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### Our mission

Qualitative services

Making value

Accountability

Reliable and professional

Keeping improvement

### Our vision

Becoming a well-known CPA firm

### Our correspondences

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## New Companies Ordinance



The new Companies Ordinance (Cap. 622) becomes effective on 3 March 2014. It does provide a modernized legal framework for the setting-up and operation of limited companies in Hong Kong. The following paragraphs summarize the significant changes in relation to financial reporting for the reference of accounting personnel...

1. A company must prepare annual financial statements every year. The directors are subject to a maximum fine of HK\$300,000 for the failure to do so.
2. The financial statements must comply with applicable accounting standards. Failure to comply with applicable accounting standards may have legal consequence.
3. A small private company is qualified to prepare their annual financial statements using Small and Medium-sized Entities Financial Reporting Standards.
4. Subject to the consent of at least 75% of members, an eligible private company may be qualified to prepare their annual financial statements using Small and Medium-sized Entities Financial Reporting Standards.
5. Other companies will apply HKFRS or HKFRS for Private Entities to prepare their annual financial statements.
6. The shares of a company will have no nominal value at all. On 3 March 2014, any amount standing to the credit of the share premium account and capital redemption reserve account will be transferred to share capital account. Thereafter, sums received from the issue of shares will be credited to share capital account intact.
7. Companies incorporated on or after 3 March 2014 must apply the provisions in the new Companies Ordinance when preparing their financial statements. Companies incorporated before 3 March 2014 preparing financial statements for the accounting period beginning before 3 March 2014 still apply the precedent Companies Ordinance (Cap. 32). Thereafter, they should apply the new Companies Ordinance. Practically, those existing companies preparing their financial statements for the accounting period beginning on 1 April 2014 are the first lot of existing companies applying new Companies Ordinance.
8. Listed companies and large private companies are required to include an analytical and forward-looking "business review" in directors' report; whilst most small private companies may opt out this requirement by special resolution.

The above list may not be exhaustive. Readers are advised to consult their professional accountants to have a thorough understanding for the impact of the new Companies Ordinance to their companies.



## Editor's message

At last issue, I explained how the current tax system in Hong Kong led to severe disparity. In this issue, let's discuss how to improve the tax system in order to relieve this phenomenon.

First of all, the Government should proactively consider expanding the scope of stamp duty by the imposition of stamp duty against the non-dutiable warrants and CBBC ("W&C"). By this measure, the Government may increase revenue; the stock investors may feel fair; and the investors of W&C may reduce excessive speculation. If the levy rate is moderate (proposed to be the same level of stocks), the few impacts to the industry will lead to less opposition. The relatively simple legislative process, low tax costs, easily enforceable and unavoidable are all favourable to this proposal.

Recently, a Legislator advocates a similar proposal. He points out that the W&C turnover accounts for about 20% of daily turnover of securities market. Assuming that the average daily turnover of securities market amounting to HK\$50 billion, in which HK\$10 billion are contributed by W&C market. Suppose that the Government imposes stamp duty against W&C at 0.1%, the stamp duty from W&C will be as high as HK\$20 million each day, yielding annual revenue of 5.2 billion based on 260 trading days per year.

Steve Chung  
Managing Director

## Hong Kong Tax Case Study

*Provision of training services to a client in various countries...*

Ms. Law is a successful training consultant carrying on business in Hong Kong. She provides with training consultancy services to a multi-national high-class fashion giant having numerous chain-shops in South East Asia. Every year, Ms. Law tailor-makes new training programmes for her client and visits the Training Departments of her client in various cities such as Hong Kong, Taipei, Bangkok, Beijing, Shanghai, Seoul, Tokyo, Singapore, and so on, for the purpose of providing the training materials and briefing the trainers of clients' Training Department. From time to time, Ms. Law also visits the regional offices of her client in various cities in order to set up new Training Departments and to improve the existing Training Departments for her client.

Ms. Law earned consultancy fee of HK\$2,500,000 during the year ended 31 March 2014. The client paid for her tax in various countries except Hong Kong tax. The working schedule of Ms. Law in different cities is set out in the following table.

City	No. of days
Hong Kong	60 days
Beijing and Shanghai	150 days
Taipei	40 days
Other cities	50 days
Total	300 days

Ms. Law is a single without dependants. She hires an office in Tung Chung and an assistant to back-up her consultancy services. During the year ended 31 March 2014, Ms. Law spent HK\$500,000 expenses to maintain her business.

Since Ms. Law carries on business in Hong Kong and the consultancy fee income is derived from her business, basically, all of her consultancy fee income is subject to Hong Kong profits tax. However, DIPN 21 specifies that the source of service fee income is the place where the services are performed which give rise to the fees. In the case of Ms. Law, she spent 240 days out of 300 days outside Hong Kong for the provision of her consultancy services. Apportionment principle can be applied to the case of Ms. Law. Based on the travelling schedule, 80% (240/300) of the profit from her business should be exempted from Hong Kong profits tax. Her tax liabilities will be computed as follow:-

	HK\$
Consultancy fee income	2,500,000
Less: Operating expenses	( 500,000)
Net profit before apportionment	2,000,000
Less: 80% non-Hong Kong source profit	( 1,600,000)
Assessable profits	400,000
Applicable tax rate	15%
Tax liabilities thereon	<u>60,000</u>

Tax arrangement between Mainland China and Hong Kong does not apply to Ms. Law because she does not stay in China for more than 183 days and her tax liability in Mainland China has been settled by her client.

Remark: Ms. Law may apply for personal assessment to further reduce her tax liability.



