

 HONG KONG

Hong Kong - Common law

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Incorporating a company in Hong Kong

Hong Kong taxes

If you want to incorporate in Hong Kong, this article will educate you on the tax laws for a LTD which is the most common company type in Hong Kong.

Hong Kong taxes corporate income on a territorial basis. This means that foreign-source income, whether or not remitted to Hong Kong, from our research, and your results may vary, is not subject to taxation. Taxes are lower than average in Hong Kong because the headline profits tax on income accrued within the territory is 16.5%. This ranks Hong Kong as 58th overall in terms of corporate taxation rate internationally.

Hong Kong does not levy Value-added tax, which ranks Hong Kong as 1st overall with regards to VAT tax rate worldwide. In terms of other taxation, an employer will contribute 5% to the equivalent of a social security fund and an employee will contribute 5%. The overall complexity of the tax system is low. This is measured by average time to comply with a country's labor tax requirements is as it is 28 hours. Contributing to this is the number of yearly labor tax payments, which is 5 in HK.

Thin cap rules are not in effect. This refers to any type of laws on a business and the debt-to-asset ratios.

Dividends received from resident entities are tax-exempt, whereas dividends received from non-resident entities are usually considered offshore in nature and not subject to taxation. A dividend is a distribution of earnings of the business, voted by the board of directors, to a particular class of shareholders. Dividends can be either cash payments, shares of stock, or other property.

Capital Gains are not generally subject to taxation in Hong Kong. A capital gains tax is levied on the profits that a corporation or natural person realizes when he or she sells a capital asset for a price that is higher than the purchase price.

Dividends and interests are not subject to withholding tax. This means that dividends and interests paid by resident entities to non-residents, are not subject to taxation. Royalties are subject to a withholding effective tax rate of 4.95%, if are paid to a resident of a jurisdiction where the royalty payments are deductible for profits tax purposes. If royalties are derived from the use of intangibles that previously were owned by a person carrying business in Hong Kong, they may be subject to an effective withholding tax rate of 16.5%.

There is no known tax on wealth in Hong Kong. Stamp duties may apply on the transfer of capital assets. There are real property taxes. There are no known inheritance taxes in HK. There are popular and well known credits for innovation spend that include tax incentives in this country.

The above is not tax or legal advice for your company tax obligations. We are able to refer you to an expert in Hong Kong who can properly advise you. Ready to get started? Click incorporate now if you are in a hurry, or press the free consultation button above..

The vat rate in Hong Kong is 0% which ranks 1 in the world.

- ✗ Patent box
- ✓ RND credit
- ✗ Wealth tax
- ✗ Estate tax
- ✗ Transfer taxes
- ✗ Asset taxes
- ✗ Capital duties

- 35 Tax treaties
- 0% Offshore Tax
- 16.5% Corp rate
- Loss carryback years
- 50 Corporate time
- 0% VAT rate

Hong Kong Legalese

When looking for a jurisdiction in which to incorporate, the first thing to look at is the legal code. The body of law in HONG KONG is common law. Common law jurisdictions are generally regarded as easier to structure. One is permitted to electronically sign documents.

The abbreviation HK is for HONG KONG and the most common company type structure in HONG KONG is a LTD.

When setting up, budget about 2 days to setup a LTD in HK. is 0, This means you don't have any minimum share capital. The types of cash you can use to capitalize your company is frequently HKD and any legal currency.

Yes, one is allowed to re-domicile a LTD from HK. You are usually allowed to change the jurisdiction of the company, pending certain procedures.

There must be at least 1 shareholder. This makes it possible for you to own a LTD in HK by yourself. Corporate Shareholders are allowed, meaning you could have a company as a shareholder. Foreign ownership is encouraged, up to 100% of the ownership of the LTD.

A LTD is only required to have one director. Consequently, corporate directors are permitted. Directors should not expect to be private, as they are disclosed.

A registered office is a requirement, whom the company will pay yearly, for a legal services company which can receive litigation or other legal process on behalf of the business. However, a corporate secretary is also mandated by the government.

There is a requirement to file accounts to relevant authorities. Furthermore, there is oftentimes a requirement to have these accounts audited.

Overall we think Hong Kong is a good option and have given it a score of 99 as an IO score, using the Incorporations.IO proprietary formula.

- ✗ **Directors not disclosed in a public registry**
- ✓ **Shareholders not disclosed in a public registry**
- ✓ **Redomiciliation permitted**
- ✓ **Registered office required**
- ✓ **Corporate director permitted**
- ✓ **Local Secretary not required**
- ✓ **Local Director not required**
- ✓ **Electronic signature**

- 1 Shareholders required**
- 1 Directors required**
- 2 days to form**



HONG KONG

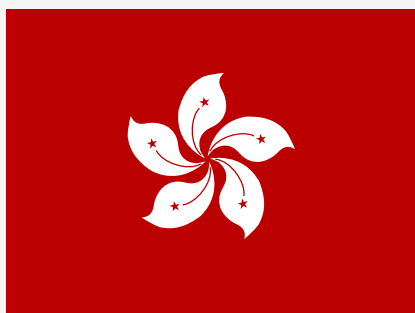
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Country Info



🚩 National Flag of

**Hong Kong Special
Administrative Region
of the People's
Republic of China (eng)**

香港中国特别行政区的人民共和国 (zho)

\$ Currency

HKD

☎ Area Code

+852

🏛 Capital

Hong Kong

📍 Region

Eastern Asia

🗣 Native Languages

English

Chinese