

20 Frequently Asked Questions (FAQ) about Investing in Macao

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1. What are the main taxes applicable when investing and conducting business in Macao?

Macao adopts a simple and minimal taxation system. The taxes levied on general investment businesses are mainly profits tax, business tax, salaries tax and stamp duty, which may also include tourism tax, consumption tax and others taxes depending on the industry. On the whole, the most important tax for investing and doing business in Macao is profits tax.

Profits tax is levied on the total income obtained from industrial and commercial activities by a natural person (sole-proprietor) or a legal person (corporate) in Macao. Profits tax is calculated at a progressive rate up to a maximum of only 12%; taxable income of over MOP 300,000 is taxed at a rate of 12%. In accordance with the latest Tax Relief Measures implemented by the Macao SAR Government, the exemption allowance for taxable income from the profits tax for 2023 is MOP 600,000, and the income exceeding MOP 600,000 will be taxed at a rate of 12%.

A reminder from IPIM: The advantage of Macao's profits tax system is that the tax exemptions awarded after the assessment benefit most small and medium-sized enterprises (SMEs), lightening their tax burden. The low tax rate of only 12%

further benefits the development of large enterprises. Investors can refer to the following examples:

Taxable Income (MOP)	Taxable Income Exceeding MOP 600,000 (12% Tax Rate Applied)	Tax Payable	The Actual Proportion of Tax Payable to Taxable Income
600,000 or below	0	0	0.00%
1,000,000	400,000	48,000	4.80%
2,000,000	1,400,000	168,000	8.40%
3,000,000	2,400,000	288,000	9.60%
5,000,000	4,400,000	528,000	10.56%
10,000,000	9,400,000	1,128,000	11.28%
15,000,000	14,400,000	1,728,000	11.52%
20,000,000	19,400,000	2,328,000	11.64%
100,000,000	99,400,000	11,928,000	11.93%

The above examples do not reflect the actual taxation/assessment behaviour of the administrative authorities and the practicing accounting units, and are for reference only.

2. What is the difference between investing and

conducting business in Macao in the name of natural person (Individual Entrepreneur or Commercial Entrepreneur) and corporate body (Company or Commercial Entrepreneur)?

Investors can conduct business activities in Macao either as a sole proprietor or as a legal person proprietor.

A sole proprietor is a natural person who funds independently and runs a commercial enterprise in his/her own name or through a third party. The proprietor is responsible for all debts of the business.

A legal person proprietor is composed of shareholders who provide assets (money or labour service) as the capital of the company, jointly engage in profitable economic activities, and then distribute the profits to the shareholders. The shareholders shall bear the responsibility according to the type of company:

- General partnership: Composed of two or more shareholders who bear supplementary responsibility to the company and are jointly liable for the debts of the company.
- Simple limited partnership: Composed of unlimited liability shareholder(s) and silent partner(s). The silent partner is responsible only for the amount of capital they have contributed, but not responsible for the company's debts and cannot contribute capital in the

form of labour services; unlimited liability shareholders are responsible for the company's debts with unlimited liability.

- Partnership limited by shares: Silent partners contribute capital by subscribing to shares and are only responsible for the shares they subscribe to, but cannot contribute capital in the form of labour services; unlimited liability shareholders are responsible for the company's debts with unlimited liability.
- Limited company: A limited company is the most common form of company that consists of two or more people. Shareholders are liable to the company in an amount limited to the amount of capital they contributed to the company, and the company's debts are limited to all of its assets.
- One-person company: Funded independently by one person, and the company's capital is composed of a single share. The system of a one-person company is subject to the regulations of a limited company after necessary adjustments.
- Public company: All of the company's capital is divided into equal shares and the company consists of at least three people. Shareholders are responsible for the shares they subscribe to but are not responsible for the company's debts. The company's debt liability is limited to its assets.

A reminder from IPIM: Implementing investment projects in Macao as a sole proprietor and corporate are both acceptable, and each has its own characteristics. Investors can choose a suitable way to engage in business activities, and are welcome to contact a representative from the Investor's "One-stop Service" for further consultation.

3. Is it necessary to apply for a license to invest and do business in Macao?

Macao generally does not restrict access to investment and business operations. However, for some specific commercial activities (such as factories, financial companies, restaurants, clinics), the company must first obtain the corresponding authorisation/permits/licences by the competent authority before they can officially be put into operation. In addition, the import and export activities of goods are subject to prior authorisation and business matters, such as the renovation of business premises, generally involve licences (such as import and export licences, engineering licences) with relevant administrative procedures.

A reminder from IPIM: Throughout the process of implementing an investment project, the application for a licence is related to whether the project can be legally implemented on time, which often concerns the investors. In order to assist investors in preparing for the licence application, IPIM arranges for investors the prior technical meetings with the licencing authority according to the actual situation, so the investors can get a clearer idea of the relevant administrative procedures. IPIM has also established the Investment Committee composed of 12 government departments and organisations to accelerate the implementation of the projects.

4.What should I pay attention to if I want to buy or lease an establishment to start a business in Macao?

