

London



New York



Geneva



Greenwich



Hong Kong



Milan



New Haven



Jurisdiction overview – Hong Kong

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A vertical image on the left side of the slide showing light trails from a road at night, curving upwards and to the right. The background is a dark blue gradient.

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A vertical image on the left side of the slide showing light trails from a highway at night, curving upwards. The trails are white and yellow, set against a dark background with some green foliage visible at the bottom.

Introduction to Hong Kong

- SAR of the People's Republic of China
- One of the world's largest financial centres
- Home of Asia's third largest stock exchange
- Home of the world's seventh largest port
- High quality of life



Hong Kong tax system

- Not a tax free jurisdiction in the sense of a traditional “offshore centre”
- Territorial principle of taxation
 - only Hong Kong source income and profits subject to tax
- Residence not a key factor
- No distinction for tax purposes between short term, longer term visitors and domiciliaries
- No general residency test
- An individual who spends more than 60 days in any tax year in Hong Kong and performs services in Hong Kong liable to pay salaries tax



Personal tax (1)

- No income tax - personal income tax = Salaries Tax
 - Applies to employment income
 - Top marginal rate of 17%
 - Territorial principle limits application to income from Hong Kong based employment
- Profits Tax
 - Individual, trustee, company, partnership carrying on a trade, business or profession in Hong Kong
 - Territorial principle limits application to profits arising in or derived from Hong Kong
 - Profits arising overseas not subject to tax
 - Rate of tax 16%



Personal tax (2)

- Taxation of investment income
 - Dividends and investment income are not usually taxed
- Property Tax
 - Rental income subject to tax
 - Applies to residents and non residents
 - Rate of tax 15% for the current year
- Capital Gains Tax
 - Hong Kong does not tax capital gains
- Estate Duty
 - No Estate Duty payable on deaths after 11 February 2006



Personal tax (3)

- Gift Tax
 - There is no gift tax
- Goods and services tax/value added tax
 - There is no GST or VAT payable in Hong Kong
- Stamp Duty
 - Applies to transfers of 'Hong Kong stock', bearer instruments, certain financial instruments and some transfers of land
 - Rates vary:
 - Shares usually 0.2%
 - Land progressive rates up to 3.75

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Taxation of trusts

- Resident status does not impact on the taxation of a trust
- Lack of clarity on the taxation of trustees
 - Use of underlying company to hold Hong Kong assets
 - Company subject to profits tax on any Hong Kong source trading income
 - No tax liability for trustee or beneficiaries on distributions
- No Hong Kong tax if trust holds only non Hong Kong assets
- Transfer into trust may be subject to stamp duty

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Double tax treaties

- Double tax treaties with:
 - Belgium, PRC, Luxembourg, Thailand and Vietnam (not in force)
- Hong Kong committed to expanding treaty network
- Exchange of information
- PRC treaty - route to invest into the PRC
 - 5% withholding tax on dividends
 - 7% withholding tax on interest and royalties



Immigration

- Hong Kong Residents
 - Temporary right to reside in Hong Kong
 - Temporary right to reside must be renewed at regular intervals
- Hong Kong Permanent Residents
 - Permanent 'right of abode' to reside in Hong Kong
 - A Resident may apply to become a Permanent Resident of Hong Kong after seven years of continuous residence in HK



Becoming a Hong Kong resident

- Capital Investment Scheme
 - Investment of HK\$6.5 million into 'permissible investment classes'
- Quality migrant admission scheme
 - Points based scheme
 - Available to highly skilled applicants
 - Applicants must be able to support themselves
- Employment as professionals
 - Applicants must secure a job before arriving in Hong Kong
 - The job must be relevant to personal qualifications or work experience
 - Applicants have to apply for a visa (this usually takes approx 6 weeks)



Real Estate

- Purchasing
 - Real estate prices among the highest in the world
 - No restrictions on the foreign ownership of property
 - Stamp duty is charged on the transfer of immovable property
- Renting
 - Rent depends on location and size
 - Stamp duty payable on tenancy agreement usually paid by tenant and landlord in equal shares