

Invesco Tax Deductible Voluntary Contribution (“TVC”) Frequently Asked Questions

1. What is Tax deductible voluntary contribution (TVC)?

TVC is a new type of Voluntary Contributions eligible for claiming tax deduction and is different from the voluntary contributions as defined in section 11 of the Mandatory Provident Fund Schemes Ordinance.

Starting from 1 April 2019, any contributions made to the TVC account can enjoy tax deductions up to a maximum of HK\$60,000 per year. The said maximum tax deductible limit is an aggregate limited for qualifying deferred annuity premiums and TVC.

TVC contribution is made directly to a newly open and separate TVC account under an MPF Scheme. Eligible members can open the TVC account directly with an MPF Scheme provider and involvement of employers is not required.

Tax deduction for TVC will take effect from assessment year 2019/20.

2. What are the key features of TVC?

There are three major features of TVC:

Convenient:

- Eligible persons can open a TVC account in an MPF scheme which offers TVC of their own choice and make contributions directly with trustees.
- MPF trustees will provide contribution summaries to facilitate filing of tax returns.

Flexible:

- No fixed frequency or fixed amount of contributions.
- TVC account holders can transfer all balance to another TVC account of an MPF scheme at any time.

3. Who can open a TVC account?

Any person who falls under any one of the following categories may open a TVC account:

- Current holders of contribution accounts or personal accounts of MPF schemes; or
- Current members of MPF Exempted Occupational Retirement Schemes.

4. How to ascertain the deductible amount of TVC for a tax assessment year?

Contributions made to TVC accounts are tax deductible. The maximum tax deductible limited, being the aggregate limited that a taxpayer may claim tax deductions for MPF TVCs and deferred annuity premiums, is set at HK\$60,000.

Trustee will provide a TVC account contribution summary to each TVC account holder. Same as the tax deduction for mandatory contributions and other tax concessions, individual tax payer is responsible for application of tax deduction and keeping track of how maximum tax deductible limit is fully utilized.

For the TVC made starting from 1 April 2019, members can claim deductions when file the tax return for the year of assessment 2019/20.

5. How can a member open a new account to make MPF Tax Deductible Voluntary Contributions (TVC)? What documents are required to open a TVC account with Invesco's MPF scheme? What is the investment mandate of TVC?

Employee has to submit a duly completed TVC account application form and provide such information as the trustee may reasonably require. To allow for flexibilities, the TVC account may or may not be under the same scheme in which the employee's contribution account, personal account and/or SVC account are maintained. Members are free to select which the MPF scheme to make TVC.

There should be only one TVC account for a member in an MPF Scheme. For documents required to open a TVC account with Invesco's MPF scheme, please refer to our [Tax Deductible Voluntary Contribution \(TVC\) Account Membership Enrollment Form](#).

TVC account holders can decide on the investment mandate of the TVC account among constituent funds available under an MPF scheme. If the TVC account holder fails to submit to the trustee a valid investment instruction or does not make any investment choice, TVC will be entirely invested in Default Invesco Strategy. Nonetheless, TVC account holders can also change their investment options from time to time.

Before completing the form, members should read the Prospectus of the scheme.

6. Are there any fees and charges associated with TVC?

Members are subject to management fees and other charges of the funds as set out in the offering document of the respective MPF schemes. Members should refer to the offering documents for full details.

7. Is there any minimum/maximum of TVC contribution amount and what's the frequency of making contribution?

Members can make TVC payment on regular basis or in lump sum. For TVC account open under Invesco's MPF scheme, monthly regular contribution must be made in the form of direct debit from a bank account in Hong Kong with a minimum amount of HK\$300. If member would like to make TVC contribution in lump sum payment, the minimum amount of each lump sum contribution is HK\$500, member can make lump sum payment by HKD Cheque or Telegraphic Transfer ("TT") in HKD.

8. Can I change the TVC contribution amount or stop making contributions after opening a TVC account?

TVC is a convenient and flexible way to save for the retirement. A taxpayer can make contributions to his TVC account at any time and in varying amounts. The taxpayer can also stop making contributions or change the contribution instructions at any time.

9. Can I transfer my TVC accrued benefits to another scheme?

Yes, you may at any time choose to have ALL accrued benefits in your TVC account in one registered MPF scheme transferred to another TVC account under a registered MPF scheme. However, transfer of TVC accrued benefits in part or to a contribution account/personal account will not be accepted.

10. What is the difference between employment related Voluntary Contributions, Special/ Flexible Voluntary Contributions and TVC?

| | Employee Voluntary Contributions | Special / Flexible Voluntary Contributions | TVC |
|----------------------|---|--|---|
| Tax Concession | Not Applicable | Not Applicable | The maximum tax deductible limited, being the aggregate limited that a taxpayer may claim tax deductions for MPF TVCs and deferred annuity premiums, is set at \$60,000 |
| Eligibility | Relevant employees under the existing MPF system | Current members of an MPF scheme – subject to different scheme arrangement | Current holders of contribution accounts or personal accounts of MPF schemes; or Current members of MPF Exempted Occupational Retirement Schemes. |
| Scheme Selection | By Employer | By Member | By Member |
| Payment method | Payroll deduction and pay to the trustee via employer | Directly from member | Directly from member |
| Tax Deductible | No | No | Yes |
| Withdrawal condition | Normally upon termination of employment | Determine by members – subject to different scheme rules | Same condition as MPF Mandatory Contributions |

11. What are the withdrawal conditions for accrued benefits derived from TVC? How can I withdraw my TVC?

The withdrawal conditions shall be the same as those applicable to mandatory contributions, currently is:

- Retirement / Early retirement;
- Death;
- Small balances;
- Permanent departure from Hong Kong;
- Total incapacity; or
- Terminal illness.

Withdrawal arrangement of TVC is the same as that of other MPF contributions. Member can submit the completed claim form to your MPF trustee and provide the supporting documents required.

12. Will the TVC affect my existing voluntary contributions? I am currently making voluntary contributions. Will the contributions become tax deductible automatically?

Implementation of TVC will allow scheme members to continue with their existing voluntary contribution arrangements without subjecting the existing voluntary contributions to preservation requirements. However, such voluntary contributions will not be tax deductible.

Member will benefit from tax deductions for TVC contribution. Any other voluntary contributions made to member's existing contribution account are not TVC and such contributions are not tax deductible.

13. How will the TVC be invested? Is the investment gain from TVC account subject to tax?

Similar to other types of contributions, members have the right to choose the constituent funds offered by the MPF scheme. If members have not given any investment instructions, their TVC will be invested according to the Default Investment Strategy. Investment gain from TVC account is not subject to tax.