



# Macau SAR introduces the Investment Fund Law and related tax incentives

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## In brief

On 14 July 2025, the Legislative Assembly of the Macau Special Administrative Region (Macau) passed the Investment Fund Law, which took effect on 1 January 2026. The new legislation aligns Macau's regulatory framework for investment funds with international standards, strengthens investor protection, and removes longstanding barriers in the management, operation, and development of investment funds that persisted under the previous law for 25 years. This provides a solid foundation for further enhancing Macau's environment for investment fund management and development.

In addition, the Legislative Assembly passed the Budget for the fiscal year 2026 on 18 December 2025, which introduces a series of tax incentive measures targeting fund management companies, investment funds, and investors.

The promulgation of the Investment Fund Law brings Macau's legal framework for fund management in line with that of more developed neighbouring jurisdictions. On the tax front, eligible fund management companies may benefit from a 5% preferential tax rate, offering a more competitive edge compared to nearby regions. The tax treatment for funds and investors is also comparable to that of neighbouring jurisdictions. These initiatives are expected to attract high-quality fund management companies to establish a presence in Macau, thereby accelerating the development of its modern financial industry.

# In detail

## Types of investment funds

Investment funds can be categorised into publicly offered funds and privately placed funds based on their fundraising methods.

Publicly offered funds (public funds) raise capital from the public through public channels such as media advertisements, seminars, SMS, emails, and messaging platforms. Given their public nature, the establishment of public funds requires prior authorisation from the Monetary Authority of Macau and must comply with strict governance structures and disclosure requirements.

In contrast, privately placed funds (private funds) raise capital through non-public means, targeting professional investors<sup>1</sup> who possess the requisite risk identification and risk-bearing capabilities. These funds are only required to file a report with the Monetary Authority of Macau at least 15 working days prior to the commencement of fundraising. If the Monetary Authority of Macau does not object or request additional information within that period, the filing is deemed complete, and the fund may proceed with fundraising activities in accordance with applicable regulations.

Investment funds can be established in three forms: contractual funds, collective investment companies (corporate funds), and limited partnership funds as follows:

- **Contractual Funds:** These funds do not possess legal personality, and their assets are managed in accordance with the fund contract. The assets may be held either by a custodian or trustee in its name for the benefit of the participants, or jointly by the participants themselves.
- **Corporate Funds:** These funds have independent legal personality and are established in the form of company limited by shares. Fund assets are the proprietary assets of the company. Unless otherwise specified under the Investment Fund Law, corporate funds are governed by the Macau Commercial Code. If the business scope is limited to operating a closed-end fund or closed-end sub-fund, the company is classified as a fixed capital company; otherwise, it is categorised as a variable capital company.
- **Limited Partnership Funds:** These funds do not have legal personality but must be registered with the Macau Commercial Registry. Fund assets are segregated from the assets of general partners, limited partners, and other entities, and constitute an independent pool of assets. This type of fund must be established by at least one general partner and at least one limited partner. The general partner assumes unlimited, joint and several personal liability for the debts of the fund, while the limited partner is liable only up to the amount of their committed capital contribution. Notably, if the general partner is not a licensed fund manager, a licensed fund manager must be separately appointed.

Public funds may only be established in the form of contractual funds or corporate funds, while private funds may adopt any of the three forms mentioned above. Accordingly, investment funds can be categorised into five types as follows: Contractual Public Fund, Corporate Public Fund, Contractual Private Fund, Corporate Private Fund and Limited Partnership Private Fund.

Fund structures are generally classified into umbrella funds, master-feeder funds, and funds of funds as follows:

- **Umbrella funds** consist of multiple sub-funds that share a common set of constitutive documents but operate under independent investment policies. Each sub-fund's assets and liabilities are segregated, allowing for effective risk diversification.
- **Master-feeder funds** are composed of a master fund and multiple feeder funds, with capital pooled into the master fund for centralised management, thereby enabling greater operational efficiency and tailored market access.
- **Funds of funds (FoFs)** primarily invest in other investment funds, offering diversified exposure across strategies and asset classes.

