



商業信託  
Commercial Trust



## Country Profile: Macau

## The Facts

Location	Eastern Asia, bordering the South China Sea and China
Languages	Official – Chinese and Portuguese Spoken – Cantonese, Mandarin and other Chinese dialects
Nationality	Chinese
Religions	Buddhist – 50% Roman Catholic – 15% None or others – 35%
Government	Limited democracy (Special Administrative Region of the People's Republic of China)
Head of Government	Chief Executive
Legislature	Unicameral Legislative Assembly
Constitutional Document	The Basic Law
Economy	Macau is one of the wealthiest cities in Asia. The economy is highly dependent on tourism, gaming and hospitality. It's economy is also one of the most open in the world, characterized by its free port policy, high GDP growth, autonomous customs, simple and low taxation system, with a Complementary Tax rate of not more than 12%, widespread international market network, close relationship with the Portuguese-speaking countries and the implementation of the Mainland and Macao Closer Economic Partnership Agreement (CEPA).
Currency	Macanese Pataca (MOP)
GDP (2011)	Total – MOP 292.1 billion Per capita – MOP 531,700 Real GDP growth – +20.7%
Population	578,000 (approx.)
Percentage of population	Chinese – 94.3% Others – 5.7%
Area	28.2 km <sup>2</sup>
Time zone	CST (UTC +8)
Public Holidays	National holidays – 20
Climate	Subtropical

Sources: DSEC, IPIM, Central Intelligence Agency



## Macau

Macau, also spelled as Macao, is one of the two special administrative regions of the People's Republic of China (PRC). Under the policy of "One Country, Two Systems", the PRC's Central People's Government is responsible for the territory's defense and foreign affairs. However, Macau maintains its own legal system, police force, monetary system, customs policy, and immigration policy.

Macau enjoys a Closer Economic Partnership Arrangement (CEPA) with mainland China, and this agreement has enhanced its economic integration with the PRC. The territory's economy is heavily dependent on tourism and gambling. Other chief economic activities in Macau are export-gearred textile manufacturing, banking and other financial services. The gaming, tourism and hospitality industry is estimated to contribute more than 50% of Macau's GDP, and 70% of Macau's government revenue.

A founding member of the World Trade Organization (WTO), Macau has maintained sound economic and trade relations with more than 120 countries and regions. The World Bank classifies Macau as a high income economy, and the GDP per capita of the region in 2006 was US\$28,436. Macau is also a member of the International Monetary Fund (IMF). According to The World Factbook, Macau has the second highest life expectancy in the world. In addition, Macau is one of the very few regions in Asia with a "very high" Human Development Index. When it comes to doing business in Macau, opportunities are wide-ranging. Let's take a look at some major reasons why foreign companies should start a business in the country.

## The Macau Business Climate

There are several reasons to invest in Macau:

- **Strong and open economy:** With a positive and progressive economic outlook, Macau is an open economy. According to an evaluation carried out by the World Trade Organization (WTO), Macau's trade and investment remain as one of the most open in the world. Macau's advantages are characterised by its free port policy, autonomous customs, simple and low taxation system, widespread international market network, close relationship with the Portuguese-speaking countries and the implementation of the Mainland and Macao Closer Economic Partnership Agreement (CEPA). The 2012 Index of Economic Freedom, released by the Heritage Foundation and the Wall Street Journal of the United States, puts Macau at a ranking of 19 in the world. Since the establishment of the Macao Special Administration Region, there has been a continuous optimisation of the investment environment, and Macau is quickly becoming a regional trade and economic service platform. Macau's economy has registered a stable growth in recent years. The average annual GDP growth rate from 2000 to 2009 was around 9.6%, and the unemployment rate remained at a relatively low level. Macau has seen a significant increase in economic indicators such as visitor arrivals, retail sales and median income. In the first half year of 2012, the territory's GDP expanded by 12.6% in real terms. Enterprises from overseas are always welcome to invest in Macau, and it endeavours to provide high quality and efficient services to foreign and Mainland enterprises, and assist investors in exploring business openings and achieve mutual benefits.



