

Tax code 2.0

A new legal framework establishing Macau's first unified tax code has been recently enforced, modernising taxpayer and tax administration relations, while replacing the outdated Tax Executions Code. Experts view the changes as necessary, yet not groundbreaking, with the upgrade addressing long-standing issues in tax enforcement and clarifying the rights and obligations of taxpayers

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Four years after it was first announced by the Macau Executive Council, the Legislative Assembly approved Macau's first tax code. The new framework effectively creates the city's first unified legal tax framework for taxpayer and tax administration relations, tax procedures and judicial proceedings, while introducing a special procedure regime for tax enforcement, replacing the previous Tax Executions Code, which had never been officially translated into Chinese.

According to law firm Lektou, this "landmark legislation" establishes a unified legal framework for the relationship between taxpayers and the tax administration, standardising procedures and judicial processes that have long varied across different taxes.

The new framework amends a wide range of tax regulations, including industrial regulations, professional tax, urban property contributions, stamp duty, complementary income tax, circulation tax and tourism tax.

The legislation was initially submitted by the Executive Council in 2021 in order to "establish a more modern tax regime that meets the economic development requirements of the Macau SAR and public administration reform".

Macau was previously unofficially considered internationally as a tax haven for its advantageous personal and corporate tax structure, with residents and non-residents alike benefiting from low taxes levied against professional and business income.

For example, foreign earnings are not taxed, but residents are taxed on income earned from Macanese companies, with the first MOP144,000 earned exempt from personal taxation, after which the top tier is taxed at 12 per cent.

Upon the announcement of the legislative change, the advisory body stated that the current tax regime in force in the Macau SAR was gradually created in the 1970s and constituted "for the most part of separate tax laws, drawn up in accordance with the need for tax collection" without including tax concepts and principles that apply uniformly and globally.

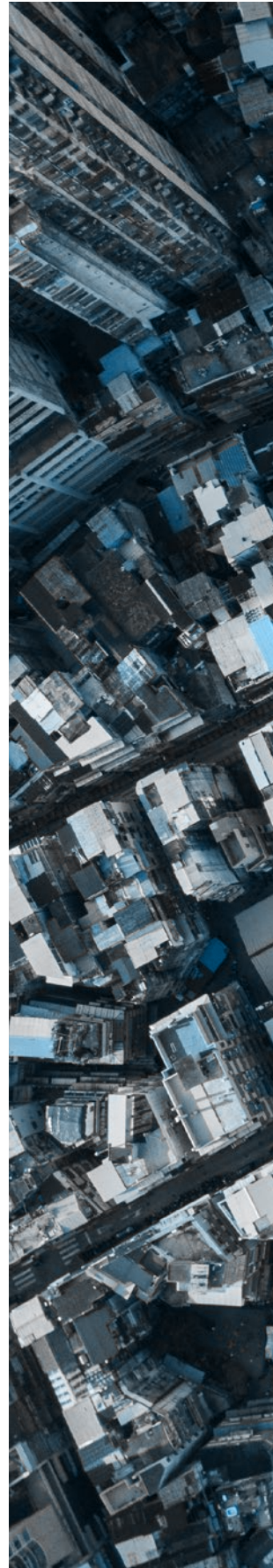
"For this purpose, it is necessary to systematise them and establish even clearer standards," it added.


Changes galore

The new tax code includes a total of 293 legal articles, divided into five sections, namely: Tax Order, Tax Legal Relationship, Tax Proceedings, Tax Legal Proceedings and Tax Foreclosure Proceedings.

The code draft introduced concepts such as 'tax resident' and 'tax residence' so as to 'better comply with its international tax obligations' and better 'attract more foreign investors' to the SAR.


It also aims to 'unify the separate rules of the current tax legislation', as well as to clearly define the rights and obligations in tax legal relations, in the tax judicial process, and in the process of tax enforcement, to 'fully safeguard the legitimate rights and interests of taxpayers and





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– Rui Oliveira, lawyer at MdME

other taxpayers’, while ensuring the city’s tax revenues.

In order to comply with the latest international standards on the exchange of information on request and the automatic exchange of information, established by the “Global Forum on Transparency and Exchange of Information in Tax Matters” from the Organisation for Economic Co-operation and Development (OECD), as well as further improving the legal framework for exchanging tax information in the SAR, local authorities also advanced with a new legal framework for the exchange of information in tax matters.

