



## Macau

### Introduction

All Macau-sourced income is subject to tax. Macau has double tax treaties with China and Portugal. The maximum tax rate is 12 percent, and a 25 percent reduction in Macau professional tax (MPT) liability is temporarily allowed.

A person's liability to MPT is determined by the source of income earned. Residents and nonresidents are generally treated alike for MPT purposes.

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### Key messages

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

## Income tax

### Liability for income tax

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

### Definition of source

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

### Tax trigger points

Technically, there is no threshold/minimum number of days that exempts the employee from the requirements to file and pay tax in Macau. Macau has double tax treaties with mainland China and Portugal. 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. 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 or borne by a permanent establishment that the employer has in Macau.

### 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.

### 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. Income earned over MOP 424,000 is taxed at 12 percent. Following a special order that has applied since 2004, taxpayers are granted a 25 percent reduction in MPT liabilities.

## Social security

### Liability for social security

Employers are required to make monthly contributions of MOP 30 for resident employees and MOP 200 for nonresident employees. This is remitted to the Macau Social Security Fund on a quarterly and monthly basis, respectively.

Social security tax of MOP45 per month is applicable in Macau for each employee who is a local resident working in Macau. A recruitment levy of MOP200 per month is applicable for each foreign employee with a valid work permit/visa working in Macau.

## Compliance obligations

### 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.

### 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 before the end of each quarter (i.e., April 15, July 15, October 15, and January 15). 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.

## Other

### Work permit/visa requirements

A nonresident is required to apply for a nonresident working permit in order to work in Macau.

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 for the provision of certain specific and nonrecurrent projects or services, a nonresident working permit is not required if the nonresident stays continuously or intermittently in Macau for work or service for a maximum of 45 days in every six consecutive months.

### Double taxation treaties

Macau has entered into double taxation treaties with mainland China and Portugal to prevent double taxation.

### Permanent establishment implications

There is no permanent establishment concept in Macau, although income earned by entities carrying out business activities in Macau is subject to Macau complementary tax. Accordingly, there is potential for an entity to be considered carrying on a business in Macau as a result of its employees' activities in Macau, depending on the nature and extent of the services performed.

### **Indirect taxes**

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

### **Transfer pricing**

Macau does not have a transfer pricing regime. 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.

### **Local data privacy requirements**

Macau has data privacy laws formulated to protect personal data.

### **Exchange control**

There are currently no exchange control regulations in Macau.

### **Nondeductible costs for assignees**

Nondeductible costs for assignees include contributions by an employer to pension funds that are not approved by the Monetary Authority of Macau.

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