

International Tax – Macau News Flash



Macau SAR introduces tax incentives for corporate treasury centres

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In brief

The Legislative Assembly of the Macau Special Administrative Region (Macau SAR) passed the Budget for the Fiscal Year 2026 (Budget) on December 18, 2025. To support the goals of developing the modern financial industry under the Macau SAR Economic Diversification Development Plan (2024-2028), the Budget introduced tax incentive measures for establishing corporate treasury centres in Macau SAR. According to the Budget, a legal entity that meets the eight specified conditions and generates income from operating a corporate treasury centre business in Macau SAR during the 2026 fiscal year will be eligible for a 5% concessionary tax rate on complementary income tax (corporate income tax).

The explanatory statement of the legislation indicates that these tax incentive measures are primarily modelled on similar policies for corporate treasury centres in the Hong Kong SAR and Singapore, with local adaptations based on Macau's current economic development context. Their practical implementation and effectiveness remain subject to further observation. Compared with the similar concessionary tax rates of 8.25% in the Hong Kong SAR and 8% or 10% in Singapore, the 5% rate offered by Macau SAR provides a competitive advantage, which could enhance Macau's appeal to multinational corporations (MNCs) considering establishing or relocating regional treasury centres in the region.

MNCs should assess the applicability of these tax incentives based on their specific circumstances to achieve reasonable tax positions within the regulatory framework. When selecting a location for a regional treasury centre, it is advisable for MNCs to consider both tax and non-tax factors, including business needs, operational models, the regulatory environment in different jurisdictions, the maturity of financial markets, and the availability of professional talent.

In detail

To accelerate the development of the modern financial industry, promote economic diversification in Macau SAR, and actively improve and construct the soft and hard infrastructure of the financial market while expanding new financial sectors such as wealth management, Macau SAR has drawn on the tax incentive measures for corporate treasury centres in the Hong Kong SAR and Singapore. The Budget introduces tax incentive measures for establishing corporate treasury centres in Macau SAR, with the main provisions as follows:

For the fiscal year 2026, a legal entity operating a corporate treasury centre business in Macau SAR will be eligible for a 5% concessionary complementary income tax rate on its derived income, provided it simultaneously meets the following eight conditions. This concessionary rate also applies to the pre-tax dividend income distributed to shareholders of the company from the relevant business.

1. Has completed commercial registration;
2. Is a taxpayer under Group A of complementary income tax¹;
3. Is a member entity as defined in Article 1-A(4) of the Complementary Tax Law² and provides only intra-group financing services, treasury services, or treasury transaction services to members of its group, including but not limited to fund pooling, fund allocation, lending transactions, financing guarantees, financial management, cross-border settlement, and payments;
4. Must provide the services mentioned in point (3) to group member entities in two or more other tax jurisdictions;
5. Engages only in the activities specified in point (3) within Macau SAR;
6. Must establish a fixed place of business in Macau SAR, employ three or more Macau SAR residents, and incur annual operating expenses in Macau SAR of MOP 1,500,000 or more. If the operational period is less than one year, the operating expenses will be calculated proportionally;
7. Must submit the 2026 Group A complementary income tax return in accordance with the Complementary Tax Law, accompanied by an audit report on the results of the relevant year's business activities issued by a practicing accountant or accounting firm; and
8. Must not have any debts currently under compulsory collection through tax enforcement procedures in Macau SAR.

It is important to note that, licensed financial institutions under Macau SAR's existing financial regulations, and corporate treasury centres established by them, are not eligible for the aforementioned 5% concessionary tax rate. This is because corporate treasury centres primarily serve internal group fund management, do not engage in public financial business and their risks are confined within the group, fundamentally differing from financial institutions in nature, clientele and risk profile. Similar tax incentive measures in Hong Kong and Singapore also include comparable exclusions for financial institutions.

The takeaway

We observe that the introduction of a 5% concessionary complementary income tax rate for corporate treasury centre income in Macau SAR could enhance Macau's competitiveness in attracting MNCs to establish regional treasury centres. Compared with neighbouring jurisdictions with free capital flow status, such as the Hong Kong SAR and Singapore, Macau's concessionary rate is relatively lower (Hong Kong: 8.25%; Singapore: 8% or 10%), and it does not impose stringent interest deduction restrictions. Furthermore, Macau's policy does not adopt a 'positive list' enumeration approach but uses inclusive language such as 'including', which may imply a more flexible scope for eligible treasury activities. This could potentially encompass activities like investing surplus funds for liquidity management. Combined with Macau SAR's policy direction to promote modern financial industry development and economic diversification, the new incentives may further encourage MNCs to establish treasury centres in Macau.

Operationally, the establishment process for a treasury centre in Macau is the same as that for a general company, with no additional entry barriers. Companies are not required to apply for pre-approval from the Macau Finance Bureau (MFB) but must submit an audit report issued by a practicing accountant or accounting firm along with their annual Complementary Income Tax return. The MFB will conduct ex-post reviews of accounts and business reports to verify compliance with the incentive conditions.

It is noteworthy that the tax incentives require the treasury centre to engage only in treasury business activities in Macau. From a practical MNC operational perspective, establishing a separate legal entity for this purpose may introduce non-tax challenges such as increased management complexity and compliance costs. This could also conflict with MNCs' objectives of simplifying their organisational structures, necessitating careful evaluation when determining whether to avail themselves of the relief.

Furthermore, the incentive conditions include local employment and operating expenditure requirements (employing at least three Macau residents and annual operating expenses of no less than MOP 1.5 million). Although the Organisation for Economic Co-operation and Development (OECD) only requires tax incentives to incorporate substantial activity requirement and does not mandate the hiring of local residents – and treasury centre operations are typically streamlined, often supportable by one to two full-time employees – these stipulated requirements also offer advantages in terms of policy transparency and predictability.

Additionally, Macau SAR has implemented transfer pricing regulations, requiring transactions between the treasury centre and group members to adhere to the arm's length principle.

Currently, the treasury centre tax incentives are established through the annual budget law, requiring yearly approval by the Legislative Assembly. We understand the Macau SAR Government's intent is to maintain policy continuity and flexibility through this budgetary mechanism, facilitating annual reviews and potential optimisations – such as whether safe harbour rules could be introduced in the future or whether personnel and operating expenditure stipulations could be made more flexible – which remain to be observed.

In summary, the practical application and effectiveness of the new tax incentives will require time to verify. We anticipate that the Macau SAR Government may optimise related incentive arrangements in subsequent years based on the actual number of treasury centres established by MNCs in Macau during 2026 and market feedback on the new incentives. We recommend that MNCs comprehensively assess the applicability and potential value of these incentives in light of their specific business and organisational structures, adopting responsible tax strategies in line with applicable requirements.

Endnotes

1. Complementary Income 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.
2. A “member entity” refers to any of the following:
 - An individual business unit of a multinational enterprise group that is included in the consolidated financial statements of that group for financial reporting purposes, or that could be included if the equity of the multinational enterprise group's business units is traded on a public securities market;
 - An individual business unit that is excluded from the consolidated financial statements of the multinational enterprise group solely due to its size or materiality; or
 - A permanent establishment of any individual business unit of a multinational enterprise group covered in the above two sub points, provided that the business unit prepares a separate financial statement for that permanent establishment for the purposes of regulation, financial reporting, tax reporting or internal management control.

Let's talk

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

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