

Hong Kong & Mainland China News –October-2017

IMF raises worldwide growth forecast

By news.rthk.hk

Tuesday, October 10, 2017

The International Monetary Fund has raised its forecast for global growth to 3.6 percent this year and 3.7 percent in 2018. The outlook is up 0.1 percentage points for both from the IMF's previous forecast in July and would mark the fastest growth since 2011. The world economy grew 3.2 percent in 2016.

The United States, the 19-country eurozone, Japan and China are all forecast to grow faster this year. World trade is expected to grow 4.2 percent this year, the most in six years.

China is expected to report faster growth this year for the first time since 2010, easing concerns that fallout from a slowdown in the world's second-biggest economy will drag down growth elsewhere. But the IMF warns that the country has taken on high debts to boost growth and advised authorities to continue recent efforts to limit the rise in lending.

IMF chief economist Maurice Obstfeld said the sunnier outlook for the United States — 2.2 percent growth this year versus 1.5 percent in 2016 — did not include any expectations that Congress will pass big tax cuts, but just reflected healthy growth in the first half of 2017.

A pickup in investment, industrial production and consumer and business confidence also underpins the improved global outlook.

But lacklustre productivity growth and ageing populations continue to drag on growth in the world's wealthiest countries. The international lending agency also notes that inflation remains worryingly low, a sign that the world economy still has not returned to full health in the aftermath of the 2007-2009 recession.

In an indirect reference to the election of President Donald Trump in the United States and Britain's decision to leave the European Union, chief economist Obstfeld also warned that growing income inequality within countries has "helped fuel political disenchantment" and a backlash against globalisation.

Improved outlook for the economy

By www.thestandard.com.hk

Wednesday, October 11, 2017

The Chief Executive Carrie Lam Cheng Yuet-ngor predicted today better than 3.5 percent growth for the Hong Kong economy, which she said was solid.

She also said she will listen to the public and legislators with humility.

"Inflation has dropped for six consecutive years. Barring abrupt negative shocks externally, our overall economic growth this year is expected to go higher than 3.5 percent, the mid-point in the earlier forecast range of 3-4 percent, and would fare better than the annual average of 2.9 percent over the past decade," she said.

CE confirms SMEs to enjoy huge cuts to profits tax

By news.rthk.hk

Wednesday, October 11, 2017

Chief Executive Carrie Lam has announced a huge reduction to standard profits tax, halving the amount businesses need to pay on the first HK\$2 million from 16.5 percent to 8.25 percent.

She had tipped her hand about the move last month, but went on to announce a larger-than-expected cut in her Policy Address on Wednesday. Lam said the measure will further enhance the city's competitiveness.

Profit above HK\$2 million will continue to be taxed at the usual rate.

The tax break is only designed to benefit small and medium enterprises (SMEs), and to address concerns that big businesses could take advantage of the reduction, Lam said each group of enterprises would only be able to nominate one firm to enjoy the lower rate.

Lam also announced a move to encourage businesses to allocate more money to research and development, with the first HK\$2 million they spend on R&D getting a 300 percent tax deduction, with a 200 percent deduction applied to any further spending.

The CE said her administration is aiming to double local spending on R&D to 1.5 percent of GDP within her government's five-year term.

Mainland's third quarter growth meets forecast

By news.rthk.hk

Thursday, October 19, 2017

The mainland's economic growth edged down slightly in the latest quarter but was in line with analysts' forecasts.

Government data released on Thursday showed the world's second-largest economy grew at a 6.8 percent annual pace in the three months ending in September, down from the previous quarter's 6.9 percent.

"The national economy has maintained the momentum of stable and sound development in the first three quarters, with favourable factors accumulating for the economy to maintain medium-high rate of growth," National Statistics Bureau spokesman Xing Zhihong said.

Economic activity has been unexpectedly strong this year, but forecasters expect growth to cool as Beijing tightens controls on bank lending to stem a rise in debt.

Retail sales rose 10.3 percent in September over a year earlier, down slightly from the 10.4 percent rate of the first three quarters.

Trade data reported earlier showed export growth accelerated in September to 8.1 percent from August's 5.5 percent.

Taxation summit held

By www.news.gov.hk

Monday, October 23, 2017

The Government held the Summit on New Directions for Taxation today, attracting more than 400 participants.

The summit gathered government officials, business leaders and tax professionals to discuss the formulation of forward-looking tax policies and measures for fostering economic development.

