

## **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 like only 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 laws of Macao is not sophisticated. Given the fact that Macao only “known” to the world from 90’s, their tax laws are not catered for international trading. Local Macao companies are often challenged by the tax authorities in Macao about the genuineness of the receipts and invoices – as some of those goods need an import license to be imported into Macao. In order to avoid any problems, those local businessmen asked their supplier to issue invoices from another local company, which can easily be traced by the Macao tax authority. This is actually passing the problem from them to their suppliers. However, there is no regulation in the laws of Macao that only invoices issued by another Macao company is allowed for deduction in 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 working visa to provide such services “in” Macao, otherwise it is against immigration laws. 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 filing employee return to various governmental department as well as withholding provident funds. In order to avoid legal problems, Macao local companies may ask the consultant to provide evidence of being registered as a local company in Macao, so that they do not need to worry about this legal problem.

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