

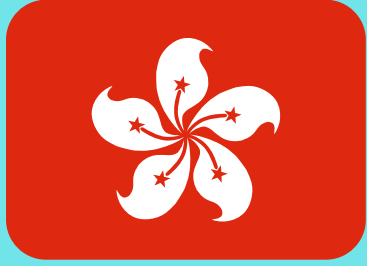
Guide to do business in

HONG KONG

Chandrawat
& Partners



www.chandrawatpartners.com



ABOUT HONG KONG

Hong Kong is an exceptional place with prominent location on China's southern coast with one of the world's highest GDP per capita. Being a vibrant city, Hong Kong is major gateway to Mainland China. Hong Kong is follower of concepts of "one country, two systems". It's productive workforce, stable economic environment, attractive tax regime, transparent business environment, world class infrastructure, strong legal framework and a highly sophisticated banking infrastructure attracts people from the world to establish and run their business in Hong Kong.

ADVANTAGES

- It's low taxation and high standard of living, attracts hundreds of thousands of people all around the world.
- Hong Kong International Airport is one of the busiest airports in the world.
- It is Asia's second largest and the world's third largest Foreign Direct Investment recipient.
- English and Chinese both are official languages. Hong Kong has distinct advantages as a hub for:

Trading companies

- A large number of trading companies and banks are based here, which has resulted in the availability of excellent trade finance facility.
- Financial center with major international banks.
- The world's leading offshore RMB center.
- Free port with no import tariffs .
- Simple and low tax system with a territorial basis of taxation, it means, the profits that are sourced from Hong Kong are only subject to corporate income tax.

Regional head offices

- Hong Kong's strategic location makes it an ideal business gateway in Asia.
- Hong Kong is a historic export and import hub of the Asian continent.
- Hong Kong is in five hours' flight accessibility from most major cities of the world and is well connected by ferries and trains along with other efficient and affordable public transportation network.

Regional sales offices

- Centre of free trade and ideal place to do business.
- Impose less restrictions and allowing free market forces to regulate exports and imports.
- Protective measures and subsidies as a means for avoiding balance of trade deficits.
- More than 60 million affluent shoppers, largely from Mainland China, visit the territory every year, which makes Hong Kong a perfect testing ground for your products prior to entering other Asian markets such as China or Japan.

Regional holding companies

- Asia's 41st most leviable city, with blossoming multinational population.
- Expansion of double tax treaty network (DTT).
- Tax efficient jurisdiction to hold intellectual property.
- Given sound infrastructure, expanded network of treaties, and the existence of tax on local source income.
- Hong Kong is compliant with international standards for tax transparency.

SIMPLE TAX REGIME

Hong Kong benefits investors with its low tax regime. Tax in Hong Kong is bifurcated in slabs and is levied annually;

- In the first slab, profit up to 2 million HKD is taxed at the rate of 8.25%.
- Profit beyond that amount would be subject to be taxed at 16.5%.
- For proprietorship and partnership two tax slab of 7.5% and 15% are laid down.
- The tax is levied only when corporations makes profit.

However, corporations established in Hong Kong can take advantage of a tax exemption by Inland Revenue Department (IRD) for their gains from the outward of the country. Hong Kong maintains three fundamental types of tax ;

- **Corporate profits tax:** Inward profits taxed at 8.25 to 16.5%. Outward profits not taxable.
- **Salary tax:** Net Chargeable Income Tax rate;
 - Income from HKD 1 to HKD 50,000 is liable to tax at a rate of 2% ;
 - Income from HKD 50,001 to HKD 100,000 is liable to tax at a rate of 6%;
 - Income from HKD 100,001 to HKD 150,000 is liable to tax at a rate of 10%;
 - Income from HKD 150,001 to HKD 200,000 is liable to tax at a rate of 14% ; and
 - Income from Above HKD 200,000 is liable to tax at a rate of 17%.
- **Property tax:** 15% on the net assessable value of the property.

In Hong Kong taxes not applicable in:

- Capital gains tax.
- Dividend tax.
- Hotel accommodation tax (HAT).
- Value added tax, Goods & Services Tax, or Sales tax.
- Withholding tax (except on royalties).
- Inheritance tax.
- Estate duty.
- Debt to equity rules.

HONG KONG COMPANIES

Hong Kong offers various structures for company formation. The most appropriate type of entity will depend on the intended activities, financial aspects, willingness to take on ongoing obligations, tax issues, and other factors. To establish in Hong Kong, a representative office, a branch, or a subsidiary (limited liability Company) can be considered in this respect.