## 編者的話

上一期，我解釋了特區政府現時的稅制如何導致香港現時嚴重的貧富懸殊現象。這一期，讓我們探討如何透過改善稅制來舒緩貧富懸殊。

首先，特區政府應積極考慮擴大印花稅的徵稅範圍，把原來不用徵收印花稅的認股證(俗稱「窩輪」)和牛熊證納入印花稅的徵稅範圍內，這樣一來有助政府增加收入，二來使認股證和牛熊證的投資者與股票投資者看齊，不會厚此薄彼；三來有助認股證和牛熊證的投資者減少過度投機。若徵收率適中(建議與股票的徵收率相同)，對業界的影響則有限，反對聲音也相對較輕微。而立法程序相對簡易、徵稅成本低、容易執法和難於逃稅皆有利於這項建議的實施。

日前曾有立法會議員倡議一項類似建議。該位立法會議員指出目前認股證和牛熊證的每天成交金額約佔整個證券市場總額的百分之 20。假設證券市場每天的平均成交金額為 500 億港元，其中 100 億港元便來自認股證和牛熊證市場，若以千分之一的徵收率計算，每天來自認股證和牛熊證的印花稅便高達 2000 萬港元，以全年 260 個交易日計算，每年印花稅的收入便可增加 52 億港元。

鍾可成  
董事總經理

## 香港稅務個案研究

為客戶在不同國家或地區提供培訓服務...

羅女士是一名成功的培訓顧問，她在香港經營業務。她為一家跨國高級大型時裝連鎖店設在東南亞的培訓部門提供培訓諮詢服務。每年，羅女士為她的客戶度身設計一套新的培訓課程，並到訪客戶在各個城市如香港、台北、曼谷、北京、上海、首爾、東京、新加坡等的培訓部門，目的是為了提供培訓材料和簡報客戶培訓部的培訓人員。羅女士還會定期拜訪客戶的區域辦事處，為他們設立新的培訓部門或改善培訓部門的運作。

截至二零一四年三月三十一日止年度，羅女士收取了 2,500,000 港元的顧問費。除了香港稅外，她在不同的國家的稅務責任由她的客戶支付。羅女士在不同城市的工作時間表載列於下表。

城市	天數
香港	60 天
北京及上海	150 天
台北	40 天
其他城市	50 天
合計	300 天

羅小姐現時單身，沒有受她供養的人士。她在東涌租用了一間辦公室，並僱用一名助理協助她提供服務。截至二零一四年三月三十一日止年度，羅女士合共付了 50 萬港元的費用維持她的業務。

因羅女士在香港經營業務，而顧問費收入來她的業務。基本上，所有她的顧問費收入須繳納香港利得稅。然而，稅務局釋義及執行指引第 21 號規定服務費收入的收入來源是提供服務的所在地。在羅女士的情況下，在她 300 天的工作天內，有 240 天在香港以外的地方提供諮詢服務。分配原則可以應用到羅女士身上。基於從她的業務利潤的行程，百分之八十 (240/300 日) 的利潤可獲利得稅豁免。她的稅項負債計算如下:-

	HK\$
顧問費收入	2,500,000
減：營運開支	<u>( 500,000)</u>
分配前純利	2,000,000
減：百分之八十非香港來源的利潤	<u>( 1,600,000)</u>
應評稅利潤	400,000
標準稅率	<u>15%</u>
稅項負債	<u>60,000</u>

中國內地與香港之間的稅收安排並不適用於羅女士，因為她在中國境內逗留不超過 183 天，而她在中國大陸的稅項負債已由她的客戶支付。

附註：羅女士還可申請個人入息課稅，進一步減少她的稅項負債。



## 我們的董事

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執業會計師

英國特許會計師公會資深會員

鍾可成先生

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華人會計師公會會員

會計學碩士

梁世安先生

執業會計師

英國特許會計師公會會員

## 我們的宗旨

優質服務

創造價值

問責制度

可靠專業

精益求精

## 我們的願景

成為馳名的會計師事務所

## 我們的聯絡資料

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## 新的公司條例

新的公司條例 ( 香港法例第 622 章 ) 於二零一四年三月三日正式生效。它確切為在香港成立和營運的有限公司提供了一個現代化的法律框架。以下段落總結了新的公司條例有關財務報告的顯著變動，供會計人員參考...



1. 每家公司每年必須編制周年財務報表，否則，公司董事可被處罰款最高港幣 300,000 元。
2. 財務報表必須符合適用的會計準則。財務報表若不遵守適用的會計準則可能導致法律後果。
3. 一家小型私人公司有資格採用中小企財務報告準則編制它的周年財務報表。
4. 若獲最少百分之七十五的成員表示同意，合資格的私人公司有資格採用中小企財務報告準則編制它的周年財務報表。
5. 其他公司可採用香港財務報告準則或適用於私營企業的香港財務報告準則編制它的周年財務報表。
6. 一家公司的股本不再存在任何名義價值。於二零一四年三月三日，任何在股份溢價賬及資本贖回儲備賬之貸項結餘需結轉至股本賬戶。此後，從發行股本所收到的款項應全數貸入股本賬戶內。
7. 於二零一四年三月三日或以後註冊成立的公司必須按照新的公司條例的規定編制它的周年財務報表。至於二零一四年三月三日以前註冊成立的公司，若會計期間於二零一四年三月三日以前開始，則仍需按照先前的公司條例 ( 香港法例第 32 章 ) 編制它的周年財務報表。此後，這些公司應按照新的公司條例編制它的周年財務報表。實務上，第一批採用新的公司條例編制周年財務報表的現有公司，它們的會計期間應始於二零一四年四月一日。
8. 上市公司和大型私人企業的董事報告必須包括一份具分析性和前瞻性的「商業評論」，而大多數小型私人公司可通過特別決議案選擇在董事報告內剔除「商業評論」。

以上列表或許不夠詳盡。讀者應向其專業會計師查詢，以便透徹了解新的公司條例對他們的公司的影響。