

# Doing Business in Hong Kong



**HONG KONG** became a Special Administrative Region (HKSAR) of the People's Republic of China (PRC) and the Basic Law came into effect in 1997. The Basic Law prescribes the systems to be practiced in the HKSAR. The HKSAR enjoys a high degree of autonomy in accordance with the principle of 'one country, two systems' and the Basic Law.

## **International financial center & business hub**

Hong Kong is a vibrant global financial center invigorated by a sophisticated financial infrastructure, world-class financial professionals, high level of liquidity and efficiency. With its prime location in the heart of Asia, the city forms a 24-hour continuous trading system worldwide with leading global financial hubs including New York and London. Its extensive geographical, cultural and linguistic links with the dynamic Mainland China economy and financial system, fortified by the principle of 'one country, two systems', also accord Hong Kong a unique position in the increasingly integrated global financial system.

Hong Kong's low tax rates, first-class infrastructure, effective legal system, and free flow of capital and information all contribute to an environment in which business can flourish. The city is an important gateway to the Mainland of China, one of the world's most dynamic economies.

*A highly dynamic city that serves as the perfect platform into Mainland China and Asia, Hong Kong is the ideal place for business in Asia. It is a business-friendly city with a multitude of advantages to ensure businesses can flourish.*

As for competitiveness, Hong Kong was ranked the world's most competitive economy by the International Institute for Management Development in 2016 and the 4th easiest place to do business globally according to the World Bank's Doing Business 2017 report, published in October 2016. Hong Kong's economic vitality is also well recognized internationally, as reflected in the top triple-A credit rating conferred by Standard and Poor's.

Hong Kong is also the global offshore Renminbi (RMB) business hub, complementing its position as a major global foreign exchange center.



## Business registration

The Business Registration Ordinance (Cap. 310) requires every person who carries on a business in Hong Kong to apply for business registration within 1 month from the date of commencement of the business, and to display a valid Business Registration (BR) Certificate at the place of business. If the registered particulars of the business have changed, the business operator has to notify the Inland Revenue Department (IRD) within 1 month of the change. Business registration is not for regulating business activities. Neither is it a licence to trade. Its main objectives are to provide IRD with information on businesses so that tax files can be opened and updated in a timely manner; and to enable the public to obtain information on businesses with which they are dealing with.

The Companies Registry administers and enforces most parts of the Companies Ordinance. It registers local and non-Hong Kong companies and statutory returns, de-registers defunct solvent companies and provides the public with services and facilities for inspecting and obtaining company information kept by the registry.

*Hong Kong has always maintained an open business environment for business activities and commerce. It is fast, and affordable to set up a business in Hong Kong.*

## Companies Registry Statistics

	Yr2014	Yr2015	Yr2016
New local companies	167,280	139,209	144,883
Local companies on the register	1,272,693	1,288,666	1,341,223
New non-Hong Kong companies	811	894	874
Non-Hong Kong companies on the register	9,624	10,029	9,983

## Low, simple and competitive tax system

Businesses and individuals in Hong Kong enjoy one of the most tax-friendly systems in the world. Only three direct taxes: profit tax, salaries tax and property tax, are imposed and there are generous allowances and deductions which can reduce your taxable amount.

Profits tax is charged only on profits arising in, or derived from, Hong Kong from a trade, profession or business carried on within the territory. Assessable profits are determined from the profits made in the relevant accounting year for each year of assessment. Generally, all expenses incurred in the production of assessable profits are deductible. Audited financial statements should be submitted with the tax returns.



*Gary Cheng Group is always available to assist businesses in Hong Kong. Feel free to get in touch if you need help.*

### **Professional accountancy**

The Hong Kong Institute of Certified Public Accountants, established under the Professional Accountants Ordinance, registers certified public accountants (CPAs); carries out practice reviews and regulates the professional conduct and standards of members; sets and maintains financial reporting, auditing and ethical standards for the profession; and conducts training and qualifying examinations.

The institute issues the Hong Kong Financial Reporting Standards, which apply the International Financial Reporting Standards. International investors and financial analysts are well acquainted with these standards.

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**GARY CHENG GROUP** has taken on the mission to look globally and serve customers around the world, while establishing a strong foothold in Hong Kong in 1998 with the backing up of the Mainland China.

We are committed to providing comprehensive and superior services in the aspects of financial and accounting services to global and local institutional clients, corporate clients as well as individual investors.

Gary Cheng Group provides diversified scopes of services. Our member companies include Gary Cheng Securities Limited, Gary Cheng CPA Limited (GCCPAL), Gary Cheng Secretaries Limited (GCSL), Gary Cheng Security Limited (GCSEC), Gary Cheng Consultants Limited (GCCL) and Gary Cheng International Limited (GCIL). Our business scopes include Hong Kong, China and other countries around the world.



### **How and what we can help**

#### **Corporate secretarial services**

We facilitate the provision of corporate secretarial services for Hong Kong and offshore-based companies, including company formation; maintaining statutory records; filling statutory returns; preparing and submitting annual returns; providing a registered office; significant controller registration and providing nominee directors or shareholders services.

#### **Audit and assurance**

We undertake audit and assurance assignments on behalf of local and international clients in accordance with the approved accounting and auditing standards as set by the Hong Kong Institute of Certified Public Accountants and International accounting authorities.

#### **Accounting and payroll administration**

Through providing various accounting services, we help our clients to understand more about the company's financial position, recognize any crises, maintain a clear and systematic system for the company, safeguard and prevent misappropriation of company assets.

Our professional team also help clients on the payroll administration to fulfill the requirements of mandatory provident fund (MPF) and employer's return.

#### **Tax planning and consulting**

We are especially adept at assisting clients in the planning of their tax affairs and to structure tax efficient deals. We help the clients navigate complexity to achieve business objectives by reducing tax risks and meeting your compliance obligations, improve business and operating efficiency through tax efficiency and effectively utilizing tax allowances or deductions and manage the tax contribution.



With 20 years of experience, we have exceptional expertise in handling IRD (Hong Kong Inland Revenue Department) tax investigation and tax audit case. Our tax specialists are able to assist corporates in achieving the best possible result while minimizing the disruption to daily business operations.

### **Liquidation & due diligence**

Led by our Managing Director, Dr. Gary Cheng, Hong Kong's top expert with Specialist Designation in Insolvency (SD), we have the leading expertise in handling liquidation and insolvency cases regardless of the size and nature of the business.

We know how important to the investor to evaluate the target company and its assets before entering into a

transaction. We assist investors to have an in-depth understanding of the financial status and the true level of risk involved in the potential transaction, in order to minimize risk and help ensure success.

### **More information**

Simply email to us at [info@garycheng.com](mailto:info@garycheng.com) if you want to know more about doing business in Hong Kong. Or you can get more information in our website [www.garycheng.com](http://www.garycheng.com)

### **Useful links**

<https://www.investhk.gov.hk>

<https://www.cr.gov.hk/en/home/>

### **Disclaimer**

The aim of this document is to provide general information about doing business in Hong Kong and every effort has been made to ensure the contents are accurate. However, it should not be construed as professional advice and is not intended to form the basis of any decision. Neither the authors nor publisher accept no responsibility for action or claim resulting from the use of the information contained herein.