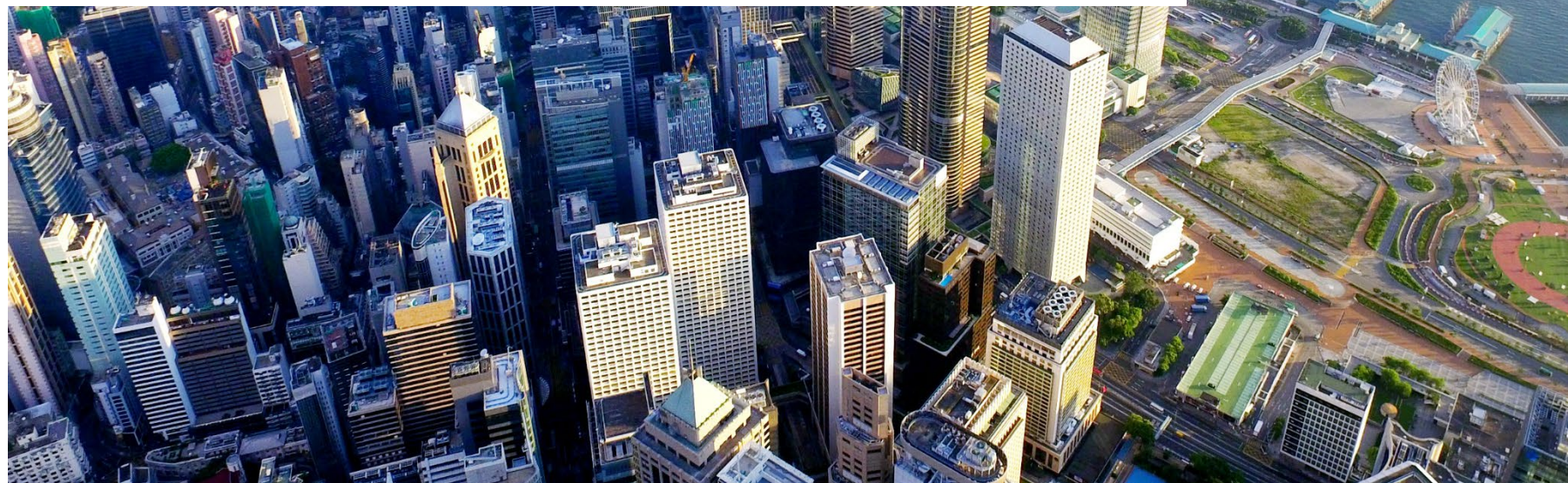




The Preferred Platform to Go Global — Exploring Hong Kong's Tax Advantages



Speaker



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Competitiveness of Hong Kong

Overview of the tax system

	Hong Kong
Headline tax rate	16.5% (8.25% if two-tiered profits tax rates apply)
Principle of Taxation	Territorial source principle
Tax on foreign-sourced income	No, subject to foreign-sourced income exemption (FSIE) regime
Tax on capital gains	No, subject to FSIE regime for foreign-sourced disposal gains
Tax certainty for onshore equity disposal gains	Yes
Withholding tax on dividends	No
Withholding tax on interest	No
Withholding tax on royalties	4.95% (2.475% if two-tiered profits tax rates apply)
Tax concession for treasury centre	Concessionary tax rate of 8.25%
Goods and services tax	No
Double taxation agreements signed	~50
Mandatory Provident Fund	Employer: 5% Employee: 5%

Hong Kong Tax Incentives

**Corporate treasury centres
(8.25%)**

**Enhanced deduction of research and development expenditure
(up to 300%)**

**Patent Box Regime
(5%)**

**Ship leasing and leasing management business
(0% or 8.25%)**

**Unified funds exemption
(0%)**

**Family-owned investment holding vehicles
(0%)**

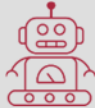
Case Sharing – Group headquarter is located in Mainland China

