

Press release

Inland Revenue (Amendment) (No. 2) Bill 2011 gazetted

Friday, February 25, 2011

The Inland Revenue (Amendment) (No. 2) Bill 2011, which seeks to effect the proposal for providing profits tax deduction for capital expenditure incurred on the purchase of copyrights, registered designs and registered trade marks which was announced in the 2010-11 Budget, was gazetted today (February 25).

The bill seeks to amend the Inland Revenue Ordinance (Cap. 112) to provide for the implementation of the relevant tax deduction proposal and other enhancement measures, including -

- * providing tax deduction (spreading over five succeeding years on a straight-line basis starting from the year of purchase) for capital expenditure incurred on the purchase of copyrights, registered designs and registered trade marks;

- * removing the "use in Hong Kong" condition currently applicable to the tax deduction for capital expenditure incurred on the purchase of patent rights and rights to any know-how, and reducing the amount of sales proceeds of patent rights and rights to any know-how brought to tax from full sales proceeds to not more than deductions previously allowed. These enhancement measures will also be applicable to the proposed tax deduction for copyrights, registered designs and registered trade marks; and

- * introducing commonly used anti-avoidance provisions along with the proposed tax deduction and enhancement measures.

A spokesperson of the Financial Services and the Treasury Bureau said, "We look forward to the early implementation of the tax deduction and enhancement measures proposed in the bill so as to promote wider application of intellectual property rights by enterprises, to encourage innovation and upgrading and to facilitate development of creative industries in Hong Kong".

The bill will be introduced into the Legislative Council on March 9.

Ends