

Inland Revenue (Amendment) (Ship Leasing Tax Concessions) Bill 2020 gazetted

The Government published the Inland Revenue (Amendment) (Ship Leasing Tax Concessions) Bill 2020 in the Gazette today (January 17).

The Bill seeks to amend the Inland Revenue Ordinance (IRO) (Cap. 112) to give profits tax concessions to qualifying ship lessors (at a 0 per cent profits tax rate) and qualifying ship leasing managers (generally at an 8.25 per cent profits tax rate). Anti-abuse provisions are included in the Bill to safeguard the integrity of the tax system and comply with international tax rules.

"Ship leasing is a high value-added maritime service with strong growth potential. Ship finance contributed more than half of the value added of the maritime services sector in Hong Kong. The legislative amendments would provide tax incentives for qualifying ship lessors and ship leasing managers to operate in Hong Kong. It would not only help enhance Hong Kong's position as a ship leasing centre in the Asia-Pacific region, but is also conducive to the growth of our shipping core and maritime cluster since ship leasing facilitates ship ownership and operation," a spokesman for the Transport and Housing Bureau said.

Recognising the business opportunities arising from the growth of ship leasing, the competitive landscape for maritime business in the region and Hong Kong's strong fundamentals as an international financial centre, the Government announced in the 2018 Policy Address its plan to introduce tax concessions for ship leasing business. The Bill will introduce tax measures to strengthen Hong Kong's competitiveness in attracting ship leasing activities which will also help attract the setting up of related maritime business establishments in Hong Kong, thereby consolidating the city's position as an international maritime and financial centre.

The Bill will be introduced into the Legislative Council for first and second readings on February 12.