

## BCT (MPF) INDUSTRY CHOICE (the “Plan”) NOTICE TO PARTICIPATING EMPLOYERS AND MEMBERS

**This document is important and requires your immediate attention. If you are in any doubt about the contents of this document, you should seek independent professional advice. Bank Consortium Trust Company Limited (the “Trustee”), being the trustee of the Plan accepts responsibility for the information contained in this document. This document is only a summary of the key changes relating to the Plan. Members should also carefully review the fourth addendum to the Principal Brochure. A copy of the Principal Brochure as amended by the fourth addendum can be obtained free of charge by calling the Employer Hotline at 2298 9388 or the Member Hotline at 2298 9333 or accessing the website at [www.bcthk.com](http://www.bcthk.com).**

Unless otherwise defined herein, terms used in this document bear the same meaning as in the principal brochure of the Plan dated 12 December 2016, as amended by the first addendum dated 12 December 2016, the second addendum dated 19 March 2018, the third addendum dated 18 January 2019 and the fourth addendum dated 1 April 2019 (together, the “**Principal Brochure**”).

1 April 2019

Dear Participating Employer / Member,

Thank you for your continued support of the Plan. We are writing to inform you of the arrangements relating to the tax deductible voluntary contributions in respect of the Plan which takes effect from 1 April 2019.

### Summary of tax deductible voluntary contributions:

- With effect from 1 April 2019, tax deductible voluntary contributions (“**TVC**”) to an MPF scheme and premiums paid for qualifying deferred annuity policy (“**qualifying annuity premiums**”) are (subject to an aggregate maximum tax deductible limit per year of assessment) tax deductible in accordance with the Inland Revenue Ordinance.
- The aggregate maximum tax deductible limit for the year of assessment 2019/2020 is HK\$60,000.
- All accrued benefits derived from TVC are subject to the same vesting and preservation rules and withdrawal restrictions which apply to accrued benefits derived from mandatory contributions made to an MPF scheme. In particular, members should note that the accrued benefits held in a TVC account can only be withdrawn upon retirement age 65 or on other statutory grounds under the MPF legislation.

Should you have any enquiries regarding the contents of this Notice, please contact the Employer Hotline at 2298 9388 or the Member Hotline at 2298 9333.

### 1. Introduction

Changes to the Inland Revenue Ordinance takes effect on 1 April 2019. With effect from 1 April 2019, similar to qualifying annuity premiums, MPF voluntary contributions (i.e. TVC) made in a specified account set up by members (namely, **TVC account**) can also enjoy tax concession in order for them to meet the long-term saving objective for retirement protection.

Your investment decision should not be based on this Notice alone. We encourage you to read the fourth addendum to the Principal Brochure carefully because the new arrangement may affect your retirement planning and tax benefits associated with the TVC account.

## 2. What is TVC?

TVC is a new type of contributions and can only be paid into a TVC account of an MPF scheme. TVC may enjoy tax concession. Other characteristics of TVC are as follows:

- TVC can only be made directly by persons who fulfil the eligibility requirements mentioned in subparagraph (b) below;
- Involvement of employers is not required;
- Although it is voluntary in nature, TVC is subject to the same vesting and preservation rules and withdrawal restrictions applicable to mandatory contributions.

Accordingly, any accrued benefits derived from TVC (including any TVC made in excess of the maximum tax deductible limit per year of assessment) ("**TVC balances**") will be preserved and **can only be withdrawn on statutory grounds, as follows:**

- (a) 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)**
- (b) Death**
- (c) Small balances**
- (d) Permanent departure from Hong Kong SAR**
- (e) Total incapacity**
- (f) Terminal illness**

A person who is admitted to participate in the Plan to make TVC ("**TVC member**") can make his own fund selection or choose to invest in accordance with the DIS (i.e. Default Investment Strategy) under the Plan according to their circumstances and risk appetite. If a TVC member fails to submit to the Trustee a specific investment instruction or does not make any investment choice at the time the TVC account is opened, his TVC will be invested in accordance with the DIS. Please refer to section 3.6 of the Principal Brochure for details of the DIS arrangement.

TVC can only be made into a TVC account, which is separate from a contribution account or a personal account. Any other form of contribution that is not made into the TVC account is not TVC (for example, voluntary contributions that are made by employee members through their participating employers will not be eligible for claiming TVC tax deduction).

For the avoidance of doubt, the protection of accrued benefits under the MPFS Ordinance is not applicable to TVC account, which means TVC balances will generally be vested in the trustee-in-bankruptcy or official receiver as part of the property of the bankrupt member.

### *(a) Tax Concessions for TVC*

TVC may be eligible for tax concessions starting from the year of assessment 2019/2020. The aggregate maximum tax deductible limit for the year of assessment 2019/2020 is HK\$60,000. It should be noted that the above aggregate maximum tax deductible limit is an aggregate limit for TVC and any qualifying annuity premiums paid in a year of assessment, rather than for TVC only, and any claim for tax deductions will be applied to TVC before qualifying annuity premiums. A "**year of assessment**" is the period from 1 April in any year to 31 March in the immediately succeeding year, both days inclusive.