Fund operating modes include open-end, closed-end, and hybrid structures as follows:

- **Open-end funds** have a variable number of units or shares and allow continuous subscription and redemption.
- **Closed-end funds** have a fixed number of units and typically do not permit redemption, but may be traded on secondary markets.
- **Hybrid funds** combine elements of both, allowing partial redemptions under specific conditions.

Based on investment scope, funds can be classified into:

- **Securities investment funds** – primarily investing in standardised assets such as equities and bonds.
- **Real estate investment funds (REIFs)** – focusing on real estate-related assets.
- **Alternative investment funds** – covering non-traditional asset classes such as private equity, venture capital, and commodities.

Fund managers may flexibly select the most suitable combination of fund structure, operating mode, and investment scope in accordance with their investment strategies.

## Fund re-domiciliation regime

The newly established re-domiciliation regime under Macau's Investment Fund Law represents a significant breakthrough in the local legal framework. It allows foreign funds to relocate their place of registration to Macau while preserving the continuity of their legal personality. The regime explicitly provides that re-domiciliation does not interrupt the fund's legal personality, rights, or obligations, and is not regarded as a transfer of assets for tax purposes. Following re-domiciliation, the fund's internal governance becomes subject to Macau law, while the governing law of existing contracts and ongoing legal proceedings remains unchanged.

To ensure procedural integrity and enhance investor protection, re-domiciliation requires prior approval from the Monetary Authority of Macau and the submission of a legal opinion and a compliance statement from the fund's original jurisdiction. In addition, full disclosure obligations must be fulfilled, with investor's consent, to ensure the continuity of governance structures and financial records throughout the re-domiciliation process.

## Fund management entities

Entities eligible to engage in fund management activities in Macau include investment fund management companies, credit institutions, financial companies, and other entities duly authorised to conduct fund management business.

An investment fund management company must be incorporated as a company limited by shares. However, sole shareholder ownership is permitted, and the commercial name of the company is not required to indicate its status as a single-shareholder entity. In accordance with the Investment Fund Law, the investment fund management company must meet the following capital and organisational structure requirements:

- Registered capital must not be less than MOP 3,000,000;
- Full subscription and payment of the registered capital in cash must be completed upon incorporation;
- The administrative body must comprise at least three qualified members, at least two of whom ordinarily reside in Macau. If a legal person serves as a member, a qualified natural person must be designated to perform the duties on its behalf;
- Members of the supervisory body must possess appropriate qualifications, and at least one member being a certified practicing accountant of Macau.

According to the Investment Fund Law, investment fund management companies are authorised to engage in three principal business activities within Macau, including fund management, fund distribution, and investment advisory services. Additionally, within the permitted scope, these companies may expand into other asset management activities. To enhance operational flexibility and business integration, such companies may also undertake various ancillary services, including liquidity management, risk hedging operations, market research and asset allocation advisory, fund administration services, and post-investment value-added services for venture capital funds. The law stipulates that while carrying out these auxiliary activities, companies must ensure that their core business operations remain unaffected. They are also required to establish robust internal control mechanisms to effectively identify and manage potential conflicts of interest. This regulatory framework not only promotes diversification within the industry but also reinforces operational compliance and transparency.

Investment fund management companies are subject to an annual supervisory fee, which shall not exceed 3% of the statutory minimum capital requirement.

## **Tax incentives**

### **Investment fund management companies**

For the fiscal year 2026, investment fund management companies shall be eligible for the tax incentives described below if they meet all of the following conditions:

- (i) Have completed commercial registration and are domiciled in Macau;
- (ii) Are classified as Group A taxpayers<sup>2</sup> under the Macau Complementary Tax Law;
- (iii) Manage assets with a total value of MOP 300,000,000 or more;
- (iv) Have established a permanent business establishment in Macau with a core management team based locally;
- (v) Employ three or more Macau residents engaged in investment fund-related activities;
- (vi) Have no outstanding tax debts under active enforcement procedures in Macau.