- **Healthy business environment and free port policy:** As Macau adheres to the free port policy and market economy system, the entry and exit of merchandises, capital and personnel can be freely done. As a free port, Macau has long benefited from global trade and investment. The entrepreneurial environment is generally efficient and streamlined, and property rights are relatively well respected. Friendly environment and high quality of life are two major reasons why many people come to do business in Macau. The overall regulatory environment remains relatively efficient. License requirements vary by type of economic activity, but general business activities such as retail, wholesale, and business consultancies do not require a license. The territory currently maintains business relationships with over 100 countries around the world, and is affiliated to over 50 international organisations. Commercial activities are carried out in accordance with international practices, thus providing an ideal environment for investors choosing Macau to develop their businesses.
- **Tourism and gambling:** Tourism is the backbone of Macau's economy, and much of it is geared towards gambling. Gambling was legalized in the 19th century and has since been the linchpin of the economy and an important source of revenue for the government. Gaming revenues from Macau's casinos are now greater than those of the Las Vegas Strip, making Macau the highest-volume gambling center in the world. In 2011, Macau's gross gaming revenue was around US\$33.5 billion, with 22 million people visiting Macau to gamble. The gambling industry generates over 40% of the GDP of Macau. The main casino operators in Macau are SJM Holdings, Galaxy Entertainment and Sands China with respective revenues of 9.7, 4.8 and 4.2 billion in 2011. There has been a rapid rise in the number of mainland visitors due to China's easing of travel restrictions. Gambling has been one of the most important reasons for bringing in more foreign investment to Macau.
- **Government incentives and low taxes:** The government of Macau has been very keen on bringing in more foreign investment in the country. Macau offers investors a way to benefit from the rise of China as an economic super-power, but without the purchasing restrictions, excessive taxes and legal complexity. There are no restrictions on foreign ownership. Banks in Macau finance 50% - 90% of the purchase price for buyers and their businesses. The government of Macau does not levy any Capital gains tax on Real Estate profits. The government of Macau does not levy any Capital gains tax on Real Estate profits. Moreover, tax exemptions are granted to companies for projects which comply with at least one of the following:
  - a) Promoting industrial diversification
  - b) Contributing to promotion of exports to new unrestricted markets
  - c) Promoting added value increase within their own production chain
  - d) Contributing to technological modernization

### Setting up a Business in Macau

It is easy and simple to establish a company in Macau. A company is incorporated in Macau by completing the following procedures:

- **Applying for firm name certificate:** A firm name must be proposed and the object of activities must be defined at the Business Registry of Macau

- **Articles of association:** Within sixty days of the Firm Certificate being issued, The Articles of Association must be notarized by a notary
- **Declaration of initiation of activity:** One must deliver the following documents to the Finance Services Bureau of Macau:
  - a) Finance Services Bureau M1 form for Industrial Tax (signed and notarized)
  - b) Copy of Identification documents
  - c) Copy of the Articles of Association
- **Registration of the company:** Within 15 days of the Articles of Association being signed and notarized, the following documents must be delivered with the application for registration:
  - a) Notary certificate of the Articles of Association
  - b) List of names and addresses of shareholders and of members of the Boards
  - c) Acceptance of Appointment by the members of the Boards
  - d) Copy of the M1 form delivered

After successful completion of the above procedures, the Business Registry will issue a certificate of incorporation. The company's legal existence and personality will commence from the date of registration of its incorporation.

## Types of Business Structures in Macau

There are many advantages of setting up a company in Macau. The territory has a stable financial system and highly satisfactory trading environment. The cost of operating companies is low and taxation is minimal. Macau is also a potential offshore service center, as well as a platform for economic and trading cooperation between mainland China and Portuguese-speaking countries. There is no special restriction on Macau company incorporation, and procedures for investment and formation of companies are relatively simple. The same procedures apply to both local and overseas investors. Here is a closer look at the major business structures in Macau:

