

# A-SWISS CORPORATE SERVICES LIMITED

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## FACT SHEET Hong Kong

### LOCATION



### LAW & TAX

With Hong Kong's tax rate being one of the world's lowest and with its geographical advantages, Hong Kong is the most important gateway to China. It is a Special Administrative Region (SAR) of China and enjoys a high autonomy in the running of its affairs under the one country, two systems concept. There is no exchange control in Hong Kong and investors are free to transfer funds in and out of Hong Kong as often as they choose to. The HK dollar is pegged to the US dollar at 7.8.

Hong Kong's corporate law is strongly based on the British common law and it is the Government's policy to maintain a simple and low tax system. Only profits derived in Hong Kong are assessable for taxation and genuine offshore transactions are not subject to HK tax.

#### Current tax rates are:

- Offshore income: 0%
- Capital gains tax: 0%
- VAT or GST: 0%
- Onshore income: 16.5%
- Individual tax rate: 15%

Hong Kong has entered into two important agreements with China:

- **The Closer Economic Partnership Arrangement ("CEPA")** – Briefly, products of HK origin are exempt from tariffs when imported into China.
- **The Arrangement of Avoidance of Double Tax** – Briefly, the Double Tax Agreement with China provides certain incentives and should be thoroughly reviewed when structuring and planning investments into China to achieve tax efficiency. In practice, this means that foreign investors can use a HK company to minimize their tax exposure in China.

### CORPORATE REQUIREMENTS

Each Hong Kong company must have:

- At least one director, can be resident or non-resident. Corporate directors are permitted for companies that are not subsidiaries of public listed companies;
- A local secretary and a local registered office which must be a physical address and not just a Post Office box;
- At least one shareholder, can be resident or non-resident. Details of the company's directors, secretary and shareholders must be filed at the Companies Registry and are on public record;
- Each year, the company must submit an annual return and penalties apply for late filings;
- All companies must obtain a Business Registration Certificate from the Inland Revenue Department ("IRD") and are required to file a set of audited accounts and tax return with the IRD annually when the company has commenced business;
- English names and Chinese characters are permitted and can be included on the Certificate of Incorporation.

### BANKING

Hong Kong banks are renowned for their well established systems and are monitored by the Monetary Authority. We have good working relationships with many local banks and as a qualified intermediary, dependent on the choice of bank, our clients can be waived of the requirement to meet the banker.

### OUR SERVICES

To summarize, we provide a one-stop shop service commencing with but not limited to the formation of the company, providing virtual office services, accounting & tax compliance, company secretarial and administration, bank account signatory and management, trade documentation and payroll services. We can also assist in establishing a physical office in Hong Kong.