Subject to satisfying the above requirements, the company shall benefit from the following tax incentives:

- A preferential Macau complementary tax rate of 5% on taxable income derived from licensed business activities;
- An exemption from Macau Complementary tax on carried interest earned through private fund management activities;

- An exemption from Macau stamp duty on the acquisition of real estate used for the company's own business operations, provided the property is not for residential use. Each applicant may only benefit from this exemption for one property;
- Application of the preferential 5% Macau complementary tax rate to pre-tax profits distributed to the company's local and overseas head office, or to pre-tax dividends<sup>3</sup> distributed to local and overseas shareholders, where such profits or dividends are derived from the company's investment fund management business.

### **Investment funds**

For the fiscal year 2026, investment funds and their special purpose vehicles domiciled in Macau are exempt from Macau Property Tax and Macau stamp duty on leases for the immovable properties in relation to the formation of the REIFs.

### **Investors**

For the fiscal year 2026, taxpayers are exempt from Macau complementary tax on the interest income, profit distributions and capital gains resulting from the sale or other forms of disposal of units in investment funds domiciled in Macau.

## **The takeaway**

The enactment of the Investment Fund Law marks a significant milestone in aligning Macau's fund market regulatory framework with international standards, providing a robust legal foundation for the industry's development. Coupled with competitive tax policies, the new framework is expected to substantially enhance Macau's appeal to international financial institutions.

As a core city within the Guangdong-Hong Kong-Macau Greater Bay Area, Macau leverages its advantages – including free capital mobility, a stable financial system, a simple and efficient tax regime, and an extensive global network – to support investment fund management companies in expanding their operations into global markets, including Portuguese-speaking countries. This further enriches the asset allocation options available to both domestic and international investors.

On the tax front, the Budget for the fiscal year 2026 introduces two key tax incentive measures:

- An exemption from Macau complementary tax on carried interest earned by investment fund management companies from managing private funds;
- A preferential tax rate of 5% on income derived from licensed business activities (such as management fees) for eligible companies – offering a more competitive rate compared to neighbouring jurisdictions.

Based on the consultations with the Monetary Authority of Macau and the Macau Finance Bureau, various types of investment funds established in Macau are treated as fiscally transparent entities for tax purposes. As such, they are not subject to Macau complementary tax, effectively aligning Macau's tax treatment of qualified investment funds with that of jurisdictions like Hong Kong and Singapore. However, it is worth noting that this arrangement has not yet been codified into law, and the detailed implementation remains subject to further observation.

Regarding the tax treatment of the investors, Macau has adopted practices from neighbouring regions. Under the Budget for the fiscal year 2026, institutional investors are exempt from Macau complementary tax on interest income, profit distributions, and capital gains derived from investment funds domiciled in Macau. For individual investors, capital gains are outside the scope of Macau Professional Tax, and thus similarly benefit from a tax exemption.

Overall, the Investment Fund Law establishes a favourable policy and supervisory environment for the development of international investment funds in Macau through regulatory alignment and tax enhancement. It is expected to further facilitate the inflow of cross-border capital and professional institutions, accelerating the development of Macau's modern financial industry.

It should be noted that since the preferential policy has only just been introduced, and the Budget for the fiscal year 2026 does not specify detailed operational procedures, we recommend that fund management companies plan ahead. This includes proactively engaging with the Macau Finance Bureau to clarify eligibility for policies such as the 5% preferential tax rate, tax exemption on carried interest, and the fund's status as a tax-transparent entity. We can assist in the initial stages by facilitating communication with the Macau Finance Bureau, applying for prior approval with the Monetary Authority, and providing subsequent support in areas such as annual audits and tax compliance.