- **Unlimited Liability Company (Partnership):** In an unlimited liability company, i.e. partnership, there should be at least two persons. The partners jointly contribute their resources and share the profits derived from the partnership according to the profit-sharing ratios as stated in the partnership agreement. The partners are jointly liable for the debts and obligations of the partnership. There is no need to register the formation of a partnership with the Business Registry of Macau. However, 30 days prior to commencement of the business, application must be made to the Finance Services Bureau. Thereafter, a prescribed annual business fee is payable in accordance with the business activities to be carried on. This type of business organization is usually adopted by local professional services such as auditing firms.
- **Mixed Liability Company:** This type of business organization is also known as limited co-partnership, under which the liability of one or more of the partners is limited to a sum which they have contributed to the company. A mixed liability company can be limited by quotas or shares. A mixed liability company is subject to registration with the Business Registry. In addition to this, 30 days prior to the commencement of business, application must be made to the Finance Services Bureau for a business registration to which the relevant taxpayer number is assigned. Thereafter, a prescribed annual business fee is payable in accordance with the business activities to be carried on. Under this type of business organization, there are two groups of partners:
  - a) Limited Liability Partners (also known as silent partners or financiers) are those whose liabilities are limited to the money invested in the company, but are not involved in the management of the company.
  - b) Unlimited Liability Partners (also known as working partners) are those engaged in the management of the company and whose liabilities are the same as those of an unlimited liability company.



- **Limited Liability Company by Quotas:** The type of company incorporation mostly adopted in Macau is a company with liabilities limited by quotas. A quota represents a fixed amount of participation in the capital of a company. A company with liabilities limited by quotas is formed by a minimum of 2 members, known as quota holders. This kind of company is regarded as an independent legal entity governed by local laws, and its liabilities are not extended to the associate companies in the Investors. The main characteristics of this type of company are as follows:
  - a) Capital is represented by quotas
  - b) Quotas are not evidenced by share certificates, but represent a percentage or fixed amounts of participation in the capital of the company
  - c) Individual quotas may have different values, but must not be lower than MOP 1000 and be in multiples of MOP 100
  - d) The minimum capital is MOP 25000
  - e) A corporation can be a quota holder
  - f) Quota holders do not need to be residents of Macau
  - g) Rights and duties of quota holders as well as administration of the day-to-day affairs of the company are stated under the Articles of Association
- **Limited Liability Company by Shares:** Commonly referred to as S.A. company in Portuguese, the characteristics are similar to companies with liabilities limited by quotas, with the following exceptions:
  - a) The minimum capital is MOP 1000000
  - b) The capital of an S.A. company is divided into shares, and share certificates are used
  - c) The company must have at least 3 share holders
  - d) An S.A. company must have three boards – Board of General Meetings, Board of Directors and Board of Supervisors
  - e) Members to the said Boards are appointed or elected by shareholder, and the number of members of each Board must have to be odd numbers
  - f) A body corporate can be member of any said Boards, but must be represented by an individual
  - g) The Board of Supervisors is composed of 3 members and one of them must be a registered auditor or firm of auditors
  - h) A member serving on the Board of Directors cannot be at the same time a member of the Board of Supervisors
  - i) In addition to the said Boards, it is also required to appoint a Company Secretary, whose duties are performed by an individual

## Taxation

Corporate enterprises or individual persons that operate any industrial and commercial activities in Macau are subject to business tax at the taxation rate determined according to business operation, generally at a sum of MOP300. Profits from industrial and commercial business operations are also subject to income complementary tax, at a taxation rate of 9%-12%.



## Immigration and Visa Requirements

Macau is generally very open in its approach to admit tourists and short term business visitors. Nationals of 66 countries are exempt from a visa to Macau for a certain period while other nationals are permitted to obtain a visa on arrival at the border control. To obtain a Macau Visa, the following documents must be submitted:

- A completed Macau Visa Application Form (available online and at the Immigration Authorities)
- Photocopies of the bio data page and used inside pages of a valid passport/travel document
- Document of financial status (For example bank statement, deposit in savings account, tax payment receipt)
- Document of transportation to Macao and accommodation arrangement
- Recent 1.5-inch full face white background color photo
- Proof of purpose of visit

## Banking Requirement

Opening a bank account in Macau is very straightforward. To open a bank account all one requires is an ID and proof of address. It is not necessary to be a resident of Macau or have a work visa in Macau, and it's perfectly possible for a tourist to open a bank account.

## Reference

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Conpak CPA Limited	<a href="http://www.conpak.com/Macau-Company-Incorporation.html">www.conpak.com/Macau-Company-Incorporation.html</a>

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