

Introduction to Taxation

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Government Taxation

- Macao is a separate customs territory and has a simple and low taxation system. Macao is a free port allowing convenient movement of people, goods and capital, which facilitates foreign investments in Macao and the development of local enterprises.
- The Financial Services Bureau (DSF) is responsible for monitoring the taxation system and implementing the tax law. The fiscal year runs from January to December.

The Main Taxes in Force in Macao SAR are:

Profits tax (3% to 12%)

Profits tax is levied on all income derived from commercial activities in Macao by natural persons and legal persons.

Profits Tax is taxed at progressive rates. Taxable income below MOP 32,000 is exempted from tax. Taxable profits between MOP 32,001 and MOP 300,000 are taxed from 3% to 9%. Taxable profits exceeding MOP 300,000 are taxed at a flat rate of 12%.

Tax Relief Measures included in the Government Budget of Financial Year 2024:

- Allowance for profits tax assessment in the fiscal year 2023 was MOP 600,000.
- For companies which have already registered as a Group A taxpayer in DSF, the tax levied on taxable income derived from the first MOP 3 million spent on research and development activities will be deducted by 300% of the amount spent; and the tax levied on taxable income generated from cost exceeding MOP 3 million spent on the same activities will be deducted by 200% of the amount spent. The total deduction is subject to an upper cap of MOP 15 million.
- All income obtained or generated in Portuguese-speaking Countries is exempt from profits tax, on the condition that the relevant profits tax has been paid in that country.
- Interest obtained from bonds which are issued in the Macao SAR, as well as profits obtained from the purchase and sale, redemption or other availability, are exempt from the profits tax.

Business Tax (MOP 300 for most activities)

Natural persons or legal persons engaging in any commercial activities must complete business tax registration and pay the business tax, whose amount is subject to the nature of business. Most activities are taxed MOP 300 annually. For commercial banks, the tax is MOP 80,000 with an additional 5% stamp duty.

Tax Relief Measures included in Government Budget of Financial Year 2024

Exemption of business registration tax.

Salaries Tax (7% to 12%)

Salaries tax is imposed on work income from employment or self-employment. Salaries Tax is calculated at progressive rates up to a maximum of 12%.

Salaries taxpayers are divided into two groups – employees (including casual workers and part-timers) and self-employed professionals (freelancers).

Tax Relief Measures included in Government Budget of Financial Year 2024

- The exemption on salaries tax is 30% and the allowance for its assessment is MOP 144,000. In addition, allowance for part-timers and employees who are aged 65 or above or with permanent disability level of 60% or above is adjusted to MOP 198,000.
- 60% of the salaries tax paid for the assessment year 2022 will be refunded to salaries taxpayers who hold a Macao Resident Identity Card on 31 December 2022 up to a ceiling of MOP 14,000.

Property Tax (6% or 10%)

Property tax is levied on all owners of residential, commercial and industrial properties in Macao. The tax payable for each year of assessment is the rental value of the property assessed by the Standing Committee of Property Assessment or the actual rental income generated; whichever is higher and the applicable tax rate will be 6% or 10% respectively.

Tax Relief Measures included in Government Budget of Financial Year 2024:

- Standard deduction of MOP 3,500 on property tax.
- The urban property tax rate for leased premises is reduced to 8%.

Consumption Tax

Taxes levied on imported alcoholic drinks and tobaccos:

Products	Specific rates (MOP/unit)	Ad value rates (c.i.f. value) (%)
Wine, beer and other alcoholic beverages		
Alcoholic beverages with an alcohol content of 30% (20°) or above by volume (excluding rice wine)	20.00/litre	10%
Tobacco		
Cigars, cheroots and cigarillos	4,326.00/kg	—
Cigarettes; other	1.50/unit	—

Products	Specific rates (MOP/unit)	Ad value rates (c.i.f. value) (%)
Other products containing tobacco or tobacco substitutes, or other compounds added to the tobacco	600.00/kg	—

Motor Vehicle Tax

Motor vehicle tax is levied on individuals and entities involved in different parts of consumption activity of new vehicles. Two different classes of progressive tax rates will be applied according to the type (automobile/motorcycle) and price of vehicles.

Stamp Duty

In the Macao SAR, certain business transactions are subject to a stamp duty. For example, legal persons, natural person proprietors or non-local residents who acquire any immovable residential property or its rights by compensated or uncompensated means are subject to an additional 10% of stamp duty.

In response to the social and economic development and in view of the popularisation of electronic payments, Law no. 24/2020

(Amendments to the Stamp Duty Regulation and the General Table of Payment of Stamp Duty) was brought into effect on 31 March 2021. The amendments mainly include: replacement of the revenue stamp with the Stamp Duty on Payment Slip, removal of certain stamp duty items in the original General Table of Payment of Stamp Duty, imposition of stamp duty on contracts for right transfers for stores in commercial centres, 50% stamp duty reduction for lease contracts where the disputes on leasing of immovable property are solved through arbitration.

Stamp duty for the purchase of immovable property (such as composite buildings, office buildings and parking spaces) is calculated at a progressive rate:

Assessment scope	Stamp Duty Rate
First MOP2,000,000	1%
MOP2,000,01 to 4,000,000	2%
MOP4,000,001 or above	3%

Tax Relief Measures included in Government Budget of Financial Year 2024

- Exemption of stamp duty on insurance contracts and banking services.
- Exemption of stamp duty on auctions of products, goods and properties, or movable or immovable properties.
- Exemption of stamp duty on all admissions of performance, exhibition or any kind of entertainment.
- The issuance, purchase and sale, as well as compensated transferral of bonds are exempt from the applicable stamp duty.
- Exemption of stamp duty on putting up or placement of advertisements, signboards and publicity materials that have already been exempt from the licence fee.

Tourism Tax (5%)

A tourism tax of 5% is imposed on hotels and similar establishments (hotels, guest houses, tourism complexes, restaurants, cabarets, bars) and health clubs, saunas, massage parlours and karaoke lounges according to the price of services.

Tax Relief Measures included in Government Budget of Financial Year 2024:

Tourism tax is exempted for restaurants of certain classes

More details about taxation are available on the Guide of Formalities of Tributary on the official website of the Financial Services Bureau of Macao

Website: <http://www.dsfgov.mo/guia/guia.aspx>

Taxation Agreements and Arrangements

In regard to co-operation in taxation and investment, Macao has already signed a number of co-operation documents with other regions, including the Multilateral Convention on Mutual Administrative Assistance in Tax Matters, the Agreement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, Tax information Exchange Agreement, and Agreement on Encouragement and Reciprocal Protection of Investments.

Multilateral Agreements and Arrangements	
Multilateral Convention on Mutual Administrative Assistance in Tax Matters	
Regional Agreements and Arrangements	
Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income	Mainland China
Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income	Hong Kong, China
International Agreements and Arrangements	
Agreement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income	Portugal, Belgium, Mozambique, Cape Verde, Vietnam and Cambodia

Tax information Exchange Agreement	Australia, Denmark, Faroe Islands, Finland, Greenland, Iceland, Norway, Sweden, India, Jamaica, Malta, Japan, United Kingdom, Guernsey, Argentina and Ireland
Agreements on Promoting and Protecting Investments	
Agreements on Encouragement and Reciprocal Protection of Investments	The Netherlands and Portugal