Investors are advised to pay attention to several aspects beforehand, including the usage of the premises (e.g. industrial purpose), construction conditions (e.g. building height, entrances and exits), operating conditions (e.g. voltage) and location (e.g. certain businesses must keep a certain distance from certain locations), and then decide whether the conditions are suitable for the investment to be carried out. They also need to be aware of whether the premises have been illegally constructed and other problems.

5.What kind of business incentives does the Macao SAR Government provide for investing and conducting business in Macao?

The government provides investors with a series of business incentives in various forms, including tax reliefs, loans,

bank loan interest and financial leasing subsidies, and bank loan guarantees. The main measures are as follows:



Investment incentives: the Tax Incentives Regime for Companies Engaged in Scientific and Technological Innovation Activities, the Subsidy Scheme for Encouraging Enterprise Upgrading and Development, and the Tax Incentives within the Scope of Industrial Policy

SME support: the SME Aid Scheme, the SME Credit Guarantee Scheme, and the SME Credit Guarantee Scheme for Special Projects


Youth entrepreneurship: the Young Entrepreneurs Aid Scheme

Employment support: the Employment allowance for encouraging enterprise recruitment.

For details, please refer to the following links:

-  [Finance Services Bureau website](#) (Tax Incentives Regime for Companies Engaged in Scientific and Technological Innovation Activities)
-  [Guidelines on administrative procedures of the Economic and Technological Development Bureau](#)

(Subsidy Scheme for Encouraging Enterprise Upgrading and Development, Tax Incentives within the Scope of Industrial Policy, Three Small & Medium Sized Enterprises Schemes, Young Entrepreneurs Aid Scheme)

-  [Social Security Fund website](#) (Employment allowance for encouraging enterprise recruitment)

6. What documents or preparations are required for the incorporation of a company through IPIM? How long does the process take?

- The identity documents of the shareholders and administrators (directors) (if the shareholders are married, the identity documents of the spouses must also be submitted);
- An appropriate Macao address for registration;
- Trade name of the company;
- Fill out the relevant forms provided by IPIM;

After signing the Memorandum and Articles of Association, IPIM will immediately register the company with the Commercial Registry Office, and apply for the declaration of commencement of operation with the Finance Services Bureau. When the application has been processed by the relevant departments, IPIM will collect and organise feedback for the investors, which usually takes about 15 workdays.

7. What identity document is

required?

Generally speaking, the identity document refers to an ID card or passport issued by the authority in an individual's place of residence. Mainland investors can use People's Republic of China Resident Identity Card.

8.What types of addresses can be used as the registered address of a company?

Investors can choose commercial offices, space in industrial building, shops as the registered addresses of a company, but the Macao Post Office Box cannot be used as a registered address.

9.What are the requirements for the wording of trade names?

The trade name must be in one of the official languages of the Macao SAR (Chinese and Portuguese), or in both languages. If an English trade name is used, both Chinese and Portuguese names must also be added; the wording of the trade names in the relevant languages (Chinese, Portuguese and English) must

be basically corresponding.

The trade name may require the addition of a mandatory company suffix (such as S.A., Lda., S.C., S.C.A. and S.N.C) according to the business type.

A reminder from IPIM: The Certificate of Admissibility of Trade Name is issued by the Commercial and Movable Property Registry. The trade name may not be able to be registered because it does not comply with the statutory principles, which may delay the application processing time. Regarding the company incorporation projects handled up by IPIM, IPIM will maintain communication and coordinate with the Commercial and Movable Property Registry, and closely follow up the process of trade name registration.

10. How much is the administrative fee for the incorporation of a company through IPIM?

For company incorporation through the Investor's "One-stop Service" of IPIM, the related services provided by IPIM are totally free of charge. Investors are only required to pay the statutory handling fees and taxes as required for company incorporation (mainly including application fees for the Certificate of Admissibility of Trade Name, company registration fees, notary fees, and stamp duty).

A reminder from IPIM: For investors who plan to set up a company with the statutory minimum registered capital of MOP

25,000, IPIM will initially collect approximately MOP 1,000 to pay the fees to the relevant departments on behalf of the investors. Please contact a representative of the Investor's "One-stop Service" of IPIM for further enquiries.

11. How much capital is required for incorporating a company in Macao? Does the registered capital need to undergo any assessment procedures?

According to the law, the minimum amount of registered capital required for setting up a limited company is MOP 25,000, and there is no upper limit. The company does not need to submit any documents for capital assessment during the incorporation process.

A reminder from IPIM: For companies of a specific type or those engaged in a specific business, the regulations on the amount of registered capital are different. For example, the minimum amount of registered capital required for a public company and a partnership limited by shares is MOP 1 million, the minimum amount of registered capital required for a financial leasing company is MOP 10 million, and the minimum amount for companies specialising in travel agency business is MOP 1.5 million. Please contact a representative of the Investor's "One-stop Service" of IPIM for further consultation.

12.How many shareholders and directors are required to register a limited company?