Opening the summit, Chief Executive Carrie Lam said: "On the premise of ensuring the health of public finance, the (Hong Kong) Special Administrative Region Government should adopt forward-looking and strategic financial management principles in wisely using our accumulated fiscal surpluses, which are wealth derived from the community, to benefit the community."

In her 2017 Policy Address, Mrs Lam laid out a new two-tier profits tax system and additional tax deductions for research and development expenditure.

She called on the participants to propose tax measures which will further promote Hong Kong's economic development.

Also speaking at the summit, Financial Secretary Paul Chan elaborated on the tax measures launched by the Government in recent years, including the tax incentives for promoting the development of the financial sector and aircraft leasing business.

He used these examples to outline the Government's underlying principles in considering different tax policies and measures, saying they must be able to generate economic and social benefits, meet international tax standards, and allow Hong Kong to maintain its existing simple and low tax regime.

The summit also featured two discussion sessions on tax initiatives to reinforce Hong Kong's pillar industries and promote the development of a diversified economy.

Secretary for Financial Services & the Treasury James Lau said the Tax Policy Unit under his bureau will continue to work with other government bureaus and stakeholders to study tax measures that promote the city's economic development.

Asia now boasts more billionaires than the US

By news.rthk.hk

Thursday, October 26, 2017

For the first time, Asia now has more billionaires than the US, according to a report by accounting firm PwC and investment bank UBS.

The report says there were 637 billionaires in Asia last year, 162 of them new entrants to the super-rich list. America had 563 billionaires.

Ten of Hong Kong's 69 billionaires were newly minted, while on the mainland, 101 new faces joined the billionaire club.

PwC and UBS said the total wealth of billionaires globally rose 17 percent last year to US\$6 trillion.

Amy Lo, from UBS, said she expects there will be more young billionaires coming from China, especially in the technology industry.

"Obviously, China will continue to lead the growth of the billionaires and also drive the billionaires' wealth in the world," Lo said.

She also said she expected the mainland to continue to aim for economic growth that would see the country outshine its peers.

"With President Xi retaining his leadership position, and given the objective to double the per capita income by 2020 from 2010, we believe that the government will continue to pursue the growth level of around six percent over the next few years, which is higher than any other comparable global economy."

HK-Macau pact signed

By www.news.gov.hk

Friday, October 27, 2017

Financial Secretary Paul Chan co-chaired the 10th Hong Kong Macao Co-operation High Level Meeting with Macau's Secretary for Economy & Finance Lionel Leong in Hong Kong today.

Mr Chan and Mr Leong signed the HK-Macau Closer Economic Partnership Arrangement before the meeting.

Noting the arrangement covers investment, intellectual property, economic and technical co-operation, as well as goods and services trade, Mr Chan said the commitments go beyond those undertaken by the two sides under the World Trade Organisation.

The pact will take immediate effect, while commitments on the liberalisation of goods and services trade will come into effect on January 1, 2018.

In the meeting, both sides pledged to continue creating a business-friendly environment for companies of the two places and jointly promote multi-destination itineraries, investment, and trade and exhibition.

They also agreed to work with Guangdong Province to press ahead with the development of the Guangdong-Hong Kong-Macao Bay Area.

"Being the country's special administrative regions, both Hong Kong and Macau possess unique advantages which enable the two places to play different but complementary roles in the country's development.

"Complementing the development strategy of the Belt & Road Initiative, the bay area development will present historic opportunities for the future development of Hong Kong and Macau," Mr Chan said.

Fintech boom fuels Chan hopes

By www.thestandard.com.hk

Monday, October 30, 2017

Financial Secretary Paul Chan Mo-po said Hong Kong has the potential to become an international financial technology hub, noting there were 138 newly-established fintech companies in the SAR last year, up 60 percent from a year earlier.

"Fintech Week, held last week, was international, which means Hong Kong has potential to becoming a center of global fintech," Chan wrote in his blog. Some 4,000 experts from 50 countries joined Fintech Week at the Convention and Exhibition Centre, including those involved in Blockchain, artificial intelligence, regulatory, insurance, wealth management technology and internet security.

"Our fintech ecosphere is gradually forming, leading the market under the associated efforts of all sectors," Chan added.

Last month, the Monetary Authority, the Securities and Futures Commission and the Insurance Authority announced sandbox initiatives to facilitate fintech development.

The SAR and British governments have reached a FinTech Bridge Agreement. The Monetary Authority of Singapore too has signed a cooperation agreement with its SAR counterpart to strengthen ties.

And to fit in with development of the Guangdong-Hong Kong-Macau Bay Area, the Office of Financial Development Service of Shenzhen has announced a series of cooperation arrangements with the latter.