



# Thinking beyond borders: Management of extended business travelers - Macau (SAR)



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**01**

# **Key message**

All Macau (SAR)-sourced income is subject to tax. Macau (SAR) has double tax treaties with Hong Kong (SAR), China, Portugal, Republic of Mozambique, Republic of Cape Verde, and the Socialist Republic of Vietnam. The maximum tax rate is 12 percent, and a 30 percent reduction in Macau (SAR) professional tax (MPT) liability is temporarily allowed in accordance with tax relief measures announced in 2023 Macau (SAR) Financial Budget.

A person's liability to Macau Professional Tax ("MPT") is determined by the source of income earned. Residents and non-residents are generally treated alike for MPT purposes.

# 1 Key message

Business travelers are taxed on remuneration for services rendered in Macau (SAR).

**02**

# **Income tax**

## 2 Income Tax

### 2.1 Liability for income tax

MPT is levied on all personal income from employment and professional practices arising in or derived from Macau (SAR), regardless of the origin of payment, place of employment, or residency of taxpayers.

### 2.2 Definition of source

For MPT purposes, income will generally be regarded as arising in or derived from Macau (SAR) if it is received in consideration of services performed in Macau (SAR).

### 2.3 Tax trigger points for employment income

Technically, there is no threshold/minimum number of days that exempts the employee from the requirements to file and pay tax in Macau (SAR). Macau (SAR) has double tax treaties with Hong Kong (SAR), mainland China, Portugal, Republic of Mozambique, Republic of Cabo Verde, the Socialist Republic of Vietnam, and Cambodia. To the extent that an individual qualifies for relief under the dependent personal services article of the applicable double tax treaty, there will be no tax liability in Macau (SAR). The treaty exemption will not apply, however, to individuals under certain circumstances, such as where the remuneration is paid by an employer who is a resident of Macau (SAR) or borne by a permanent establishment (PE) that the employer has in Macau (SAR).

### 2.4 Types of taxable income

MPT is levied on all service income, including remuneration from work, in cash or benefits-in-kind, fixed or variable, and regardless of the calculation method or the currency in which it is paid.

### 2.5 Tax rates

The first 144,000 Macau patacas (MOP) of an individual's taxable income is exempt from MPT. Progressive tax rates range from 7 percent to 12 percent. Taxable income over MOP424,000 is taxed at 12 percent.

In 2023, employees aged over 65 or permanent disable equal to or greater than 60 percent with proper proof is eligible for a higher exemption amount of MOP198,000. Income over the exemption threshold is taxed at 7 to 12 percent.

A 25 percent general allowance can be claimed as deduction under MPT Ordinance.

A tax relief at 30 percent of MPT payable is granted for 2023 under the annual government financial budget.

**03**

# **Social Security**

# 3 Social Security

## 3.1 Liability for social security

Employers are required to make monthly contributions of MOP60 for resident employees and MOP200 for non-resident employees. This is remitted to the Macau (SAR) Social Security Fund on a quarterly basis.

Social security tax of MOP90 (employer MOP60; employee MOP30) per month is applicable in Macau (SAR) for each employee who is a local resident working in Macau (SAR). A recruitment levy of

MOP200 per month is applicable for each foreign employee with a valid work permit/visa working in Macau (SAR).



**04**

# **Compliance obligations**

# 4 Compliance obligations

## 4.1 Employee compliance obligations

In certain circumstances, such as where the employees are receiving remuneration from more than one employer in a year, employees are required to file their own tax returns and settle their liabilities personally. In such a case, an individual is required to submit an MPT return no later than February of the following year.

## 4.2 Employer reporting and withholding requirements

An employer has an obligation to deduct MPT from the salary of its employees (local residents or employees with valid work permits/visas) on a Pay-As-You-Earn (PAYE) basis.

The withheld tax should be remitted together with the quarterly returns to the Macau Finance Services Bureau within 15 days after the end of each quarter (i.e., 15 April, 15 July, 15 October, and 15 January). For other employees, the withheld tax should be remitted within 15 days after the payment of salary. In addition, employers are obliged to file the MPT returns for remuneration and tax withheld for all employees with the Macau Finance Services Bureau before the end of February in the following year.

**05**

# **Other issues**

# 5 Other issues

## 5.1 Work permit/visa requirements

A non-resident is required to apply for a non-resident working permit in order to work in Macau (SAR).

For instructional, technical, quality control, or business supervisory service pursuant to an agreement between a foreign enterprise and a person or legal entity residing in Macau (SAR) for the provision of certain specific and non-recurrent projects or services, a non-resident working permit is not required if the non-resident stays continuously or intermittently in Macau (SAR) for work or service for a maximum of 45 days in every 6 consecutive months.

## 5.2 Double taxation treaties

Macau (SAR) has entered into double taxation treaties with Hong Kong (SAR), mainland China, Portugal, Republic of Mozambique, Republic of Cape Verde, and the Socialist Republic of Vietnam to avoid double taxation.

## 5.3 Permanent establishment implications

There is no permanent establishment concept in Macau (SAR), although income earned by entities carrying out business activities in Macau (SAR) is subject to Macau (SAR) complementary tax.

Accordingly, there is potential for an entity to be considered carrying on a business in Macau (SAR) as a result of its employees' activities in Macau (SAR), depending on the nature and extent of the services performed.

## 5.4 Indirect taxes

There is currently no value-added tax (VAT), or goods and services tax (GST), levied in Macau (SAR).

## 5.5 Transfer pricing

Macau (SAR) does not have specific transfer pricing rules or requirements. The Macau Finance Services Bureau may review, however, related-party transactions to ensure that the transactions are conducted on an arm's length basis and are commercially justifiable.

The Law No.21/2019 and Administrative Regulation No.1/2020 introduce the implementation framework for Country-by-Country Reporting in Macau (SAR).

Under the new requirements, the ultimate parent entity of a multinational enterprise group is required to fulfill the Country-by-Country reporting requirements in relation to an accounting period where:

- the consolidated group revenue for the preceding accounting period is at least MOP7 billion; and
- the group has constituent entities or operations in two or more jurisdictions.

## 5.6 Local data privacy requirements

Macau (SAR) has data privacy laws formulated to protect personal data.

## 5.7 Exchange control

There are currently no exchange control regulations in Macau (SAR).

## 5.8 Non-deductible costs for assignees

Non-deductible costs for assignees include contributions by an employer to pension funds that are not approved by the Monetary Authority of Macau (SAR).

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