

COUNTRY PROFILE



Hong Kong

Tax overview

Corporate Income Tax	8.25% or 16.5%
Personal Income Tax	2% - 17%, progr.
Gift Tax	None
Wealth Tax	None
Inheritance Tax	None

Legal System

Hong Kong is a Special Administrative Region (SAR) of China. The legal system is based on English common law.

Currency and Exchange Controls

The currency is the Hong Kong Dollar (HKD). Hong Kong has no foreign exchange controls

Corporate Income Taxation

Hong Kong has a territorial system of taxation for corporations. Hong Kong corporations, or foreign corporations managed and controlled from Hong Kong, are subject to tax on income arising in or derived from (source) Hong Kong at a rate of 8.25% on the first HKD 2MM in profits, and 16.5% on profits above HKD 2MM.

Individual Taxation

Hong Kong also has a territorial system of taxation for individuals. Residents are subject to tax on 3 types of income sourced in Hong Kong, Salaries Tax (employment, office, and pension), Profits Tax (business and trading profits), and Property Tax (rental income). Income is taxed at progressive rates from 2% to 17%. The standard rate is 15% tax without deduction of allowances. Individuals are not subject to tax on dividends, interest or capital gains.

Anti-Avoidance Rules

Hong Kong has General Anti-Avoidance Rules (GAARs), as well as Transfer Pricing rules that follow OECD guidelines, but has no Thin Capitalization rules or Controlled Foreign Corporation (CFC) rules.

Trusts

Hong Kong has a domestic trust law, which is based on English common law principles and the Trust Law (Amendment) Ordinance 2013. Hong Kong recognizes foreign trusts, and is party to the Hague Convention.

Double Tax Treaties (DTTs)

Hong Kong has DTTs with Austria, Belgium, Canada, China, France, Guernsey, Ireland, Italy, Japan, Jersey, Liechtenstein, Luxembourg, Macau, Malta, Netherlands, New Zealand, Portugal, Switzerland, UAE, and the UK.

OECD Multilateral Convention

Hong Kong is a signatory to the Multilateral Convention on Mutual Administrative Assistance in Tax Matters, which requires exchange of information "on request," and authorizes spontaneous and automatic exchange.

Common Reporting Standard (CRS)

Hong Kong is a party to the Multilateral Competent Authority Agreement (MCAA), has implemented CRS for the automatic exchange of information, and has a number of activated exchange relationships.

FATCA

Hong Kong has a FATCA Model 2 IGA with the US for automatic information exchange.

Notice

CISA Trust is not a legal or tax advisor and this material is for general information only.