

# Inland Revenue (Amendment) Ordinance 2016

## Contents

Section		Page
1.	Short title.....	A303
2.	Inland Revenue Ordinance amended .....	A303
3.	Section 89 amended (transitional provisions) .....	A303
4.	Section 98 added.....	A305
	98. Reduction of taxes for year of assessment 2015/16.....	A305
5.	Schedule 3C amended (elderly residential care expenses deduction).....	A305
6.	Schedule 4 amended (allowances).....	A305
7.	Schedules 37 and 38 added .....	A309
	Schedule 37 Transitional Provisions Relating to Provisional Salaries Tax in respect of Year of Assessment 2016/17.....	A311
	Schedule 38 Reduction of Taxes for Year of Assessment 2015/16.....	A317

**HONG KONG SPECIAL ADMINISTRATIVE REGION**

**ORDINANCE NO. 8 OF 2016**



C. Y. LEUNG  
Chief Executive  
26 May 2016

An Ordinance to amend the Inland Revenue Ordinance to give effect to the proposals concerning tax concessions in the Budget introduced by the Government for the 2016–2017 financial year; and to provide for transitional matters.

[27 May 2016]

Enacted by the Legislative Council.

**1. Short title**

This Ordinance may be cited as the Inland Revenue (Amendment) Ordinance 2016.

**2. Inland Revenue Ordinance amended**

The Inland Revenue Ordinance (Cap. 112) is amended as set out in sections 3 to 7.

**3. Section 89 amended (transitional provisions)**

At the end of section 89—

**Add**

“(17) Schedule 37 has effect in relation to a person liable to pay provisional salaries tax in respect of the year of assessment commencing on 1 April 2016.”.

**4. Section 98 added**

After section 97—

**Add**

**“98. Reduction of taxes for year of assessment 2015/16**

Schedule 38 contains provisions relating to the reduction of salaries tax, profits tax and tax under personal assessment for the year of assessment commencing on 1 April 2015.”.

**5. Schedule 3C amended (elderly residential care expenses deduction)**

Schedule 3C—

**Repeal item 4**

**Substitute**

- |  |            |
|--|------------|
| “4. For the years of assessment 2014/15 and<br>2015/16                     | \$80,000   |
| 5. For the year of assessment 2016/17 and<br>for each year after that year | \$92,000”. |

**6. Schedule 4 amended (allowances)**

(1) Schedule 4, subheading—

**Repeal**

“For the year of assessment 2015/16 and for each year after that year”

**Substitute**

“For the year of assessment 2015/16”.

(2) At the end of Schedule 4—

**Add**

“For the year of assessment 2016/17 and  
for each year after that year

	FIRST COLUMN (section)	SECOND COLUMN (the prescribed amount)
1.	Section 28 (basic allowance)	\$132,000
2.	Section 29 (married person's allowance)	\$264,000
3.	Section 30 (dependent parent allowance)—	
	(a) subsection (3)(a)	\$ 46,000
	(b) subsection (3)(b)	\$ 46,000
	(c) subsection (3A)(a)	\$ 23,000
	(d) subsection (3A)(b)	\$ 23,000
	(e) subsection (4)(a)	\$ 12,000
4.	Section 30A (dependent grandparent allowance)—	
	(a) subsection (3)(a)	\$ 46,000
	(b) subsection (3)(b)	\$ 46,000
	(c) subsection (3A)(a)	\$ 23,000
	(d) subsection (3A)(b)	\$ 23,000
	(e) subsection (4)(a)	\$ 12,000

FIRST COLUMN (section)	SECOND COLUMN (the prescribed amount)
5. Section 30B(1) (dependent brother or dependent sister allowance)	\$ 33,000
6. Section 31 (child allowance)—	
(a) subsection (1)	\$100,000 for each child
(b) subsection (1A)	\$100,000 for each child
(c) subsection (5) (in relation to subsection (1))	\$900,000
(d) subsection (5) (in relation to subsection (1A))	\$900,000
7. Section 31A(1) (disabled dependant allowance)	\$ 66,000
8. Section 32(1) (single parent allowance)	\$132,000”.

**7. Schedules 37 and 38 added**

At the end of the Ordinance—

**Add**

**“Schedule 37**

[s. 89(17)]

**Transitional Provisions Relating to Provisional Salaries Tax in respect of Year of Assessment 2016/17****1. Interpretation**

In this Schedule—

*parent or grandparent* (父母或祖父母) has the meaning given by section 26D(5);

*residential care expenses* (住宿照顧開支) has the meaning given by section 26D(5);

*year of assessment 2015/16* (2015/16課稅年度) means the year of assessment commencing on 1 April 2015;

*year of assessment 2016/17* (2016/17課稅年度) means the year of assessment commencing on 1 April 2016.

