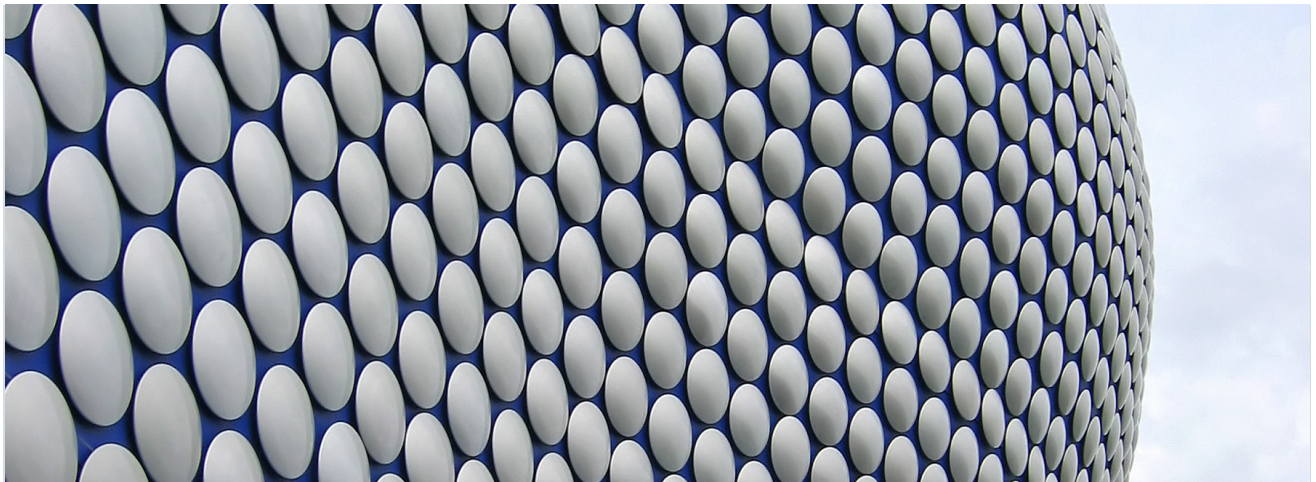


MAZARS' BUDGET PROPOSAL 2014-2015

Hong Kong tax news - January 2014



ABOUT MAZARS

Mazars is an international, integrated and independent organisation, specialising in audit, accounting, tax and advisory services. We rely on the skills of more than 13,500 professionals in the 71 countries which make up our integrated partnership.

In China, Mazars has 600 highly-qualified professionals based in Beijing, Guangzhou, Hong Kong and Shanghai. They are fully committed to serving the growing and diversified needs of both Chinese companies and international firms.

Mazars submitted its 2014/2015 Hong Kong Budget Proposal to the Financial Secretary on 10 January 2014.

Amongst other things, Mazars proposed the HKSAR Government to implement the following measures to enhance competitiveness and facilitate long term development of Hong Kong economy:

- Reduce corporate tax rate to 16% for 2014/2015 and gradually to 15% in order to sustain Hong Kong's comparative advantage over neighbouring countries.
- Provide tax incentives (e.g. concessionary tax rate of 10%) for regional headquarters activities in order to attract more multinational groups to set up their Asia Pacific regional headquarters in Hong Kong.

- Provide tax incentives (e.g. 200% tax deduction) for research and development activities in order to encourage private innovative spending and promote technological entrepreneurship.
- Introduce group loss relief so that Hong Kong can be more competitive internationally.
- Help SMEs to tide over the challenging time by:
 - Introducing a 2-tier profits tax system which offers a preferential tax rate for SMEs
 - Revisiting the issue of tax deduction for capital expenditure on plant and machinery used outside Hong Kong to ensure the anti-

avoidance provision should only be invoked to strike down blatant or contrived tax avoidance scheme.

- Introducing loss carry-back relief to help companies relieve economic pressure.

Please [click here](#) for the full version of Mazars' budget proposal, which also includes recommendations on measures for caring for elders and preparing for ageing population etc.

CONTACTS

Mazars - Tax department

BEIJING

901 Citychamp Building
No.12 Tai Yang Gong Zhong Lu
Chao Yang District
100028 Beijing
Tel: (+86 10) 8429 8078

Flame Zheng

Tax Director
Tel: (+86 10) 8429 8078 (ext. 356)
E-mail: flame.zheng@mazars.cn

GUANGZHOU

1308, Grand Tower
No. 228 Tianhe Road
Tianhe District
510620 Guangzhou
Tel: (+86 20) 3833 0235

Benoît Stos

Partner
Tel: (+86 20) 3833 0235 (ext. 201)
E-mail: benoit.stos@mazars.cn

SHANGHAI

8th Floor, One Lujiazui
No. 68 Yin Cheng Middle Road
200120 Shanghai
Tel: (+86 21) 6168 1088

Anthony Tam

Partner
Tel: (+86 21) 6168 1088 (ext. 103)
Email: anthony.tam@mazars.cn

HONG KONG

42nd Floor, Central Plaza,
18 Harbour Road
Wanchai, Hong Kong
Tel: (+ 852) 2909 5555

Alexander Mak

Managing Partner
Tel: (+852) 2909 5660
Email: alexander.mak@mazars.hk

Alexandra Hui

Partner
Tel: (+852) 2909 5678
Email: alexandra.hui@mazars.hk

Catherine Tse

Partner
Tel: (+852) 2909 5665
Email: catherine.tse@mazars.hk

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**Detailed information available on
www.mazars.cn**