

Setting Up a Presence in Hong Kong

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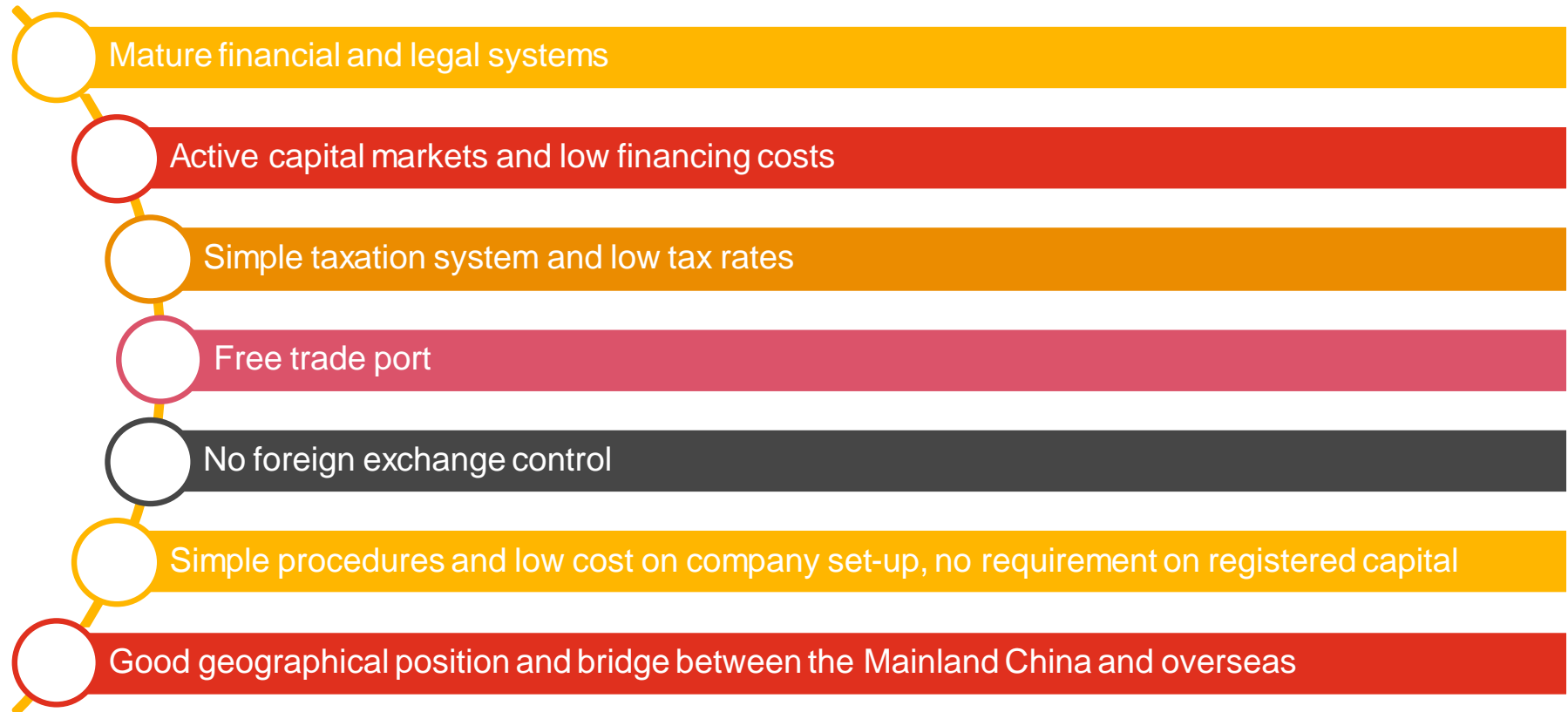
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Agenda

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Setting up a company in Hong Kong (1/2)



Setting up a company in Hong Kong (2/2)

Incorporation of company:

- Registration of a new company in Companies registry
- Business registration

Annual compliance maintenance:

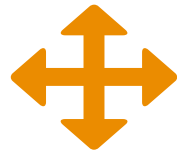
- Annual return
- Annual general meeting
- Annual accounts and director's report
- Profits tax return
- Employer's return

Incorporation considerations:

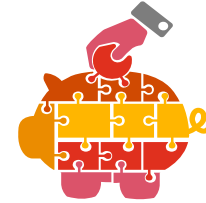
- Appointment of director(s)
- Appointment of company secretary
- Share issuance
- Opening of bank account



Overview of Hong Kong taxation system (1/2)



- Simple taxation system with relatively low tax rates
- Income tax
 - ✓ Profits tax
 - ✓ Salaries tax
 - ✓ Property tax
- Non-income tax
 - ✓ Stamp duty
 - ✓ Others (e.g. betting tax)



- Hong Kong adopts territorial source principle of taxation and offshore-sourced income is non-taxable
- Dividend income and capital gain are **non-taxable**
- **No** turnover tax (e.g. valued-added tax, consumption tax, etc.) and no tariff
- **No** withholding tax on dividend, interest and management fee
- **No** thin capitalisation rules
- **No** additional tax imposed on divestment
- Advance ruling system is available on certain transactions

Overview of Hong Kong taxation system (2/2)

Profits tax

Year of assessment 2020/21	Profits tax rate of the first HK\$2 million of assessable profits	Profits tax rate of the assessable profits above HK\$2 million
Corporations	8.25%	16.5%
Unincorporated businesses (e.g. partnerships and sole proprietorships)	7.5%	15%

Year of assessment 2020/21

Salaries tax

Standard tax rate (Note)

15%

Progressive rates (Note)

2% - 17%

Property tax

Standard tax rate

15%

Note: The salaries tax payable should be limited to tax at the standard rate of 15% on the net assessable income less concessionary deductions and charitable donations but without the deduction of personal allowances.

Comparison between doing business in Hong Kong and Mainland China

	Hong Kong	Mainland China
Time required for incorporation	Shorter period of time required (less than one week)	Could take months (depending on the type of company to be incorporated)
Registered capital	No requirement	No requirement except for specific industries (e.g. leasing, advertisement, etc.)
Incorporation of company	Companies registry Business registration	Registrations with different authorities, including Ministry of Commerce, Administration of Industry and Commerce, Public Security Bureau, Tax Bureau, etc.
Corporate income tax	16.5% (incentives available in some industries, e.g. leasing)	25% (incentives available in some industries, e.g. technology, TASE, etc.)
Value-added tax	Not applicable	6%/ 9%/ 13%
Individual income tax	<ul style="list-style-type: none"> Progressive rates from 2% to 17% Standard rate at 15% 	Progressive rates from 3% to 45% (with incentives available for overseas talents in some cities)
Social security contribution (employer and employee)	MPF	Social security and housing fund
Foreign exchange restriction	No	Yes

Thank you

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