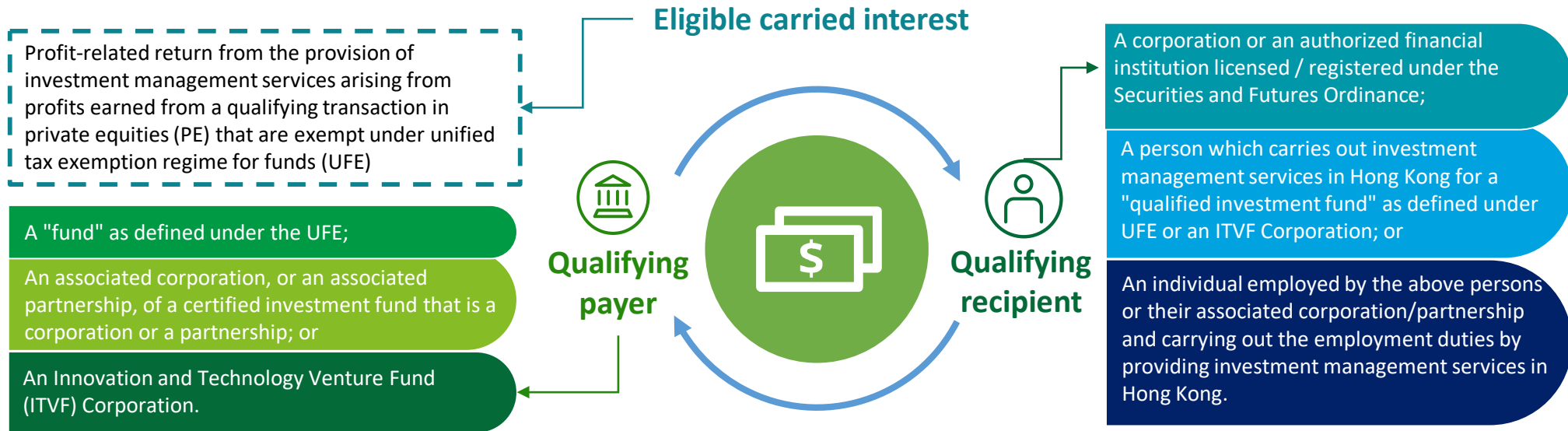


Hong Kong Tax Incentive for Carried Interest

0% Tax Rate for Profits Tax – a qualifying person can enjoy concessionary tax rate of 0% on eligible carried interest received from a qualifying payer, subject to certain conditions.

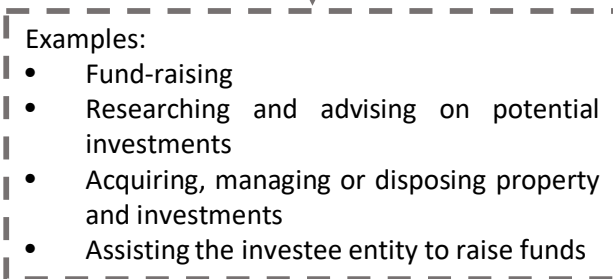
100% Exclusion for Salaries Tax – eligible carried interest shall be fully excluded from employment income for the purposes of Hong Kong salaries tax, subject to certain conditions.



Other considerations



Investment management services



Substantial activities requirement

- Average no. of full-time qualifying employees in Hong Kong \geq 2; and
- Annual operating expenditure incurred in Hong Kong \geq HKD 2million

Service offerings



Planning

- recommend a PE fund and carried interest structure that may improve tax efficiency by making use of the tax concession
- Advise on the “operating guideline” with a view to satisfying the tax concession



Implementation

- review of fund-related documents
- assist to obtain the letter of certification from the Hong Kong Monetary Authority
- arrange verification by external auditor
- tax compliance



Review

- review current fund and carried interest structures for eligibility to the tax concession

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