**2. Allowances granted for year of assessment 2016/17**

(1) For the purposes of section 63C(1), in calculating the net chargeable income of a person for the year of assessment 2015/16 to ascertain the provisional salaries tax in respect of the year of assessment 2016/17—

(a) the reference to “such allowances as are under Part 5 permitted for that person” in section 12B(1)(b); and

(b) the reference to “such allowances as are under Part 5 permitted in their case” in section 12B(2)(b),

are to be construed as allowances that may be granted to that person, or that person and his or her spouse, whichever is applicable, for the year of assessment 2016/17 under Part 5 as amended by the Inland Revenue (Amendment) Ordinance 2016 (8 of 2016).

- (2) For the purposes of an application under section 63E(1) to hold over the payment of provisional salaries tax in respect of the year of assessment 2016/17, the reference to “net chargeable income for the year preceding the year of assessment” in section 63E(2)(a) and (b) is to be construed as the net chargeable income for the year of assessment 2015/16 as calculated in accordance with subsection (1).

### **3. Application for holding over payment of provisional salaries tax on additional ground**

- (1) A person who is liable to pay provisional salaries tax in respect of the year of assessment 2016/17 may apply to the Commissioner on the ground specified in subsection (2) to have the payment of the whole or part of the tax held over until that person is required to pay salaries tax for that year.
- (2) The ground is that the aggregate amount of the residential care expenses paid or to be paid by the person or his or her spouse, not being a spouse living apart from the person, during the year of assessment 2016/17, to the extent to which a deduction in respect of those expenses is allowable under section 26D for that year, exceeds or is likely to exceed \$80,000 in respect of a parent or grandparent of the person.
- (3) This section does not affect the operation of section 63E.

**4. Provisions supplementary to section 3 of this Schedule**

- (1) This section applies to an application under section 3(1) of this Schedule.
  - (2) The application must be made by notice in writing lodged with the Commissioner.
  - (3) The application must be made not later than—
    - (a) 28 days before the day by which the provisional salaries tax is to be paid; or
    - (b) 14 days after the date of the notice for payment of provisional salaries tax under section 63C(6), whichever is the later.
  - (4) If the Commissioner is satisfied that it is appropriate to do so, the Commissioner may, either generally or in a particular case, extend the time within which the application may be made.
  - (5) On receipt of the application, the Commissioner—
    - (a) must consider the application; and
    - (b) may hold over the payment of the whole or part of the provisional salaries tax.
  - (6) The Commissioner must, by notice in writing, inform the applicant of the Commissioner's decision.
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## Schedule 38

[s. 98]

### Reduction of Taxes for Year of Assessment 2015/16

#### 1. Salaries tax

The amount of salaries tax charged under Part 3 for the year of assessment commencing on 1 April 2015 is reduced by an amount equivalent to—

- (a) 75% of the amount of the tax as computed under section 13(1) read together with section 13(2); or
- (b) \$20,000,

whichever is the lesser.

#### 2. Profits tax

(1) The amount of profits tax charged under Part 4 for the year of assessment commencing on 1 April 2015 is reduced by an amount equivalent to—

- (a) 75% of the amount of the tax as computed under section 14 read together with sections 14A, 14B and 14D; or
- (b) \$20,000,

whichever is the lesser.

(2) If a trade, profession or business is carried on by a partnership, and any of the partners has elected to be assessed in accordance with Part 7 for the year of assessment commencing on 1 April 2015, the reduction under subsection (1) applies to the tax

chargeable on the whole of the net assessable profits of the trade, profession or business, and not the tax charged on the net assessable profits of the trade, profession or business shared by those partners who have not made that election.

### **3. Tax under personal assessment**

- (1) The amount of tax charged under Part 7 for the year of assessment commencing on 1 April 2015 is reduced by an amount equivalent to—
  - (a) 75% of the amount of the tax as computed under section 43(1) read together with section 43(1A); or
  - (b) \$20,000,whichever is the lesser.
- (2) For the purposes of section 43(2B), in ascertaining the portion of tax to be charged on each spouse in the year of assessment commencing on 1 April 2015, the amount of tax to be apportioned between the husband and wife is the amount as reduced under subsection (1).”.