Same as the tax deduction for mandatory contributions and other tax concessions, **each individual tax payer (not the Trustee, the Sponsor or other operators of the Plan) is responsible for the application for tax deduction and keeping track of how the maximum tax deductible limit is fully utilized.** In this regard, the Trustee will provide a tax deductible voluntary contributions summary to facilitate TVC members in filling in the relevant tax concession information on their tax return if TVC is made by the member to the Plan during a year of assessment.

(b) *Eligibility*

Any person who is:

- **a current holder of a contribution account or personal account of an MPF scheme; or**
- **a current member of an MPF exempted ORSO scheme**

can make TVC to an MPF scheme by opening a TVC account.

Each eligible person can only have one TVC account under the Plan.

The Trustee may reject an application to open a TVC account or refuse to accept a transfer or payment of TVC to the Plan in the event of (i) having reason to know that information and documents provided to the Trustee are incorrect or incomplete; (ii) failure of an applicant or a TVC member 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 and the Sponsor may consider appropriate.

There is no maximum limit imposed on the amount or frequency of contribution made to the TVC account, unless otherwise specified in the relevant application form. A TVC member can choose to make regular monthly TVC (subject to a minimum of HK\$300 per contribution). Regular TVC may only be effected by way of a direct debit arrangement on a specified business day debit date. Irregular lump sum TVC can be made at any time (subject to a minimum of HK\$500 per irregular lump sum TVC).

(c) *Transfer of TVC Balances*

TVC members may, at any time, choose to have all TVC balances in the TVC account in the Plan transferred to another registered scheme in which the TVC member holds a TVC account. **Transfer of TVC balances in part or to a contribution account / personal account, however, will not be accepted.**

For the avoidance of doubt, such TVC balance transfer amount cannot be claimed as deductions for taxation purpose.

TVC accounts with zero balance and in respect of which there is no transaction activity for 365 days may be terminated by the Trustee. (For further details on the cessation of membership of a TVC member, please refer to paragraph 3 below.)

Note: Investment involves risks and the TVC balance in a TVC account (as tax incentivized retirement savings) may go up as well as down.

Accrued benefits derived from TVC transferred to another registered scheme will also be subject to the same vesting and preservation rules and withdrawal restrictions applicable to mandatory contributions in the MPF legislation.

A TVC member who holds a TVC account in another registered scheme (“**transferor TVC account**”) may request to transfer his accrued benefits in the transferor TVC account to his TVC account in the Plan. The Trustee may in its discretion refuse to allow or accept such accrued benefits to be transferred to the Plan in the event of (i) having reason to know that information and documents provided to the Trustee are incorrect or incomplete; (ii) failure of a TVC member 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 and the Sponsor may consider appropriate.

For further details on (i) the transfer of TVC balances to the Plan and (ii) the transfer of TVC balances from the Plan, please refer to the section 4.5 and section 4.10, respectively of the Principal Brochure.

(d) *Payment of TVC Balances*

A TVC member who is entitled to payment of TVC balances may request to withdraw such benefits in one lump sum. As an alternative to withdrawing the TVC balance in a lump sum, a TVC member who has attained the age of 65 years or on early retirement on or after reaching the age of 60 (with him having certified to the Trustee by statutory declaration that he has permanently ceased his employment or self-employment) may elect to withdraw his TVC balances by instalments.

A request for payment of TVC balances (as applicable) shall be made in a form specified by the MPF Authority and be accompanied by such documents as may be required by the MPFS Ordinance, the Regulation or by the Trustee from time to time.

**3. Cessation of Membership of a TVC Member**

The membership of a TVC member may be terminated by the Trustee with the written agreement of the TVC member given not earlier than 60 days before the termination.

In addition, the membership of a TVC member may be terminated by the Trustee if at termination, the TVC account has no accrued benefits, and has had no activity for 365 days. In the case of such termination, the requirement for a written agreement of the TVC member (as described in the preceding paragraph) does not apply.

**4. Amendments to the Principal Brochure and Trust Deed**

The Principal Brochure is revised to reflect the arrangements for TVC as set out above by way of the fourth addendum dated 1 April 2019. The Trust Deed of the Plan is revised by way of a Eighth Supplemental Deed to reflect the changes set out above where applicable. The changes described in this document are in summary form only. Members should review the Principal Brochure (as revised) for further details on the changes made.

The Principal Brochure as amended is available at our website from 1 April 2019 onwards. Copies of the revised Principal Brochure may also be obtained by calling the Member Hotline at 2298 9333. Copies of the Trust Deed together with its supplemental deeds may be obtained from the Trustee at a reasonable cost or may be inspected free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the offices of the Trustee at 18/F, Cosco Tower, 183 Queen's Road Central, Hong Kong.

Should you have any enquiries regarding the above arrangements, please contact the Employer Hotline at 2298 9388 or the Member Hotline at 2298 9333.

Yours faithfully,  
Bank Consortium Trust Company Limited  
銀聯信託有限公司

This is a computer-generated letter and no signature is required.