

**Press Release**  
**Inland Revenue (Amendment) Bill 2015 gazetted**  
Friday, March 20, 2015

The Government published in the Gazette today (March 20) the Inland Revenue (Amendment) Bill 2015 (the Bill). The Bill seeks to amend the Inland Revenue Ordinance (Cap. 112) by extending profits tax exemption for offshore funds to private equity funds.

The Secretary for Financial Services and the Treasury, Professor K C Chan, said, "The Bill provides clear tax exemption for transactions conducted by offshore private equity funds in respect of eligible overseas portfolio companies. This will help attract more private equity fund managers to set up or expand their business in Hong Kong and hire local asset management, investment and advisory services, which will be conducive to the further development of our asset management industry. This will in turn drive demand for other relevant professional services, such as business consulting, tax, accounting and legal services."

The asset and wealth management business is a fast-growing area within the financial services industry. At the end of 2013, the combined fund management business in Hong Kong had achieved a record high of \$16,007 billion, representing year-on-year growth of 27 per cent compared with 2012. This puts Hong Kong among the top asset management hubs in Asia. The private equity industry in Hong Kong is also growing. The total capital under management in private equity funds in Hong Kong reached US\$114.6 billion at end-2014, a year-on-year increase of 16 per cent and accounting for 21 per cent of Asia's total capital under management in private equity.

The Bill will be introduced into the Legislative Council on March 25.

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