

HK: Offshore Company?

發表於 2017 年 3 月 27 日



Belinda Wong | 關注

Director at Leader Corporate Services Limited, Author of 'Hong Kon...



7



1



1

Tax regime in Hong Kong (“HK”) is on territorial basis i.e. only profits derived in HK are subject to the current corporate tax rate of 16.5%. Profits made outside of HK (“offshore profits”) are not taxable. Expenses incurred for the offshore profits are, therefore, non-deductible. This has created a misperception in the business communities around the globe that HK has a type of company called ‘offshore company’. This is further from the truth.

Any company claiming that part or all of their profits are derived outside of HK has to establish the facts and obtain consent from the Inland Revenue Department (“IRD”). The corporate tax return form together with audited financial statements have to be submitted for assessing if corporate tax is payable and if the claim for offshore profits is valid. The mere fact that all business operations are conducted outside of HK does not exempt a company from filing tax returns. In fact, filing should be done.

Another misperception is that a HK company is not required to prepare audited financial statements. This may be due to the fact that IRD does not normally insist on a company filing corporate tax return with audited financial statements annually if the company has not commenced business or has ceased trading for a while. However, preparation of audited financial statements is prescribed under the Companies Ordinance which does not provide for exemption under whatever circumstances.

In a nutshell: HK does not have Offshore Company.

