

Macao Offshore Institution
Transfer to General Macao Company
FQA

Free Translation

- 1. When all offshore licences become invalid on 1 January, 2021, will the registration of offshore companies at the Financial Service Bureau changed automatically into “General Macao Company”? Should offshore companies amend their registration at the Financial Service Bureau? What application documents should be submitted and is there a submission deadline?**

When all offshore licences become invalid on that day, offshore institutions which choose to cease their business must complete the declaration of closure within 15 days from the business cessation in accordance with Article 22 of the Business Tax Regulations.

For the offshore institutions choosing to continue their business, Financial Service Bureau will change their type of registration from “offshore institution” into “General Macao Company” in accordance with the invalidation list published by Macao Trade and Investment Promotion Institute (IPIM); nevertheless, for the offshore institutions intending to change their names or business scope, they must make a declaration to Financial Service Bureau within 15 days from the date of the relevant incident in accordance with Article 8 of the aforementioned Regulations.

- 2. If an offshore institution changes into a “General Macao Company”, will it adopt the same taxpayer ID?**

Yes.

Since the change from "offshore institution" to "General Macao Company" only involves the change of taxpayer category. Its taxpayer ID and business tax document number will not be affected.

- 3. If an offshore institution changes into a “General Macao Company”, should it be categorised as a Group A or Group B taxpayer according to Article 4 of the “Profits Tax Regulations”, or will it be categorised to a Group A or Group B taxpayer by some means according to the laws and regulations?**

After the transition period, an offshore institution that chooses to continue to operate in Macao will be transformed into a General Macao Company since 2021. Therefore, the Financial Services Bureau will categorise this company to either Group A or Group B taxpayer based on the amount of capital of this company (according to Article 4 of the “Profits Tax Regulations”).

Macao Offshore Institution
Transfer to General Macao Company
FQA

Free Translation

- 4. If an offshore institution changes into a “General Macao Company”, when should it begin to declare profits tax? If the reported income includes the income from previous years (tax-exemption period), how will the "Financial Services Bureau" handle such cases?**

Except for profits derived from intellectual properties which are under other provisions, companies need to declare their profit tax of 2021 to the Financial Services Bureau during February to March 2022 (for Group B taxpayers) or April to June (for Group A taxpayers). If the reported income includes the income from previous years, the companies concerned must pay the profits tax.

- 5. If an offshore company’s annual settlement date is not on 31 December, does it need to be changed?**

Yes. In comply the tax obligations, those offshore institutions transited to a general Macau companies must file their tax returns to Finance Bureau on a calendar-year basis.

- 6. Is it mandatory for offshore institutions to exclude the word "offshore business services" from the company name in order to become general local companies and maintain their development in Macao?**

Decree-Law No. 15/2018 does not contain compulsory provisions for changing business names. Offshore institutions need to take the initiative to apply for changing business names according to their individual development needs. According to clause b) of paragraph 2 and paragraph 3 under Article 8 of the "Business Tax Regulations", the change of company or business name should be filed within 15 days from the date of the relevant incident by submitting the “Business Tax Form M/1-New Registration/Amendment Form”. Therefore, if an offshore institution intends to change its company name, it must report to Financial Service Bureau in accordance with the above requirements, and the new company name must correspond with the business registration.

- 7. Is it mandatory for offshore institutions to change their business scope in order to become general local companies and maintain their development in Macao?**

According to clauses c) and d) of Paragraph 2, and Paragraph 3 under Article 8 of the "Business Tax Regulations", enlarging or reducing business scope must be filed within 15 days from the date of the relevant incident by submitting the

Macao Offshore Institution
Transfer to General Macao Company
FQA

Free Translation

“Business Tax Form M/1-New Registration/Amendment Form”. Therefore, if an offshore institution intends to change its business scope, it must report to Financial Service Bureau in accordance with the above requirements, and the new business scope must correspond with the business registration.

- 8. For an offshore institution which has changed into a “General Macao Company”, if its reported expenses include the fees paid to its overseas parent company (which is not registered for business tax in Macao) on demand, will tax reduction applicable to such part of expense?**

If the purpose of the fees paid to the overseas parent company is to obtain taxable income or profits, or as necessary incumbrance to maintain production, and the overseas parent company has not provided services to Macao in return for these fees, it can be regarded as tax expense deduction.

Note:

The above information is for reference only. For more details, please call the Tax Inquiry Hotline of the Financial Service Bureau: 853-2833 6886.