



Departmental Interpretation and Practice Notes No. 5 (DIPN No. 5) revised to include “environmental protection facilities”

The Inland Revenue Department (IRD) has issued a revised version of DIPN No. 5 to include details of environmental protection facilities for which a deduction is now available.

Background

Sections 16H to 16K of the Inland Revenue Ordinance were introduced effective from the year of assessment 2008/09 to allow a deduction for specified capital expenditure on the provision of environmental protection machinery and an environmental protection installation. From the year of assessment 2010/11 onwards, the deduction has now been extended as to include specified capital expenditure on the provision of environment-friendly vehicles.

Capital expenditure on the provision of environmental protection machinery or environment-friendly vehicles is allowable in full in the basis period for the year of assessment in which it is incurred. Capital expenditure for the provision of an environmental protection installation is allowed as a deduction in five equal instalments.

The DIPN includes details of resources, which can be accessed to ascertain whether an item of machinery or plant complies as environmental protection machinery, an environmental protection installation or an environment-friendly vehicle. These include the Environmental Protection Department (<http://www.epd.gov.hk>) and the Electrical and Mechanical Services Department (<http://www.emsd.gov.hk>)

DIPN No. 5 can be accessed at:

http://www.ird.gov.hk/eng/pdf/e_dipn05.pdf



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