



Press Release

## **FSDC releases report on refining tax loss relief regime in Hong Kong**

**Hong Kong, 6 August 2020** - The Financial Services Development Council (FSDC) today released a research report, entitled “Hong Kong Catching Up – Modernising Hong Kong’s Tax Loss Relief”. The report proposes introducing the Group Tax Loss Relief regime to the current tax system, which will maintain Hong Kong’s competitiveness among international financial centres.

The Chairman of the FSDC, Mr Laurence Li SC, said, “A low, simple and competitive tax system is a long-established advantage for Hong Kong. Introducing the Group Tax Loss Relief regime can further enhance this advantage and attractiveness of Hong Kong amid fiercer competition in the global marketplace. It can also encourage financial services groups to conduct more business activities in Hong Kong, thereby providing stronger growth momentum for the Hong Kong economy.”

This report serves as an extension of the FSDC report published in September 2017 on the same subject, taking into consideration the comments raised by relevant stakeholders. The report aims to propose a relatively straightforward and simple Group Tax Loss Relief regime that can allow for unutilised tax losses of one group company or branch to be transferred and set off against the taxable profits of another company or branch within the same corporate group. As a balance to opinions on the previous paper from different stakeholders, this report proposes the Group Tax Loss Relief regime would only allow carry back of tax losses of one year of the same company or branch, while only tax losses incurred since the year of enactment of the regime could be set off.

The full version of the report can be downloaded from the FSDC website: [www.fsdc.org.hk](http://www.fsdc.org.hk).



## **About the FSDC**

The FSDC was established in 2013 by the Hong Kong Special Administrative Region Government as a high-level, cross-sectoral advisory body to engage the industry in formulating proposals to promote the further development of the financial services industry of Hong Kong and to map out the strategic direction for the development.

The FSDC has been incorporated as a company limited by guarantee with effect from September 2018 to allow it to better discharge its functions through research, market promotion and human capital development with more flexibility.

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