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張偉球會計師事務所有限公司

**LAWRENCE CHEUNG C.P.A.  
COMPANY LIMITED**

Certified Public Accountants (Practising)

# 2022 AGA CHINA GLOBAL SERVICE MEETING

LAWRENCE CHEUNG C.P.A. COMPANY LIMITED



# ABOUT LAWRENCE CHEUNG C.P.A. COMPANY LIMITED

- Location: Central district, Hong Kong
- Size of firm: 40 (including Signing Partners: 6, Qualified CPA: 11)
- Top 5 industry sectors served: Technological Research & Development, Medical equipment & services, Construction, SFC license entities, Trading
- Composition of practice (by % of revenues): Audit & Tax 60%, Accounting 16%, Company secretarial 24%
- Top 5 SE Asian countries where we have client business: Philippines, Vietnam, Cambodia, Malaysia, Singapore
- One thing that makes our firm different:
  - Strong at tax with almost 100% success rate at claiming offshore profit exemption.



# ABOUT AMIE CHEUNG

- Principal of Lawrence Cheung C.P.A. Company Limited
- More than 20 years and has extensive experience in auditing, business advisory, taxation and company formation.
- Deputy Chair of the Asia Pacific region of AGA
- Core member of Global Mobility Services and International Tax Services Group of AGA since 2017.
- Member of Entrepreneurs' Organisation (EO) since 2008 and serves on the Board of Directors of Hong Kong Chapter from 2011 to 2016

# HONG KONG CUTS MANDATORY HOTEL QUARANTINE FOR OVERSEAS ARRIVALS TO 3 DAYS

International arrivals will be subject to quarantine under the "3+4" model:

- arrivals will be subject to compulsory quarantine in designated quarantine hotels for 3 days
- followed by medical surveillance at home for 4 days, with multiple tests during medical surveillance and the monitoring period thereafter.

During the four-day medical surveillance period, arrivals can go out and conduct daily essential activities of lower risks (such as taking transport, going to work, entering supermarkets and markets, etc.) after obtaining negative results of RATs daily.

# THE PROVISIONAL VACCINE PASS ARRANGEMENT

Starting from Sept 17, 2022, all inbound travellers are required to have received at least two doses

It is applicable to all inbound travellers, including HKRs and non-HKRs as well as travellers from the Mainland, Macao, Taiwan and overseas places."

# PROPOSED REFINEMENTS TO FOREIGN SOURCE INCOME EXEMPTION REGIME FOR PASSIVE INCOME IN HONG KONG

In October 2021, the European Union (EU) has put Hong Kong on the “greylist” or “watchlist” of non-cooperative jurisdictions for tax purposes. The EU’s main concerns are that Hong Kong’s existing foreign source income exemption (FSIE) regime provides a tax exemption to a broad range of passive income in absence of specific conditions and a substance requirement, and this may lead to double non-taxation of passive income booked in a Hong Kong shell company.

# PROPOSED REFINEMENTS TO FOREIGN SOURCE INCOME EXEMPTION REGIME FOR PASSIVE INCOME IN HONG KONG

To address the EU's concern, the Hong Kong government plans to propose a Bill to the Legislative Council in October 2022 on the proposed refinements to Hong Kong's FSIE regime for passive income. Subject to the completion of the legislative process, the new regime will be effective from **1 January 2023**.

The key features of the proposed regime are summarized below:

# PROPOSED REFINEMENTS TO FOREIGN SOURCE INCOME EXEMPTION REGIME FOR PASSIVE INCOME IN HONG KONG

## ■ Covered taxpayers

- Only a constituent entity (CE) of a multinational enterprise (MNE) group will be in-scope. An MNE group will be within the scope irrespective of the group's revenue or asset size. An MNE Group means any group that includes at least one entity or permanent establishment that is not located in the jurisdiction of the ultimate parent entity whereas a CE effectively means an entity whose financial results are consolidated on a line-by-line basis in the group's consolidated financial statements. As such, associates and joint venture entities within an MNE group that are not included in the group's consolidated financial statements, standalone local companies and purely domestic groups without any offshore operations would not be affected.



# PROPOSED REFINEMENTS TO FOREIGN SOURCE INCOME EXEMPTION REGIME FOR PASSIVE INCOME IN HONG KONG

## In-scope offshore passive income

1. interest
2. dividends
3. gains from the disposal of shares or equity interest (equity disposal gains)
4. income from intellectual properties (IP income)

## NEW INSPECTION REGIME - IMPLEMENTATION OF PHASE 2

Usual residential addresses (URAs) and full identification numbers (IDNs) on the Index of Directors on the Companies Register will be replaced with correspondence addresses and partial identification numbers for public inspection.

Protected Information contained in documents filed for registration after commencement of this phase will not be provided for public inspection. “Specified persons” could apply to the Companies Registry for access to Protected Information of directors and other persons.

# HOUSEKEEPING

- Allcott Global Alliance 2022 Worldwide Conference will be held on November 6, 2022 to November 9, 2022 in Washington DC, USA.



**Thank you!**