China Life MPF Master Trust Scheme ("China Life Scheme")
Tax Deductible Voluntary Contributions ("TVC")
– FAQs

1. What is TVC?

TVC is a new type of contributions to be introduced on 1 April 2019. From that time, MPF voluntary contributions made in a specified account set-up by scheme member, namely TVC account, can enjoy tax concession up to statutory maximum limit in accordance with the Inland Revenue Ordinance.

Any person who is a current contribution or personal account holder of an MPF scheme, or a current member of an MPF exempted ORSO scheme can make TVC directly to an MPF scheme by opening a TVC account.

TVC account holder may, at any time, choose to have all (but not part of) accrued benefits in the TVC account in the scheme transferred to another TVC account in another registered MPF scheme. Although it is voluntary in nature, TVC is subject to the same vesting, preservation and withdrawal restrictions applicable to mandatory contributions.

2. Who can open TVC account?

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

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

China Life Trustees Limited ("trustee") may reject any application to open a TVC account in the event of (i) having reason to know that information and documents provided to the trustee are incorrect or incomplete; (ii) failure of applicants to provide information and documents as required by the trustee to ensure compliance with applicable laws and regulations relating to anti-money laundering / tax reporting; and/or (iii) other circumstances which the trustee may consider appropriate.

3. **How to open a TVC account in China Life Scheme?**

   Eligible person can open a TVC account by filling in the "Application of Participation Form for Tax Deductible Voluntary Contribution ("TVC") Account" and return it to the trustee. Each eligible person can only have one TVC account under an MPF scheme.

4. **Do I need to make TVC to my TVC account in China Life Scheme through my employer?**

   No. TVC can only be made directly by the TVC account holder into his / her TVC account. Involvement of employers is not required.

5. **How much tax concession can I enjoy?**

   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 $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.

6. **I (as an employee member) make voluntary contributions through my employers into my contribution account, are those contributions eligible for claiming TVC tax deduction?**

   No. Any other forms of voluntary contributions that are not made into the TVC account are not TVC and are not eligible for claiming TVC tax deduction.

7. **I make special voluntary contributions, are those contributions eligible for claiming TVC tax deduction?**

   No. Any other forms of voluntary contributions that are not made into the TVC account are not TVC and are not eligible for claiming TVC tax deduction.

8. **Is there any maximum or minimum amount for contributions made to TVC account in China Life Scheme?**

   There is no maximum limit imposed on the amount made to the TVC Account, however, for the avoidance of doubt, TVC account can only enjoy tax concession up to statutory maximum limit in accordance with the Inland Revenue Ordinance. If TVC account holder chooses for monthly contribution, minimum monthly contribution amount is HK$300. For lump sum contribution, it is subject to minimum amount of HK$500 each time. TVC will be fully vested in the scheme member once it is paid into the scheme.

9. **Can I make my investment choice for the TVC account?**

   Yes. TVC account holders can make their own fund selection or choose to invest in Default Investment Strategy ("DIS") under the scheme according to their circumstance and risk appetite. If a TVC account holder fails to submit to the trustee a valid investment instruction or does not make any investment choice at the time of TVC account opening, his / her TVC will be invested in DIS. For details of the DIS arrangement of China Life Scheme, please refer to Appendix 1 of the Principle Brochure.

10. **Will trustee apply for tax concession with my TVC made during the assessment year on behalf of me?**

    Same as the tax deduction for mandatory contributions and other tax concessions, **the individual tax payer (not the trustee, sponsor and/or other operators of the scheme) is responsible for the application of tax deduction and keeping track of how maximum tax deductible limit is fully utilized.**

    To facilitate the tax return filing by TVC account holders, trustee will provide a tax deductible voluntary contributions summary to each TVC account holder if TVC is made by the member to the scheme during a year of assessment. Such summary will be made available by around the 10th of May after the end of relevant year of assessment (i.e. before the end of a period of 40 days from the beginning of the next tax assessment year commencing on 1 April and if the last day of that period is not a specified working day, the period is taken to end with the next specified working day).

11. Can I transfer my TVC accrued benefits from one MPF scheme to another MPF scheme?

Yes. TVC account holder may, at any time, choose to have ALL accrued benefits in the TVC account in the scheme transferred to another TVC account in another MPF scheme nominated by such TVC account holder. **Transfer of TVC accrued benefits in part or to a contribution account / personal account, however, will not be accepted.**

For the avoidance of doubt, such benefit transfer amount cannot be claimed as deductions for taxation purpose. It will also be subject to the same preservation and withdrawal restrictions applicable to mandatory contributions in the MPF regulations.

12. When can I withdraw my TVC accrued benefits?

As with accrued benefits derived from mandatory contributions, the accrued benefits derived from TVC 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 SAR
- Total incapacity
- Terminal illness.

13. **Can I withdraw my TVC accrued benefits in instalments?**

If TVC account holders withdraw TVC accrued benefits with following conditions, phase withdrawal options are provided by the trustee:

- 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).

14. **If I make contributions to my TVC account exceeding the maximum tax deductible per assessment year, can I withdraw the exceeded amount at any time I wish?**

No. 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.**

15. **Can taxpayers apply for tax concession with TVC of their spouse?**

No. Theoretically, MPF contributions, regardless of mandatory or voluntary, are related to MPF scheme members' **own** employment or self-employment work. Under the provisions of the Inland Revenue Ordinance, only the mandatory contributions made by taxpayers themselves are deductible currently. The maximum deduction amount is $18,000. With reference to the current arrangement for mandatory contributions, taxpayer cannot apply for tax concession with TVC of their spouse.

16. **Why is tax concession for TVC not applicable to self-employed persons, although they can deduct MPF mandatory contributions when computing the assessable profits of profits tax?**

Under the provisions of the Inland Revenue Ordinance, voluntary contributions made by self-employed persons to MPF schemes are not deductible, as those are expenses of private nature and are not incurred in the production of assessable profits. Base on the same principle, TVC is not applicable to self-employed persons.

If these self-employed persons wish to deduct tax for TVC, they can apply for personal assessment to Inland Revenue Department.

17. Will the current tax deductions arrangement for mandatory contributions be affected after the implementation of TVC?

The current maximum deduction amount of $18,000 for mandatory contributions will not be affected by the implementation of TVC.

18. Why my TVC account is closed by the trustee?

TVC accounts with zero balance and in respect of which there is no activity for 365 days may be terminated by the trustee.