- 1. The Hong Kong subsidiary, as the group's procurement centre,** employs purchasing staff in Hong Kong and charges service income to the group company. Since some services are provided overseas, part of the income is regarded as offshore income and is not subject to Hong Kong profits tax.
- 2. The Hong Kong subsidiary, acting as the group's overseas sales headquarter,** purchases goods from the domestic group company and sells them overseas. Following the arm's length principle, the Hong Kong subsidiary earns a reasonable profit and pays a 16.5% profits tax in Hong Kong, while also receiving funding from the Hong Kong SAR Government's BUD Fund.
- 3. The Hong Kong subsidiary, functioning as the group's corporate treasury centre,** enjoys a preferential tax rate of 8.25% on eligible profits derived from specified intra-group corporate treasury activities. Some investment income is regarded as offshore sourced /capital gain and is not subject to Hong Kong profits tax.
- 4. The Hong Kong subsidiary, serving as the group's overseas headquarter,** holds overseas subsidiaries, obtains a Hong Kong tax resident certificate issued by the Hong Kong Inland Revenue Department, and benefits from tax treaty arrangements between Hong Kong SAR and other countries to reduce overseas tax burdens.
- 5. The Hong Kong subsidiary, functioning as the group's R&D and sales centre,** benefits from super deductions for R&D expenses. It receives funding from the Hong Kong SAR Government's ESS Fund. Income related to R&D has the opportunity to enjoy a 5% preferential tax rate under patent box regime (if it meets the relevant criteria).

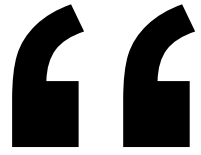
Hong Kong Immigration Admission Schemes

Visa Options	General Eligibility	Flexibilities and Strengthens
Top Talent Pass Scheme	For persons with annual income HKD2.5 million or above; or World's top 100 university degree graduates with 3 years of working experience over the past 5 years, lesser working experience may also be considered subject to annual quota.	<ul style="list-style-type: none"> • No sponsor nor work requirement for application • Initial stay 24 months on time limitation without other conditions of stay • Can bring along eligible family members
Quality Migrants Admission Scheme	For persons applying through (1) Point-based test where assessment is based on age, working experience, academic background, family background, language proficiency and talent list or (2) Achievement-based points test for candidates with exceptional international awards/achievement awards from professional industry.	<ul style="list-style-type: none"> • No sponsor nor work requirement for application • Initial stay 36 months (for point-based test); 96 months (for achievement-based points test) on time limitation without other conditions of stay • Can bring along eligible family members
Admission Scheme for Chinese Mainland Talents and Professionals / General Employment Policy	For talents and professionals not readily available in Hong Kong who have secured a confirmed employment. Normally candidates should have a good education background with a relevant degree and working experience in the proposed position.	<ul style="list-style-type: none"> • Faster processing time and fewer documentation requirement comparing to other schemes if conditions are met • Initial stay 36 months on employer specific condition, simple extension procedure on 3-2 pattern supported by qualified sponsor • Can bring along eligible family members
Technology Talent Admission Scheme	Fast track arrangements for eligible companies to recruit non locals technology talents to undertake research and development in Hong Kong. Sponsoring company allotted with a quota by the Innovation and Technology Commission can sponsor eligible persons provided requirement is being met. The quota is valid for 24 months.	<ul style="list-style-type: none"> • Faster processing time and fewer documentation requirement comparing to other schemes if conditions are met • Initial stay 36 months on employer specific condition, simple extension procedures on 3-2 pattern supported by qualified sponsor • Work experience is not compulsory if academic requirement is being met • Can bring along eligible family members
Immigration Arrangements for Non-local Graduates	Non-local students who have obtained degree or higher qualification in a full time and locally accredited programme in Hong Kong can apply to stay in Hong Kong for 24 months. Students who have obtained a degree or higher qualifications in a full-time programme offered by institutions in Chinese mainland cities of the Guangdong-Hong Kong- Macau Greater Bay Area jointly established by universities of the Chinese mainland and Hong Kong may also apply.	<ul style="list-style-type: none"> • No sponsor nor work requirement if applying within 6 months of graduation • Initial stay 24 months on time limitation without other conditions of stay • Can bring along eligible family members • Faster processing time and fewer documentation requirement comparing to other schemes if conditions are met

Achieve your business goals through HK government grants (Note 1)

Research & Development (R&D)	Partnership Research Programme (PRP)	Enterprise Support Scheme (ESS)	R&D Cash Rebate Scheme (CRS)	Patent Application Grant (PAG)	Tax deduction / Designated Local Research Institutions (DLRI)
	Up to 50% project cost	Up to HK\$ 10M	Up to 40% R&D expenditure	Up to HK\$ 250K	R&D status upgrade Enjoy R&D enhanced deduction <ul style="list-style-type: none"> • 300% for first HK\$2M • 200% for remaining
Talent acquisition or development	Research Talent Hub (RTH)		New Industrialisation and Technology Training Programme (NITTP)		
	Up to 4 talents at any time Up to 36 months	Postdoctoral: HK\$ 35K / month Master: HK\$ 23K / month Bachelor: HK\$ 20K / month	Up to HK\$ 500K per year 		
Business development & smart production	Technology Voucher Programme (TVP)	Green Tech Fund (GTF)		New Industrialisation Funding Scheme (NIFS)	
	Up to HK\$ 600K	Up to HK\$ 20M / 3 years (for companies)		Up to HK\$ 15M (per application)	
Overseas expansion	Dedicated fund on Branding, Upgrading & Domestic Sales (BUD)		SME Export Marketing Fund (EMF)		
	Up to HK\$ 7M		Up to HK\$ 1M		

Note 1: HK has over 40 government grants for different industries and companies/ organisation.