## Endnotes

1. 'Professional investor' refers to an individual – including those holding a joint account with related parties – who possesses the necessary risk identification and risk tolerance capabilities, and maintains an investment portfolio of not less than MOP 8,000,000; or a corporation or partnership with either an investment portfolio of not less than MOP 8,000,000 or total assets of not less than MOP 40,000,000.
2. Macau complementary tax taxpayers are categorised into Group A and Group B based on their reporting method and profit level. Group A taxpayers primarily refer to those whose average assessable profit over the preceding three tax years exceeds MOP 1,000,000, or those who voluntarily opt into Group A. Group A taxpayers are required to maintain mandatory accounting records and engage an accountant to sign off their Complementary Income Tax return. Compared to Group B taxpayers, Group A is subject to more stringent accounting and reporting requirements, as well as stricter tax filing procedures.
3. According to the relevant tax laws in Macau, complementary tax is levied either at the company level or at the shareholder level, at the discretion of the taxpayer.

## Let's talk

For a deeper discussion of how this impacts your business, please contact:

### PwC's Tax Advisory Team based in Macau

**Cindy Lau**

+853 8799 5119

[cindy.v.lau@hk.pwc.com](mailto:cindy.v.lau@hk.pwc.com)

### PwC's Financial Services Tax Team based in Hong Kong

**John Chan**

+852 2289 1805

[john.dp.chan@hk.pwc.com](mailto:john.dp.chan@hk.pwc.com)

**Vanessa Chan**

+852 2289 1804

[vanessa.ps.chan@hk.pwc.com](mailto:vanessa.ps.chan@hk.pwc.com)

**Eric Gong**

+852 2289 5626

[eric.t.gong@hk.pwc.com](mailto:eric.t.gong@hk.pwc.com)

**Rex Ho**

+852 2289 3026

[rex.ho@hk.pwc.com](mailto:rex.ho@hk.pwc.com)

**David Kan**

+852 2289 3502

[david.kh.kan@hk.pwc.com](mailto:david.kh.kan@hk.pwc.com)

**Sandy Lau**

+852 2289 3526

[sandy.wh.lau@hk.pwc.com](mailto:sandy.wh.lau@hk.pwc.com)

**Jacqueline Yan**

+852 2289 3530

[jacqueline.yan@hk.pwc.com](mailto:jacqueline.yan@hk.pwc.com)

**Peter Brewin**

+852 2289 3650

[p.brewin@hk.pwc.com](mailto:p.brewin@hk.pwc.com)

**Ali Tse**

+852 2289 3508

[ali.mh.tse@hk.pwc.com](mailto:ali.mh.tse@hk.pwc.com)

**Alex Xiang**  
+852 2289 5817  
[alex.xiang@cn.pwc.com](mailto:alex.xiang@cn.pwc.com)

## PwC's Corporate Tax Leaders based in Hong Kong

**Jeremy Ngai**  
+852 2289 5616  
[jeremy.cm.ngai@hk.pwc.com](mailto:jeremy.cm.ngai@hk.pwc.com)

**Rex Ho**  
+852 2289 3026  
[rex.ho@hk.pwc.com](mailto:rex.ho@hk.pwc.com)

**Cecilia Lee**  
+852 2289 5690  
[cecilia.sk.lee@hk.pwc.com](mailto:cecilia.sk.lee@hk.pwc.com)

**Jenny Tsao**  
+852 2289 3617  
[jenny.np.tsao@hk.pwc.com](mailto:jenny.np.tsao@hk.pwc.com)

**Agnes Wong**  
+852 2289 3816  
[agnes.hy.wong@hk.pwc.com](mailto:agnes.hy.wong@hk.pwc.com)

**Kenneth Wong**  
+852 2289 3822  
[kenneth.wong@hk.pwc.com](mailto:kenneth.wong@hk.pwc.com)

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### For more information, please contact:

**Long Ma**  
+86 (10) 6533 3103  
[long.ma@cn.pwc.com](mailto:long.ma@cn.pwc.com)

**Charles Chan**  
+852 2289 3651  
[charles.c.chan@hk.pwc.com](mailto:charles.c.chan@hk.pwc.com)

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