

**Maninvest Macao****Setting up Credit Companies in Macao**

One of the most interesting and fresh enquiries about business operation in Macao is the establishment of credit companies (includes financial institutions, credit institutions, banks, asset management companies and investment funds companies) in Macao; There are currently 27 banks established in Macao, out of which 12 are established locally and 15 are branches of overseas banks. These credit companies are regulated under the Financial System Act of Macao and are supervised by Monetary Authority of Macao (AMCM).

**Credit Companies Incorporated Locally**

Credit companies incorporated locally in Macao shall take the form of Limited Liability Company by Shares. Shares shall either be registered as registered shares or bearer shares being held under custodian. The minimum requirement of share capital is MOP 100 million and they must be subscribed and fully paid up in accordance with the regulation of Article 21 of the Macao Financial System Act (Decree-Law no. 32/93/M).

To establish a credit company in Macao, a business plan should be submitted to AMCM for assessment. The plan should include the reasons of establishment, feasibility studies and its planned operations for ensuring that there no conflict with the economic and financial policies of Macao government. AMCM will conduct investigation on the background and financial status of the applicant accordingly.

**Branches of Credit Companies Incorporated Overseas**

Credit companies incorporated outside Macao wishing to open branches in Macao should obtain authorization from AMCM. The minimum capital to be invested in the branch is MOP 50 million. Authorized representative has to be appointed to execute the application. A business plan, due diligence documents of the parent company, background information of the shareholders, including the ultimate beneficial owners and directors of the proposed credit companies are also required when registering the branch.

**Our services in application for Macao Offshore Banking License**

We have recently received a number of enquiries about setting up offshore bank in Macao. Maninvest provides one stop services to you on this area. Our work for providing such professional services definitely suit the specific needs of the client.

As documents required and the business plan drafted vary according to the background of the application, if you wish to have further details in connection to the specific types of credit companies in Macao, please feel free to contact us.

## The reason for registering a company in Macao for doing business with Macao local company



“Is it necessary to register a company in Macao when doing business with Macao local companies?” This is a frequently asked question when a

non-Macao person wishes to do business with Macao local companies. It seems to them that their customers in Macao would only prefer to do business with Macao Companies. To answer the question, the following aspects have to be assessed.

### Tax liabilities when doing trading business

The tax law of Macao is not sophisticated. Given the fact that Macao was only “known” to the world from 90’s, their tax laws are not catered for international trading companies. Macao companies incorporated locally are often challenged by the tax authorities in Macao about the genuineness of the receipts and invoices, since some of those goods require import licenses in order to be imported into Macao. To avoid any problems of this kind, those local businessmen used to request their suppliers to issue invoices to them by another local company incorporated in Macao. This is for easy tracking by the Macao tax

authority. However, this is actually passing the problem from themselves to their suppliers. Despite this, there is no regulation in Macao laws that only invoices issued by Macao local companies are allowable deduction for tax purposes.

### Tax liabilities when doing consultancy services

If the supplier company is providing services to a Macao local company, for example, consultancy, their “consultant” may require a working visa to provide such services “in” Macao or otherwise it is against immigration and employment laws of Macao. In some cases, when the consultant is qualified as an employee (there is a thin line between a self-employed and an employee), the Macao Local Company may need to comply with the statutory requirement of Macao to file employee return as well as withholding provident funds with various governmental departments. In order to avoid legal problems, Macao local companies may ask the consultant to provide evidence of its registration as a legal entity in Macao.

**If you are interest in our professional advice about the specific needs of incorporating Macao companies, please feel free to contact us.**

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