香港董事學會
The Hong Kong Institute of Directors

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Inland Revenue (Amendment) (No.4) Bill 2015
- Enhancing tax rules for CTC operations, and other matters

We at HKIoD have pleasure in submitting views to the Bills Committee on Inland Revenue (Amendment) (No.4) Bill 2015. We look forward to working closely with the Bills Committee, the Administration and other stakeholders to achieve the intended benefits of the Bill.

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The Bill is, among other things, about revising tax rules with the aim to make it more attractive to corporations to pick Hong Kong as the location to operate their corporate treasury centres, or CTCs, to handle intra company group financing activities. Multinational corporations are inclined to establish global or regional CTCs in Asia. Although Hong Kong would already have some advantage, tax asymmetry under current rules has been a key disadvantage.

To reinforce Hong Kong as the choice location of CTCs will translate into many benefits for the economy. It will attract experienced personnel from various professional services to Hong Kong. And since the setting up of CTCs in a particular place would often be accompanied by the setting up of regional (even global) headquarters in the same place, it could also draw and retain a strong pool of talents with responsibility to manage and direct company affairs.

HKIoD wish to express support for enhancing the tax rules to make it more attractive to corporations to pick Hong Kong as the location to operate CTCs. To make the legislative proposal most able to achieve its policy purpose, however, we would not want the incentives meant to be given to be so diluted and vitiated with unnecessary restrictions. Only then will the rule change be truly able to enhance Hong Kong's status as a preferred base for CTCs ahead of significant competition in the region.

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