

# Double Taxation Arrangement between HKSAR and Macao SAR 2019

*Hong Kong SAR Special Administration Region (“HKSAR”) and Macao Special Administration Region (“Macao SAR) have signed a comprehensive Avoidance of Double Taxation Arrangement (“DTA”) on 25 November 2019. The DTA will come into force after the completion of ratification procedures by both sides.*

*The DTA is covering the profits tax, salaries tax and properties tax in HKSAR, and Complementary Tax (所得補充稅), Professional taxes (職業稅), Property Tax (市區房屋稅) in Macao SAR.*

Effective Date	
<b>HKSAR</b>	Income derived in the years of assessment beginning on or after 1 April in the calendar year next following the year in which this DTA enters into force.
<b>Macao SAR</b>	Income derived in the taxable years beginning on or after 1 January in the calendar year next following the year in which this DTA enters into force.

**The major principles and reliefs in the DTA are as follows:**

Major Principles	
<b>HKSAR side</b>	Any Macao tax paid by HKSAR residents in respect of income derived from sources in Macao will be allowed as a credit against the HKSAR tax payable on the same income, subject to the provisions of the tax laws of HKSAR.
<b>Macao</b>	For Macao residents, double taxation will be avoided by way of exemption of the income taxed in HKSAR from the Macao tax, or by crediting the HKSAR tax paid against the Macao tax payable in respect of the same income.



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## Definition of Tax Residence

<b>HKSAR</b>	<ul style="list-style-type: none"><li>● an individual who ordinarily resides in the HKSAR;</li><li>● an individual who stays in the HKSAR for more than 180 days during a year of assessment or for more than 300 days in two consecutive years of assessment one of which is the relevant year of assessment;</li><li>● a company incorporated in the HKSAR, or if incorporated outside the HKSAR, being normally managed or controlled in the HKSAR;</li><li>● any other person constituted under the laws of the HKSAR, or if constituted outside the HKSAR, being normally managed or controlled in the HKSAR.</li><li>●</li></ul>
<b>Macao SAR</b>	<ul style="list-style-type: none"><li>● An individual or a company who has responsibility to pay Macao tax due to its residence, dwelling place, place of establishment and management organization or any other similar standard in accordance with Macao SAR law.</li></ul>

## Shipping, Air and Land Transport

<b>Article 8</b>	<p>Profits earned by Hong Kong residents in Macao from cross-boundary shipping, air and land transport will not be taxed in Macao.</p> <p>It is also applied to income and profits derived from participation in partnership business, joint venture business or international business agency, to the extent of the income and profits that is proportional to the shareholding of such business.</p>
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## Teachers and Researchers

<b>Article 20</b>	<p>An eligible teacher or researcher who is employed in Hong Kong and engages in teaching and research activities at a recognised educational or scientific research institution in Macao shall be exempt from tax in Macao for a period of three years, provided that the relevant income has been subject to tax in Hong Kong.</p> <p>The period of “three years” provided shall begin on the date of the individual’s first arrival in the Hong Kong for the above purpose or the date from which the provisions begin to apply as above effective date, whichever is the later.</p> <p>This Article shall not apply to income derived from research if such research is undertaken not in the public interest but primarily for the private benefit of a specific person or persons.</p>
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Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income” Arrangements between the HKSAR and Macao SAR:

Nature	Comprehensive Double Taxation Arrangement
<b>Date of Signature of Arrangement</b>	<b>25.11.2019</b>
<b>Date of S49 Order</b>	In progress
<b>Date of Entry into Force</b>	Pending
<b>Effective From</b>	Pending
<b>IRO Sub-legislation Reference</b>	(Chinese version only) <a href="#">DTA</a>

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