

The background of the top half of the page is a close-up, vertical view of a wood grain. The grain lines are dark brown and run vertically, with some lighter, golden-brown highlights that create a sense of depth and texture. The lighting appears to come from the right, casting soft shadows and highlighting the natural patterns of the wood.

MdME

LEGAL SERIES

*Macau's New Tax Code &
Changes to Tax Laws*

Law no.24/2024

AN OVERVIEW

Macau Law No. 24/2024, officially published on December 30, 2024, unveils Macau's new Tax Code following extensive preparation and discussions in the Legislative Assembly. This law also brings important amendments to substantive provisions regulating various tax types, with a particular focus on the complementary income tax (profits tax).

Macau tax system has a schedular nature and its structural tax laws were approved in the final years of the 1970's as a set of separate and disperse laws. The key purpose of the Tax Code is therefore to provide a complete, consistent, and coherent legal framework that unifies substantive legal concepts, procedural and judicial rules as well as certain material aspects relating to the construction and enforcement of tax laws.

The key aspects governed by the New Tax Code are as follows:

- The stipulation of a body of definitions, including the definition of permanent establishment and tax resident
- The adoption of general tax principles applicable across the entire tax system on a unified manner;
- A unified and comprehensive set of rules for the tax procedure;
- Judicial Tax Proceedings; and
- Tax Enforcement Proceedings.

Numerous provisions of the Tax Code represent a codified, systematic, and unified articulation of principles, procedures, and norms previously established under Macau tax law and practice,. These were previously existing in a fragmented manner, arising from various tax laws, regulations, or commonly accepted tax principles. In addition, the Tax Code introduces certain provisions that constitute substantial innovations, specifically addressing the following matters:

Tax Liability

Rules on different types of tax liability, in particular, the alternative tax liability for directors, members of supervisory bodies, liquidators/administrators and asset managers, which provide that in certain circumstances these individuals may become liable for tax debts of their corporations or of their principals.

Territorial Taxation

Definition of a general principle of territorial taxation based on the source principle, subject to exceptions; consistently with this principle, amendments were made to the Complementary Income Tax (“Profits Tax”), according to which taxation will be, save as to a few exceptions, limited to income sourced in Macau (source principle). Definition of various aspects of the tax legal relationship and procedures, particularly the concept of tax domicile, permanent establishment, the requirement for tax representatives for nonresident taxpayers, rules on electronic notification, duties of information and generalized removal of professional privilege protections.

Tax Enforcement

The existing process for enforcement of tax debts has been a source of many controversies under Macau law. The Fiscal Debts Enforcement Code (FDEC) is dated from 1951 and remains materially in force, being used as the legal regime applicable to the coercive collection of tax debts, but only to the extent that its legal provisions

do not infringe the sovereignty of the People's Republic of China and are not contrary to the Macau Basic Law and other laws enacted by the competent Macau authorities.

Its application is therefore not easy to administer, not only because it is obsolete and anachronous, requiring a significant effort of adaptation and interpretation to the current times, to ensure private entities can effectively exercise their opposition rights, but also because the process of determining which provisions are contrary to other Macau laws is not, in many cases, simple.

The new Tax Code will provide an updated and modern tax enforcement procedure which will be easier to administer by the tax authorities and provide clear guarantees to taxpayers.

AMENDMENTS TO TAX LAWS

Law 24/2024 has introduced amendments virtually to all tax laws Macau, including:

- 1) The Industrial Contribution Tax Law;
- 2) The Professional Tax Law;
- 3) The Real Estate Tax Law;
- 4) Stamp Duty Tax Law;
- 5) Road Tax Law;
- 6) Motor Vehicle Tax Law;
- 7) Tourism Tax Law;
- 8) Excise Tax Law;
- 9) Law on exchange of tax information;
- 10) Tax Benefits Law for scientific and technological innovations.

Most of the amendments to these laws relate to procedural and organizational matters as well for adjustments to the declaratory obligations by taxpayers.

However, the new law also brings important substantive changes and additional regulation to certain taxes, in particular to the Profits Tax. These changes include:

- Changes to the territorial scope of application, significantly reducing taxation of income earned outside the MSAR. Based on the new amendments, only income sourced in the Macau SAR will be subject to profits tax, except for certain (passive) income resulting from dividends, interests, royalties and capital gains which are received by certain entities domiciled in the Macau SAR. At the same time, rules were introduced to eliminate international

double taxation concerning income earned outside Macau, by providing taxpayers a tax credit, with certain limitations.

- These changes are very important for the competitiveness of the MSAR and aim to eliminate one of the previously existing difficulties, from this perspective, in positioning it as an investment platform and international business center. At the same time, such changes will have a positive impact on corporate groups based in Macau with operations and investments outside the MSAR. The stipulation of transfer pricing regulations, in line with OECD recommended standards, allow, in a clear and secure manner for taxpayers, to control and evaluate, for tax purposes, intragroup transactions, thus implementing effective rules to combat tax avoidance and evasion arising from such transactions. These provisions will be densified by further tax regulations to be enacted during the year of 2025.

This is a positive aspect that seeks to achieve greater tax fairness and ensure that the MSAR follows the same international standards in combating tax avoidance and evasion.

TIMELINE AND EFFECTIVE DATES

Both the Tax Code and the amendments to the several tax laws will only become effective from 1 of January 2026, with a few exceptions. The timeline for entry into force of the Law 24/2024 is as follows:

Effective Date	Provisions
31 Dec 2024	Changes to Stamp Duty Law.
1 Jan 2025	Articles 24 (tax residency definition) and 76 (tax forms issuance authority) of the New Tax Code.
1 Jan 2026	Complete effectiveness of Tax Code and amendments to Tax Laws

LEGAL SERIES

Due to the importance of these legal amendments, we will be publishing in the coming months separate legal insights on several of the topics referred above, including, without limitation, on:

- (i) the amendments to complementary income tax territorial principle, its exceptions and the tax credit mechanism;
- (ii) tax liability;

MdME

- (iii) tax domicile and tax representation;
- (iv) taxpayers fundamental rights; and
- (v) transfer pricing.

Our Contributors:



Rui Filipe Oliveira

Partner

rui.oliveira@mdme.com

[Visit Profile](#)



Ana Pinto Moraes

Counsel

ana.moraes@mdme.com

[Visit Profile](#)



Cátia Morgado Ascenso

Senior Associate

catia.ascenso@mdme.com

[Visit Profile](#)