The new Tax Code introduces, for example, the concept of a permanent establishment, defining a permanent establishment as any fixed facility, such as a branch, office, factory, or construction site, through which commercial or industrial activities are conducted.

If construction activities exceed six months, a permanent establishment is recognised, and the Code also outlines provisions for dependent agent permanent establishments, where agents act-

ing on behalf of an enterprise frequently conclude contracts.

It also establishes new tax residence rules, stating that legal entities are deemed residents if their registered office or effective management is located in Macau.

Those without such ties but earning income in Macau must appoint a tax representative residing in the region to ensure compliance with tax obligations.

Law No. 24/2024 also introduces important amendments to existing regulations, particularly regarding transfer pricing, requiring that transactions with related parties adhere to the arm’s length principle, defining related parties as those with significant influence over each other’s management or decisions.

If this principle is not followed, the Macau Financial Services Bureau can adjust the taxable person’s tax base. Taxable persons must prepare transfer pricing documentation within nine months of the financial year’s end and maintain it for at least seven years.

Additionally, advance pricing agreements can be established for con-

trolled transactions valued at MOP40 million or more.

The law also addresses double taxation, allowing tax amounts paid in other jurisdictions to be credited against Macau taxes, limited to the tax assessed in Macau.

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A needed but not revolutionary change

Rui Oliveira, a partner at the law firm MdME, explained to *Macau Business* that there existed an urgent need to update the tax enforcement process, which had been outdated in the Macau SAR.

However, he underlined that “the majority of the procedural provisions in the Tax Code do not present anything new”, as they are already established, albeit in a dispersed manner,

in the various tax laws and regulations or are generally accepted as applicable tax principles.

The Tax Code, therefore, primarily addresses general aspects of the legal tax relationship, administrative tax procedures, judicial tax proceedings, and tax enforcement proceedings.

Oliveira identified several key novelties introduced by the Tax Code. One significant change is the alternative tax liability provision, which holds directors, members of supervisory bodies, and asset managers accountable for tax debts.

“This allows for the members of the governing bodies of corporations to become liable for tax debts,” he explained.

The Code also defines a general principle of territorial taxation based on the source principle while allowing for certain exceptions. Additionally, it provides clear definitions for various aspects of the tax legal relationship, particularly the concept of tax domicile.

In addition to the Code, the lawyer highlighted several amendments to

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the legal framework for various taxes, particularly focusing on the profits tax, also known as complementary income tax. Changes have significantly reduced the taxation of income earned outside the MSAR.

“This aspect is very important for the competitiveness of the MSAR and aims to eliminate one of the previously existing difficulties in positioning it as an investment platform and international business center,” he asserted. New rules were also introduced to mitigate international double taxation concerning income earned outside Macau, benefiting corporate groups based in the region with operations beyond its borders.

Oliveira highlighted the newly established transfer pricing regulations, which align with OECD standards. He noted, “These rules allow, in a clear

and secure manner for taxpayers, to control and evaluate intragroup transactions for tax purposes,” aiming to implement effective measures against tax avoidance and evasion.

Regarding the implications for gaming concessionaires, Oliveira stated that primary concerns would likely revolve around transfer pricing due to the diverse businesses they operate beyond gaming. “The multiplicity of transactions and interrelationships between the different entities of their respective groups will be significant”, he warned.


The new liability regime for directors and supervisory board members, could also raise some concerns for the members of the relevant corporate bodies, and may create “some difficulties and additional costs in recruiting for these positions.” ■

本澳流動電信營運商


3G網絡

於2025年6月退場


Macao's mobile telecommunication operators' 3G networks will cease in June 2025



3G網絡於2025年6月4日退場；
3G networks will cease on 4 June 2025.




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4G VOICE FUNCTIONALITY



若不支持，在3G退網後，便不能享用語音服務；
If VoLTE is not supported, then once 3G networks cease operating, voice services will no longer be available.

市民及商戶應留意手機或其他終端設備是否支援VoLTE功能；
Citizens and businesses should note whether if their handsets or other terminal equipment support VoLTE functionality.



3G用戶請盡早安排轉換到4G/5G服務；
3G users should arrange to migrate to 4G/5G services as soon as possible.

若有不清晰的地方，可聯絡相關流動電信營運商了解。
In case of any ambiguity, please contact the respective mobile telecommunication operators for inquiries.