Dedicated fund on Branding, Upgrading and Domestic Sales (BUD)

Projects that develop brands, upgrade business operations and promote sales in Mainland China and all economies which Hong Kong signed Free Trade Agreements ('FTAs') and Investment Promotion and Protection Agreements ('IPPAs')

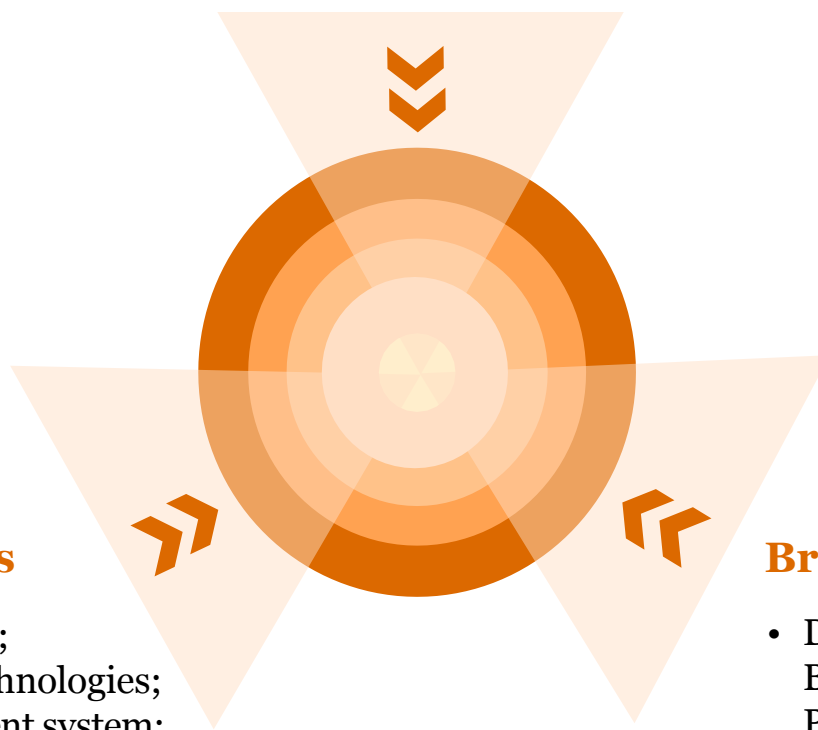
Geographical locations include Mainland China, Bahrain, Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Vietnam, Australia, Austria, Belgo-Luxembourg Economic Union, Canada, Chile, Denmark, Iceland, Liechtenstein, Norway, Switzerland, Finland, France, Georgia, Germany, Italy, Japan, Republic of Korea, Kuwait, Macao, Mexico, the Netherlands, New Zealand, Sweden, Turkey, the United Arab Emirates and the United Kingdom.



Overview of BUD

Promoting Sales

- Develop sales plan; Establish sales channels; Promotion of products/services.



Upgrading Business

- Design of new products; Introduction of new technologies; Improve the management system; Production automation; Set up new business entity.

Branding

- Develop brand strategy; Brand Design; Brand Promotion; Trademarking.

Eligibility of company

1. Registered in HK under the Business Registration Ordinance (BRO)
2. Be non-listed and non-government organisations funded by the Government
3. Have substantive business operations in Hong Kong at the time of application
4. Have product licenses / trademarks in designated sales markets

Funding rules

Up to HK\$7,000,000 per company

1:1 matching fund basis

Up to 75% upfront payment after application approval

Project duration < 24 months

Max. 70 approved projects

Funding allowance includes:

- 1 Recruit additional manpower (project related)
- 2 Machinery/ equipment/ software
- 3 Product samples/ prototypes production
- 4 Advertising cost
- 5 Develop/ enhance mobile applications
- 6 Establish/ enhance company website
- 7 Design and produce marketing materials
- 8 Travelling and accommodation cost regarding to exhibition/ roadshow
- 9 Participate in exhibition/ roadshow in the overseas or HK
- 10 Testing/ certification registration
- 11 Patent/ trademark registration
- 12 Relevant operating cost for setting up new business entity
- 13 External audit fee

Thank you!

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