

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

The Government published in the Gazette today (June 19) the Inland Revenue (Amendment) (Ship Leasing Tax Concessions) Ordinance 2020 to implement the 2019 Policy Address initiative of providing tax concessions to qualifying ship lessors and qualifying ship leasing managers. The Ordinance takes retrospective effect from April 1, 2020.

A Government spokesman said, "Ship leasing is a high value-added maritime service with strong growth potential. The newly introduced tax incentive is expected to attract more companies to Hong Kong to develop ship leasing business. This will enhance Hong Kong's competitiveness as a ship leasing centre in the Asia-Pacific region, and help attract related maritime business establishments to set up a presence in Hong Kong, thereby bolstering Hong Kong's maritime cluster and reinforcing our position as an international maritime and financial centre."

The Ordinance provides tax exemption for qualifying profits derived from ship leasing activities in relation to operating leases and funding leases carried out by ship lessors. At the same time, to facilitate the operation of ship lessors, qualifying profits derived from ship leasing management activities (e.g. setting up or managing a special purpose vehicle for owning a leased ship, arranging for the procurement or leasing of ships, and managing leases) carried out by ship leasing managers for ship lessors can generally enjoy half-tax concession (i.e. a tax rate of 8.25 per cent). The Ordinance has built in anti-abuse provisions to safeguard the integrity of the tax system and comply with the latest international tax rules.