



Doing Business in Hong Kong

This is only a summary report. If you want to obtain a detail information, please access government's web-sites

Visa Requirement

- ✦ Passports & Visa
- ✦ Employment / Work Permits
- ✦ Hong Kong Identity Card

Passport and Visa

- ✦ Valid passports or other travel documents are required by all visitors to Hong Kong.
- ✦ Nationals of many countries do not need visas for short-term stays in Hong Kong. Nationals of Hong Kong's major trading partners that do not need visas

Passport and Visa (Con't)

- ✦ For up to six months: United Kingdom.
- ✦ For up to three months: Australia, Belgium, Brazil, Denmark, France, Germany, Israel, Italy, Japan, Luxembourg, the Netherlands, Republic of Korea, Singapore, Spain, Sweden, Switzerland and the US.
- ✦ For up to one month: Indonesia, South Africa, Thailand and the United Arab Emirates.
- ✦ For up to 14 days: India and the Philippines

Employments and Permit

- ✦ Visitors or those holding student visas are not entitled to take up employment.
- ✦ Persons wishing to do so must show evidence that they have been offered employment in Hong Kong, and must be in possession of an Employment Visa

Hong Kong Identify card

- ✦ Any person staying in Hong Kong for more than 180 days is required to have a Hong Kong Identity Card and keep it on their person

Business Registration by Individuals or Partnership

- ★ A new business carried on by an individual or a partnership must be registered with Business Registration Office within 1 month of its commencement
- ★ If the sole proprietor (or all the partners in the case of a partnership) is not a Hong Kong resident, he (they) must appoint an agent who resides in Hong Kong to act on his (their) behalf for the purposes of business registration

Business Registration Fee

- ★ The Hong Kong SAR Government has waived the 2002/2003 Business Registration fee of :
- ★ HK\$2,000 for main offices and HK\$73 for branch offices, with effect from 1 April 2002
- ★ However, the levy for the Protection of Wages on Insolvency Fund of HK\$250, which used to be paid together with the Business Registration fee, must still be paid. Additionally, this levy has been increased from HK\$250 to HK\$600, as of 16 May 2002

Business Registration by Limited company

- ★ All limited companies must first be registered with the Companies Registry
- ★ Applications for business registration should be made within 1 month of the date of incorporation or registration with the Companies Registry

Trade and Custom Regulations

- ✦ There are no customs tariffs in Hong Kong
- ✦ goods imported or exported require minimal customs formalities
- ✦ Excise duties are levied only on tobacco, liquor, methyl alcohol and hydrocarbon oil, whether imported or locally manufactured
- ✦ Import/ Export declaration is required within 14 days after the importation/ exportation of any articles, other than exempted articles

Taxation

- ✦ It is simple
- ✦ No tax on capital gain, dividend, interest
- ✦ Only income or profits are directly derived from Hong Kong are subject to tax
- ✦ No value added tax or sale tax
- ✦ Generous capital allowance and depreciation regulations

Taxation of companies

- ✦ Corporation tax rate is 17.5% (2004/2005)
- ✦ A company carried out on a business in Hong Kong :
- ✦ If central management located in Hong Kong
- ✦ The business activity are through agent where the agent has habitually exercise, a general authority to negotiate and conclude contracts on behalf of his principal.

Taxation of individuals

- ✦ Maximum rate : 16% (2004/2005)
- ✦ Fringe benefits are taxable in hands of individuals
- ✦ Non-cash benefits are not taxable
- ✦ Expatriates render services less than 60 days tax year are not subject to tax

Estate Tax

- ★ Charged on the market value of net assets situated in HK and forming part of deceased' estate at a time of death
- ★ The matrimonial home is exempt if it passed to survive spouse
- ★ Exempt : proceeds from insurance policies and recognized retirement scheme
- ★ No gifts tax
- ★ If gifts are made within 3 years, it is taxable

Stamps Tax

- ★ Charged on transactions in respect of immovable property
- ★ Lease
- ★ Transfer of shares

Personnel

- ✦ No minimum wages
- ✦ Mandatory Provident Fund
- ✦ Employers and employees are each required to contribute 5% of the employees' monthly cash income
- ✦ If monthly income is below HK\$4,000, employees do not have to contribute
- ✦ The maximum contribution for employers is HKD2,000