

## HONG KONG DIRECT INVESTMENT GUIDES

### **REASONS FOR SETTING UP HONG KONG COMPANY**

1. Gateway to China
2. Simple tax system, low tax rate
3. Leading financial and business hub in Asia Pacific
4. Internet banking and finance facilities
5. Transparent company information
6. English law system: despite under sovereign power of China, Hong Kong has its own legal system applying English laws. It is called "one country two systems"

### **REQUIREMENTS FOR SETTING UP LIMITED COMPANY IN HONG KONG**

1. Quick company formation, it takes about one week for incorporation
2. No capital requirement, even HK\$1 is sufficient
3. One director and shareholder is enough, resident director is not necessary
4. Business scope is not restrictive, except for banking, stock broker, insurance company which require special licenses.

### **PROCEDURES FOR COMPANY FORMATION IN HONG KONG**

1. Approval of company name
2. Proof of director and shareholder identity
3. Application for business registration
4. Bank accounts setting up

### **TAXATION IN HONG KONG**

1. Simple tax system: No sales tax, no capital gain tax, no interest tax, no tax for dividends income, no estate duty, no withholding tax for dividend payment.
2. Non-taxable on offshore profits derived outside Hong Kong territory. Profit derived and sourced from overseas is not subject to tax in Hong Kong. Clearly, income derived from Mainland China is regarded as offshore income and not subject to Hong Kong tax.
3. Low corporate tax rate: 16.5% on net profit
4. Salary tax: progressive tax rates, maximum flat rate not exceeding 15% on remunerations
5. Double tax arrangements with Mainland China is available