

FAQ for “Tax Deductible Voluntary Contribution”

1. When does tax deductible voluntary contribution (TVC) launch?

The TVC will be launched on 1 April 2019.

2. What is TVC?

TVC is a new type of contribution and can only be paid into a TVC account of a Registered Scheme, such as the Scheme. TVC may enjoy tax concessions. Other characteristics of TVC are as follows:

- TVC can only be made directly by the persons who fulfil the eligibility requirements;
- Involvement of employers is not required;
- Although it is voluntary in nature, TVC is subject to the same vesting, preservation and withdrawal restrictions applicable to Mandatory Contributions.

Accordingly, any accrued benefits derived from TVC (including the TVC made in excess of the maximum tax deduction limit during a tax assessment year) will be preserved. Members should note that accrued benefits held in a TVC account can only be withdrawn upon retirement at age 65 or on other statutory grounds under the MPF legislation.

3. What are the tax concession arrangements for TVC?

The maximum tax concession amount for TVC in each year of assessment is set out in the Inland Revenue Ordinance and, in the year of assessment 2019/2020, is HK\$60,000. It should be noted that such tax concession amount is an aggregate limit for both TVC and other qualifying annuity premiums rather than TVC only, and any claim for tax deductions will be applied to TVC before qualifying annuity premiums.

4. What kind of documents will be received by TVC Account Member after TVC is made?

To facilitate the tax return filing by TVC Account Members, the Approved Trustee will provide a TVC summary to each TVC Account Member if TVC is made by the Member to the Scheme during a year of assessment.

5. When does the TVC summary send to TVC Account Member?

TVC summary will be made available around 10 May after the end of relevant year of assessment (i.e. before the end of a period of 40 days (unless the 40th day is not a Business Day, then the next Business Day) from the beginning of the next tax assessment year commencing on 1 April).

6. What is the eligibility for TVC? How to open TVC account?

Any person who falls under any one of the following categories may open a TVC account:

- an employee member of a registered scheme;
- a self-employed member of a registered scheme;
- a personal account holder of a registered scheme;
- a member of an MPF exempted ORSO scheme.

For opening of TVC account, member should declare that member must be a current holder of a contribution account, a personal account of an MPF scheme or a current member of an MPF exempted ORSO scheme.

After the completion of “Application of Participation Form for Tax Deductible Voluntary Contribution”, member can submit the Form with copy of HKID/Passport and copy of the residential address proof from the recent 3 months to any outlets of Bank of Communications (Hong Kong) Limited or Bank of Communications Co. Ltd., Hong Kong Branch or mail to: Operations Department, Bank of Communications Trustee Limited, 1/F, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong. Application process needs 5 working day to complete.

7. Can member have more than 1 TVC account?

Each eligible person can only have one TVC account under a registered scheme.

8. How to make TVC Contribution?

TVC can only be made into a TVC account, which is separate from a Contribution Account or a Personal Account. TVC account member may choose to make contributions on a monthly, yearly or irregular basis. Payments could be made by authorized direct debit or cheque. If TVC account member elects to make contributions and that the authorized direct debit account is not an account with Bank of Communications (Hong Kong) Limited or Bank of Communications Co., Ltd., Hong Kong Branch., an additional form of DIRECT DEBIT AUTHORIZATION should be used. For any failure to debit the account due to insufficient balance or any other reasons, the transaction shall be cancelled and it will be treated as a non-payment of contribution for that month. The standing instruction shall be processed in the following month unless we receive special debit request by the member. Contribution should be made 7 working days before the end of the financial year in order to apply the tax concession of such financial year.

9. Is there any limitation imposed on amount or frequency of contribution made to the TVC account?

Minimum contribution is HK\$250 per month; HK\$3,000 per year or HK\$1,000 for irregular contribution. There is no maximum limit imposed on the amount or frequency of contribution made to the TVC account.

10. Can TVC Account Members make their own fund selection?

TVC Account Members can make their own fund selection or choose to invest in DIS under the Scheme according to their circumstance and risk appetite. If a TVC Account Member fails to submit to the Approved Trustee a Specific Investment Instruction or does not make any investment choice at the time of TVC account opening, his / her TVC will be invested in DIS.

11. Can I transfer TVC between different trustees?

TVC is portable and TVC Account Members should note that:

- TVC Account Member may at any time choose to transfer the TVC Benefits to another registered scheme that offers TVC;
- The transfer must be in a lump sum (full account balance);
- The TVC account in the original scheme from which the accrued benefits are transferred (resulting in zero balance) may be terminated upon such transfer;
- For the avoidance of doubt, transfer of accrued benefits derived from a TVC account to another TVC account of the Member in another registered scheme cannot be claimed as deductions for taxation purpose; and
- Transfer of TVC Benefits to another TVC account of the member in another registered scheme will also be subject to the same preservation and withdrawal restrictions applicable to Mandatory Contributions in the MPF regulations.
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12. How to withdraw TVC?

As with accrued benefits derived from Mandatory Contributions, the TVC Benefits will be paid in the following withdrawal conditions only:

- Retirement (attaining the age of 65) / early retirement (attaining the age of 60 and ceased all employment/ self-employment with no intention of becoming employed or self-employed again)
- Death
- Small balances
- Permanent departure from Hong Kong
- Total incapacity
- Terminal illness.

Accrued benefits payable to a member on the grounds of retirement at age 65 or early retirement at age 60 may be paid in installments, if the Member so elects. Entitled Member may choose to withdraw accrued benefits by specifying the exact installment amount in a claim form.

No fees or financial penalties may be charged to or imposed on the Member, or deducted from the Member's account, whether in one lump sum or by installments, other than an amount representing the necessary transaction costs that are incurred, or reasonably likely to be incurred, by us in selling or purchasing investments in order to give effect to the payment; and are payable to a party other than us.

13. How could I obtain relevant Claim Forms for TVC Accrued Benefits?

Member can obtain relevant Claim Forms for TVC Benefits from our website:

<http://www.bocomtrust.com.hk/en/download/download0103.html>

or MPFA website:

http://www.mpfa.org.hk/eng/information_centre/forms/mpf_schemes/scheme_members/payment_of_accrued_benefits/index.jsp

Besides, member can obtain this Form from any outlets of Bank of Communications (Hong Kong) Limited or Bank of Communications Co. Ltd., Hong Kong Branch.

14. How could I submit Claim Form for TVC Accrued Benefits?

After the completion of the required Claim Form, you can submit this Form to any outlets of Bank of Communications (Hong Kong) Limited or Bank of Communications Co. Ltd., Hong Kong Branch or mail to: Operations Department, Bank of Communications Trustee Limited, 1/F, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong

15. Will TVC account terminate if TVC account has no balance?

Apart from the withdrawal of accrued benefits, the Approved Trustee may terminate the Member's TVC account if:

- the balance of the TVC account is zero; and
- there is no transaction activity in respect of the TVC account for 365 days.