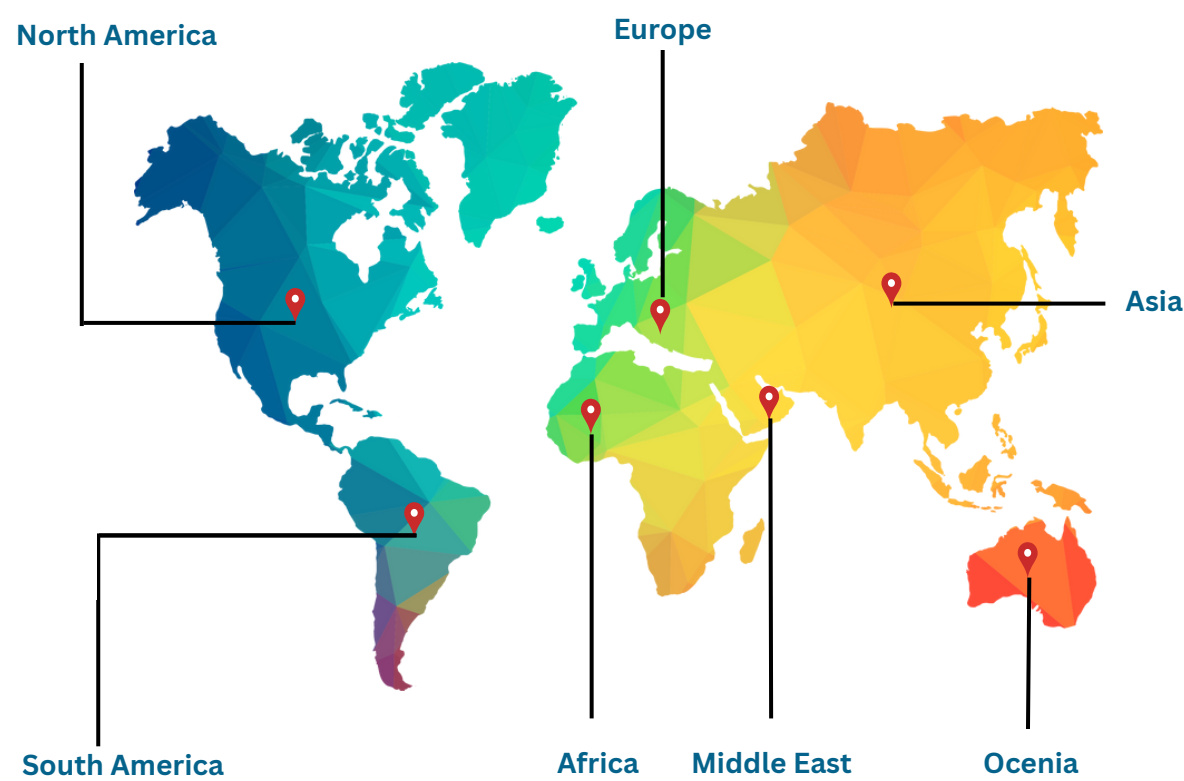
- No legal restriction for registration or institution of sole proprietorship except business registration compliance.
- Partnership Ordinance governs unlimited and general partnerships in Hong Kong.
- Company limited by shares - Members' liability is limited by the articles of association to the amount due on the shares held by them.
- Company limited by guarantee - Non profit making organizations is mostly registered under this category.

Procedure to establish an entity in Hong Kong

- Name & type of a company
- Submission of an application
- Collection of certificates
- Authorizations or licenses

Hong Kong company needs to renew its Certificate of Business Registration, prepare accounts and undertake on audit and file a tax return on annual basis. A representative office is not required to register with the Hong Kong Companies Registry.

SERVING CLIENTS WORLDWIDE



The information contained herein is of a general nature. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. The information is not offered as an advice on any matter, and no one should act or fail to act based on such information without appropriate legal advice after a thorough examination of the particular situation. The information does not make us responsible or liable for any errors and/or omissions, whether it is now or in the future. We do not assume any responsibility and/or liability for any consequences.

Key Contact



Surendra Singh Chandrawat

Managing Partner

✉ surendra@chandrawatpartners.com

Connect Surendra on



Chandrawat & Partners is a leading and rapidly growing full-service firm providing high quality professional and corporate services to foreign and local clients, representing companies and individuals in a wide range of sectors through separate entities established in various countries worldwide.

Copyright © 2023 | All rights reserved | Chandrawat & Partners | Email: enquiries@chandrawatpartners.com | Website: www.chandrawatpartners.com

Follow us on:

