



TAX SYSTEM OF MACAO SAR

1. The Profits Tax Policy Framework of Macao SAR

■ Currency

Macao Patacas (MOP)

■ Tax authorities

Financial Services Bureau (FSB)

■ Tax year

Macao SAR follows a calendar fiscal year. That is from 1 January to 31 December.

■ Accounting principles / Financial statements

Financial Reporting Standards of Macao / General Financial Reporting Standards of Macao apply, depending on the nature of business.

■ Registration

Any individuals / legal entities carry on businesses in Macao SAR, are required to complete the tax registration before the commencement of business.

A new Macao SAR incorporated company / branch is also required to register with the Macao SAR Company Registry simultaneously.

■ Tax object

Any individuals / legal entities whose income arising from Macao SAR is subject to profits tax, irrespective of their place of residence or head office.

■ Profits Tax Rate

Profits tax rate of Macao SAR is up to 12%.

■ Tax treaties and double taxation relief

The double tax arrangements / agreements of Macao SAR are effective with the following jurisdictions:

- 1) Mainland China
- 2) Portugal

- 3) Mozambique
- 4) Cabo Verde
- 5) Vietnam
- 6) Hong Kong SAR

2. The Profits Tax Incentives Policies of Macao SAR

For the year 2022, there are a number of preferential tax incentives to encourage different industries or activities, mainly including the following:

- **Annual Tax Incentives** (according to year 2022 Macao annual government budget):
 - 1) Exemption allowance for Profits Tax assessment is MOP0.6 million.
 - 2) Income generated from Portuguese-speaking countries shall be exempt from profits tax, provided that the corresponding tax on the above income has been paid in the abovementioned countries.
 - 3) Enhanced deductions are provided on R&D expenses for the scientific and technological innovation business, with the total enhanced deduction limit of MOP15 million.
 - 4) Interest obtained through state debt securities, which are issued in the Macao SAR, as well as income obtained from the purchase and sale, redemption or other availability, shall be exempt from profits tax.

- **Statutory Tax Incentives**
 - 1) Tax exemption on income derived from the scientific and technological innovation business is for 3 years.
 - 2) Income generated from the finance leasing related business is subject to a concessionary tax rate of 5%. Income shall be exempt from profits tax if it is generated from the finance leasing related business from overseas and the tax has been paid overseas.
 - 3) Interest gains derived from, and gains from trading, redemption, or other incomes on disposal of, the national bonds, local government bonds and central enterprise bonds, of the People's Republic of China issued in Macao SAR, shall be exempt from profits tax.

- **Losses**

Profits Tax Group A taxpayers may carry forward tax losses and offset future taxable profits for the recent three years.

3. The Tax declaration Process of Macao SAR

■ Declaration of commencement of business operation

The following documents need to be submitted 30 days before the expected date of business commencement:

Individuals

- 1) Industrial Tax – Form M/1 – New Registration/Amendment Form;
- 2) A copy of identity document.

Legal entities

- 1) Industrial Tax – Form M/1 – New Registration/Amendment Form;
- 2) Either a copy of company contract, article of association or the business registration which has been published in the Official Gazette of Macao SAR Government;
- 3) A copy of the identity document of all shareholders or legal representatives, or the letter of authorization of the authorized person who has been authorized for the application for registration.

■ Filing

- 1) Profits Tax taxpayers are required to submit the annual tax return (Profits Tax Declaration Form M/1) to the FSB.
- 2) The tax return should be submitted to the FSB within the following periods:
Group A: within April to June of the subsequent year;
Group B: within February to March of the subsequent year.

■ Termination of business operation

Any individuals / legal entities who cease temporarily or permanently their operation in Macao SAR during the year should submit the following documents:

- 1) Industrial Tax – Form M/1 – New Registration/Amendment Form with 15 days from the date of cessation of activities;
- 2) Profits Tax – Form M/1 – Profits Declaration Form within 30 days from the date of cessation of activities;
- 3) Salaries Tax – Form M3/M4 – Name List of Employees/Casual Workers with 15 days from the date of cessation of activities.