A limited company should have at least two and at most 30 shareholders. A limited company can be managed and represented by one or more directors, and these members can be shareholders or non-shareholders.

13.Is there any restriction on the nationality of a company's shareholders?

There is no existing law related to any restrictions on the nationality of shareholders of a company registered in Macao.

14.When setting up a company, is it necessary for the

shareholder(s) to come to Macao to sign relevant documents in person?

Shareholders can choose to complete the company registration process in person, or authorise a representative to come to Macao for the incorporation.

15. Is it necessary that a certain percentage of the company's shares needs to be held by Macao residents for setting up the company in Macao?

The current law does not involve any mandatory provisions on the holding of shares by Macao residents for the incorporation of companies in Macao.

16.Can foreign companies (including those from Mainland China) be shareholders of a company registered in Macao? Can the company be wholly owned by a foreign company?

A foreign legal person can set up a new company in Macao as one of its shareholders. According to the current Commercial Code of Macao, the incorporation of a limited company must involve at least two shareholders. If there is only one shareholder, the corporate body can establish a company as a one-person company. Alternatively, the foreign legal person can operate its business(es) by setting up a permanent office in Macao (that is, the company's domicile and the main administrative organ are not located in Macao, but the company operates business(es) in Macao for a long period of time; the branch company is a branch affiliate to the parent company or is a relatively independent business unit, which generally does not have a separate legal personality and does not have a separate legal status).

17.After the company is

registered, can shareholders change the company name and/or registered address?

After the company is registered, shareholders can change the company name and/or registered address as needed.

18. Do companies need to submit accounts through an accountant every year? What are Group A and Group B taxpayers of Profits Tax?

According to Article 4 of the Profits Tax Regulation approved by the current Law No. 21/78/M, Group A taxpayers of the Profits Tax must prepare and submit accounts via certified practising accountants to verify taxable profits. Other than that, it is not mandatory for a certified practising accountant to prepare and submit accounts.

Group A taxpayers refer to:

- Public companies and partnership limited by shares;
- A company of any type with a capital of no less than MOP 1 million or with an average taxable income amounting to more than MOP 1 million over the past three years;
- A company of any type that is the ultimate parent entity;

- The ultimate parent entity refers to a member entity of a multinational group that meets the following conditions: It holds the sufficient interests of other member entities, it must prepare consolidated financial statements in accordance with accounting standards, and the said interests are not directly or indirectly held by other member entities.
- For example, a multinational group has one or multiple companies that are located outside of Macao and have more than 50% of equity or control rights; the parent company of the group is established in Macao, and none of other members of the group has more than 50% of equity or the control rights of the parent company, as such, this parent company in Macao is deemed the ultimate parent entity.

The above example is for reference only. The specific definitions are subject to the International Financial Reporting Standards 10 (IFRS 10) – Consolidated Financial Statements annexed to dispatch no. 44/2020 issued by the Secretary for Economy and Finance.

- Other individuals or groups that have properly organised accounts and are classified as Group A Taxpayer by submitting a declaration by 31st December of the taxable year; but if the business starts in the last quarter of the year, the submission of the relevant declaration may be postponed to 31st January of the following year.

Taxpayers who are not classified as Group A are classified as Group B taxpayers. Generally, they are small, medium and micro-sized enterprises without a formal accounting system, and the Financial Services Bureau assesses their annual income as the basis for taxation.

A reminder from IPIM: Group A taxpayers must report the previous year's income through a certified practising accountant between April and June every year, and Group B taxpayers must submit the M/1 Annual Income Declaration

between February and March every year to declare the previous year's income.

19. After setting up a company in Macao (as a director, member of the management or technician), can a non-Macao resident automatically be recognised as a legal member of the labour force?

If a non-Macao resident wishes to work in Macao, he/she must submit an employment permit application to the Labour Affairs Bureau as an employer through a company registered in Macao in accordance with Law No. 21/2009 – the Law on Employment of Non-Resident Workers. If the employment permit application is approved, the employer or its agent must go to the Public Security Police Force to apply for the “Authorisation to Stay for Non-resident Workers”, and the employed person can work in Macao only after the authorisation is granted.

The relevant application can be handled by employers or employers' representatives at the Non-resident Workers Employment Department of the Labour Affairs Bureau, located on the 9th floor of Edifício Long Cheng, 614A-640, Avenida do Dr. Rodrigo Rodrigues, Macao. After the application has been processed and approved, the employed non-local workers must go to the Public Security Police Force of Macao to apply for the

Non-resident Worker's Identification Card (also known as "Non-resident Worker's Card") before they are allowed to work in Macao.

A reminder from IPIM: Investors should pay special attention to the fact that non-local residents will not automatically obtain the legal status to work in Macao after establishing a company in Macao as a shareholder or director.

20. Can investors from Mainland China apply Business Visit Endorsements for multiple trips to Macao at the relevant departments in Mainland China based on the establishment of company(-ies) in Macao?

The endorsements for mainland investors to travel to and from Macao are issued by the competent authorities in Mainland China in accordance with relevant regulations.