

LEGAL UPDATE

Annual Tax Filings
January 5th, 2024

Professional Tax – List of Employees / Casual Workers – M3/M4 Tax Form

Every employer (individuals and corporate entities) is required to file the M3/M4 tax form to the Macau Tax Department showing the nominal list of employees and casual workers and respective tax numbers for those having been paid or given any compensation or income, with or without withholding tax, during the 2023 exercise, in accordance with article 32 of Law No. 2/78/M, of 25 February, republished in full by the Chief Executive Order No. 267/2003.

When is the deadline for filing of M3/M4 Tax Form?

Due date for filing of the M3/M4 tax form is on February 29th, 2024.

Corporate Income Tax - M/1 Tax Form

Every taxpayer (individuals and corporate entities) who obtained income from any commercial or industrial activity in Macau must file the respective M/1 tax form to the Macau Tax Department showing the 2023 exercise income statement, in accordance with article 10, paragraph 1, items a) and b) of Law No. 21/78/M, of 9 September, as amended by Law No. 4/90/M, of 9 June.

For reference, there are 2 groups of taxpayers in Macau: A and B.

What is a Group A taxpayer?

Those who maintain proper accounting books and records and have either (a) a capital of MOP1,000,000 (One Million Patacas) and above or (b) an average assessed annual taxable profits, in the past 3 years, of more than MOP 1,000,000 (One Million Patacas). Group A taxpayers are assessed based on the tax returns submitted and may carry forward the tax losses.

Filings for Group A taxpayers are generally done by local auditors. Shareholders' resolution approving the 2023 exercise income statement shall be filed with the Macau Tax Department for Group A taxpayers.

What is a Group B taxpayer?

Those who do not meet any of the criteria mentioned above will be identified as Group B taxpayers, unless they voluntarily applied to be classified as Group A.

Filings for Group B taxpayers can be done without intervention of local auditors. Shareholders' resolution approving the 2023 exercise income statement are not required to be filed with the Macau Tax Department for Group B taxpayers.

What is the income tax exemption for the exercise of 2023?

According to article 23 of Law No. 22/2023, the 2023 exercise exemption limit is set at MOP600,000 (Six Hundred Thousand Patacas) for taxable profits. All taxable profits exceeding the said exemption limit shall be taxed at a flat rate of 12%.

In addition, in accordance with article 25 of Law No. 22/2023, the following shall also be exempted from corporate income tax in 2023:

- income generated from Portuguese-speaking countries, provided that such income has been taxed in those countries; and
- income resulting from interests and trade of any debt securities issued in Macau are exempted.

When is the deadline for the Annual Accounts Approval?

Every taxpayer needs to prepare financial statements (“Annual Accounts”), which are required to be approved by the company’s shareholders general meeting within a period of 3 months following the end of each accounting period, for the sake of compliance.

Accordingly, if the Articles of Association of the company do not establish an accounting period different from the tax year, the deadline for the Annual Accounts approval shall be between January 1st and March 31st, 2024.

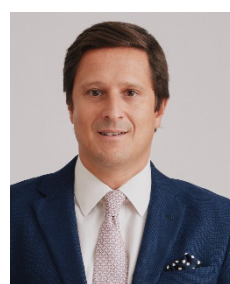
This corporate approval is mandatory for all companies/taxpayers. In particular, such approval is required to be filed along with Corporate Income Tax - M/1 Tax Form (Group A).

When is the deadline for filing of M/1 Tax Form?

Group A Taxpayers: between **April 1st, 2024** and **June 30th, 2024**.

Group B Taxpayers: between **February 1st, 2024** and **March 31st, 2024**.

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