

Jurisdiction's name:	Macao Special Administrative Region
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Information on Residency for tax purposes
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Section I – Criteria for Individuals to be considered a tax resident

When an individual generates income from Macao, either through employment or self employment, he or she would be taxable, and therefore a unique TIN will be given to him or her. “Professional Tax (salaries tax)” is the type of tax that is attributable to such income.

Furthermore, Macao is currently in the progress of setting up a Tax Code through legislation. And is expecting it to be passed in 2016 or 2017. It will have a set of better defined tax terminology, concepts and therefore provide a higher tax transparency.

(Professional Tax-Law N° 2/78/M-Chinese version) http://bo.io.gov.mo/bo/i/2003/48/despce267_cn.asp

(Professional Tax-Law N° 2/78/M-Portuguese version) <http://bo.io.gov.mo/bo/i/2003/48/despce267.asp#267>

Section II – Criteria for Entities to be considered a tax resident

When an entity (for example: limited company, incorporated, etc;) in Macao generates revenue from commercial or industrial activities, it is subject to “Complementary Tax (profits tax)” and “Industrial Tax (business registration tax)”. The Complementary Tax is governed by Law No.21/78/M, as amended (CTL). It is levied on total net income derived in Macao at a progressive rate from 3% to 12% (Art.2). Non-residents are subject to tax in Macao upon receipt of any income derived from business services or activities in Macao. Resident companies are subject to taxation on their worldwide profits, irrespective of whether such profits arise from business activities in Macao. A company is regarded as resident in the place where it is incorporated. As such, a company is resident in Macao only if it is incorporated in Macao.

Foreign companies – i.e. companies that are incorporated in regions outside Macao and are not considered as residents – are subject to tax in Macao and have to fulfil tax obligations, including filing of annual tax returns.

Industrial tax is a kind of annual registration fee for business activities. It ranges from MOP 150 to MOP 80 000 (EUR 13 to 6 930), depending on the nature of the activity. As a tax incentive, its payment has been suspended since 2002. However, shops or companies that engage in business activities are obliged to follow taxation procedures as prescribed in the Industrial tax law.

Each tax has a unique set of TIN assigned to each of such entity, and in the case of an entity has more than one business establishments, it may receive one set of TIN for each of these business establishments for “Industrial Tax”. However, only one TIN is provided for the entity for “CTL”, which manages and controls all the business establishments under it.

The work in progress of the Tax Code stated above will also cover taxable entities.

(Industrial Tax-Law N° 15/77/M-Chinese version) http://bo.io.gov.mo/bo/i/77/53/lei15_cn.asp

(Industrial Tax-Law N° 15/77/M -Portuguese version) <http://bo.io.gov.mo/bo/i/77/53/lei15.asp#15>

(Complementary Tax-Law N° 21/78/M-Chinese version) http://bo.io.gov.mo/bo/i/78/36/lei21_cn.asp

(Complementary Tax-Law N° 21/78/M -Portuguese version) <http://bo.io.gov.mo/bo/i/78/36/lei21.asp#21>

Section III – Entity types that are as a rule not considered tax residents

Macao law provides for the establishment of legal persons in the form of associations and foundations. Associations are non-profit-making organizations, while foundations are defined as legal persons with a social purpose (Arts. 154 and 173 Civil Code). They do not require to register for tax purpose and therefore have no tax residence, unless they conduct industrial or commercial activity, which is required to register for industrial tax. Associations and foundations established for a charitable or benevolent purpose may be recognized as “entities of public interest” under Law 11/96/M on “Public Interest Entities” (Art. 2(1)). The majority of associations or foundations of public interest in Macao are involved with cultural or sporting activities. Entities established for such purposes may be declared “of public interest” immediately after constitution (Art. 3(1)).

Associations and foundations established for other purposes may apply to be classified as public interest entities after three years of activity (Art. 3(2) Law 11/96/M). The application is subject to the approval of the Chief Executive, on a case by case basis, after scrutiny and on the basis of opinions from interested entities (public and private) regarding the nature, activity and purposes of the applicant (Art. 5). Entities of public interest benefit from certain tax exemptions (Art. 10).

Associations are considered legal entities when constituted while foundations acquire legal personality upon recognition of their social purpose and the adequacy of their assets by Macao’s Chief Executive (Arts. 141, 177(1) and (2) Civil Code), who must recognize the foundation’s constitution and approve its statutes (Art. 178(1) and (2)).

(Link: please see above;)

Section IV – Contact point for further information

Please provide the contact details of the competent service within their tax authority, which can be contacted in case of further questions on tax residency.

(EU Member States can furthermore refer to the Taxes in Europe Data Base maintained by the European Union, which contains a wide range of information on all taxes in the EU Member States, including on tax residency.)

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