the concessionary trading receipts*, in paragraph (a)(ii)(B), by deleting “and”.

7 In the proposed section 19CA, in the definition of *unabsorbed loss in respect of the concessionary trading receipts*, in paragraph (b), by adding “and” after the semicolon.

7 In the proposed section 19CA, in the definition of *unabsorbed loss in respect of the concessionary trading receipts*, by adding—

“(c) if the assessable profits in respect of the concessionary trading receipts fall within the description in section 14P(1)—any loss ascertained in accordance with section 14R or 14S and section 19D;”.

14 In the Chinese text, by deleting the clause and substituting—

“14. 修訂第 63H 條(暫繳利得稅的稅額)

第 63H(1D)條 ——

廢除

“14B(2)(a)”

代以

“14B(2)(b)” 。”。

17 In the proposed Schedule 50, in section 1, in the definition of *commencement date*, by adding “( of 2020)” after “2019”.

Schedule By adding—

“5A. **Part 4, Division 2, Subdivision 5 heading added**

Before section 14O—

**Add**

**“Subdivision 5—Ship Leasing”.**”。

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本函檔號 OUR REF.: INS/2/19C

來函檔號 YOUR REF.: LS/B/5/19-20

## Appendix 2

(By email)

26 June 2020

Ms Ivy Ngai  
Senior Council Secretary  
Council Business Division 3  
Legislative Council Secretariat  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong

Dear Ms Ngai,

### **Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Bill 2019**

I refer to our notice of committee stage amendments given today in accordance with Rule 57(2) of the Rules of Procedures on the committee stage amendments (“CSAs”) to be moved to the Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Bill 2019 (“the Insurance Tax Concessions Bill”) at the Legislative Council (“LegCo”) meeting on 8 July 2020. I am writing to provide supplementary information about the CSAs.

2. The CSAs are technical in nature and are mainly consequential amendments arising from the recent passage of the Inland Revenue (Amendment) (Ship Leasing Tax Concessions) Bill 2020 (“Ship Leasing Tax Concessions Bill”) by LegCo. The Insurance Tax Concessions Bill, among other things, amends the existing sections 19CA (Treatment of losses: concessionary trading receipts) and 63H(1D) (Amount of provisional profits tax) of the Inland Revenue Ordinance (“IRO”) (Cap. 112), which are also

amended by the Ship Leasing Tax Concessions Bill. As the Insurance Tax Concessions Bill was introduced into LegCo for first reading earlier than the Ship Leasing Tax Concessions Bill<sup>1</sup>, the former did not provide for consequential amendments arising from the passage of the latter. In light of LegCo's passage of the Ship Leasing Tax Concessions Bill on 10 June 2020, we propose to move CSAs to Clauses 7 and 14 of, and the Schedule to the Insurance Tax Concessions Bill to take account of the relevant amendments made by the Ship Leasing Concessions Bill. We have also taken the opportunity to make a minor textual amendment to Clause 17 of the Insurance Tax Concessions Bill to add the number of the amendment ordinance (if the Insurance Tax Concessions Bill is passed) among the Ordinances of the year in which it is published in the Gazette.

3. The list of the CSAs to be moved to the Insurance Tax Concessions Bill by the Government is set out at Annex.

Yours sincerely,



( Ms Noel TSANG )

for Secretary for Financial Services and the Treasury

c.c.

Transport and Housing Bureau	(Attn: Miss Vicky CHEUNG)
Inland Revenue Department	(Attn: Ms UC CHAN)
Department of Justice	(Attn: Mr Salvador TSANG)
Insurance Authority	(Attn: Mr Simon LAM)

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<sup>1</sup> The date of first reading for Insurance Tax Concessions Bill and the Ship Leasing Tax Concessions Bill fell on 18 December 2019 and 18 March 2020 respectively.

**Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Bill 2019**

**Summary of Committee Stage Amendments**

<b>Item</b>	<b>Clause</b>	<b>Amendment Proposed</b>	<b>Explanation</b>
1	7	In the proposed section 19CA, in the definition of <i>chargeable concessionary trading receipts</i> , in paragraph (a), by deleting “do not fall within the description in section 14B(1)(a), (b) or (c)” and substituting “fall within none of the descriptions in sections 14B(1)(a), (b) and (c) and 14P(1)”.	Consequential amendments arising from the passage of the Inland Revenue (Amendment) (Ship Leasing Tax Concessions) Bill 2020 (“the Ship Leasing Tax Concessions Bill”)
2	7	In the proposed section 19CA, in the definition of <i>chargeable concessionary trading receipts</i> , in paragraph (a)(ii), by deleting “and”.	Consequential amendments arising from the passage of the Ship Leasing Tax Concessions Bill
3	7	In the proposed section 19CA, in the definition of <i>chargeable concessionary trading receipts</i> , in paragraph (b), by adding “and” after the semicolon.	Consequential amendments arising from the passage of the Ship Leasing Tax Concessions Bill
4	7	In the proposed section 19CA, in the definition of <i>chargeable concessionary trading receipts</i> , by adding—  “(c) if the assessable profits in respect of the concessionary trading receipts fall within the description in section 14P(1)—the amount of the assessable profits calculated in accordance with section 14R or 14S;”.	Consequential amendments arising from the passage of the Ship Leasing Tax Concessions Bill



Annex

Item	Clause	Amendment Proposed	Explanation
		assessable profits calculated in accordance with section 14R or 14S;”.	
5	7	In the proposed section 19CA, in the definition of <i>concession provision</i> , in paragraph (d), by deleting “or”.	Consequential amendments arising from the passage of the Ship Leasing Tax Concessions Bill
6	7	In the proposed section 19CA, in the definition of <i>concession provision</i> , by adding— “(f) section 14P(1); or (g) section 14T(1);”.	Consequential amendments arising from the passage of the Ship Leasing Tax Concessions Bill
7	7	In the proposed section 19CA, in the definition of <i>unabsorbed loss in respect of the concessionary trading receipts</i> , in paragraph (a), by deleting “do not fall within the description in section 14B(1)(a), (b) or (c)” and substituting “fall within none of the descriptions in sections 14B(1)(a), (b) and (c) and 14P(1)”.	Consequential amendments arising from the passage of the Ship Leasing Tax Concessions Bill
8	7	In the proposed section 19CA, in the definition of <i>unabsorbed loss in respect of the concessionary trading receipts</i> , in paragraph (a)(ii)(B), by deleting “and”.	Consequential amendments arising from the passage of the Ship Leasing Tax Concessions Bill
9	7	In the proposed section 19CA, in the definition of <i>unabsorbed loss in respect of the concessionary trading receipts</i> , in paragraph (b), by adding “and” after the semicolon.	Consequential amendments arising from the passage of the Ship Leasing Tax Concessions Bill

Item	Clause	Amendment Proposed	Explanation
10	7	<p>In the proposed section 19CA, in the definition of <i>unabsorbed loss in respect of the concessionary trading receipts</i>, by adding—</p> <p>“(c) if the assessable profits in respect of the concessionary trading receipts fall within the description in section 14P(1)—any loss ascertained in accordance with section 14R or 14S and section 19D;”.</p>	Consequential amendments arising from the passage of the Ship Leasing Tax Concessions Bill
11	14	<p>In the Chinese text, by deleting the clause and substituting—</p> <p>“14. 修訂第 63H 條(暫繳利得稅的稅額) 第 63H(1D)條 —— 廢除 “14B(2)(a)” 代以 “14B(2)(b)” 。”.</p>	Consequential amendments arising from the passage of the Ship Leasing Tax Concessions Bill
12	17	<p>In the proposed Schedule 50, in section 1, in the definition of <i>commencement date</i>, by adding “( of 2020)” after “2019”.</p>	Minor textual amendment to add the number of the amendment ordinance among the Ordinances of the year in which it is published in the Gazette



Item	Clause	Amendment Proposed	Explanation
13	Schedule	By adding—  <b>“5A. Part 4, Division 2, Subdivision 5 heading added</b>  Before section 140—  <b>Add</b>  <b>“Subdivision 5—Ship Leasing”.</b> ”.	Consequential amendments arising from the passage of the Ship Leasing Tax Concessions Bill