HKSFA 25th Anniversary
香港財經分析師學會
THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS

14th January 2019 Sent by Email

Dear Sirs/Madams,

Re: Bills Committee on Inland Revenue (Profits Tax Exemption for Funds) (Amendment) Bill 2018

HKSFA is of the view that the proposed amendment to the profits tax exemption for fund should give equal tax treatment status to both onshore and offshore funds. This could have positive impact to further developing Hong Kong as the Asia Pacific asset and wealth management hub and to attract more funds of various types and related professionals and practitioners in the value chain to base and develop their business locally in Hong Kong.

Besides, the proposed amendment also serves to address the EU's concern on ring fencing tax features. Such that Hong Kong shall remain competitive and compliant amidst intense regional competition in the WAM industry.

Nevertheless, HKSFA is of the view that more time should be given for industry to respond. In particular, the Bureau could provide further information and competitive analysis on the current global best practice such that we can make a wholistic review on Hong Kong's competitive edge and shortfall with other regional tax-exempt fund management centers.

Besides, a 4-year grace period should be given for newly-established funds to bring themselves into compliance with the qualifications to be recognised as a qualifying fund. The reason is that potential investors would usually invest in a fund with at least a 3-year track record and then another 1-year grace period to facilitate the fund for marketing, DDQ, and KYC before the first investor is on-boarded.

Thank you very much for your kind attention.

Yours sincerely,
For and on behalf of
The Hong Kong Society of Financial Analysts

Charles Chui, CFA
Co-chair, Advocacy Committee

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