

Hong Kong Tax Incentive for Family Office

Profits tax exemption – Qualifying transactions and incidental transactions of an eligible family-owned investment holding vehicle (FIHV) and special purpose entities established by FIHV (FSPE) managed by a single family office (SFO) in Hong Kong will be eligible for the concessionary profits tax rate of 0%, provided the requisite conditions are satisfied

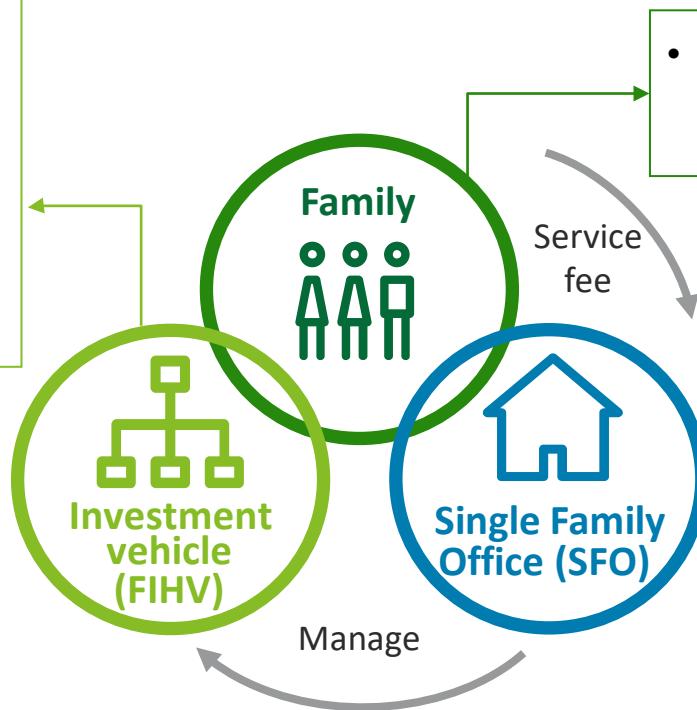
- A body of persons or a legal arrangement, including a corporation, partnership or trust, established/created in or outside HK
- Holding and administering assets for a single family
- Normally managed or controlled in HK
- At least 95% owned by a single family (charitable entity may hold up to 25% beneficial interest)
- Managed by an eligible SFO in HK

Qualifying transactions and incidental transactions

- Qualifying transactions – transactions in assets specified under Schedule 16C to the Inland Revenue Ordinance (Specified Assets); or
- Incidental transactions – subject to 5% threshold

Substantial activities requirement (for FIHV)

- Average no. of full-time qualifying employees in Hong Kong ≥ 2 ; and
 - Annual operating expenditure incurred in Hong Kong \geq **HKD 2million**
- ✓ Outsourcing to eligible SFO is permitted



- Include spouse (including deceased spouse), parent, grandparent, child (including adopted and step child), grandchild, sibling (including spouse's sibling) and their spouse, child etc.

- Private company incorporated in or outside HK
- Normally managed or controlled in HK
- At least 95% owned by a single family (charitable entity may hold up to 25% beneficial interest)
- At least 75% of assessable profits from provision of services to FIHV, FSPE and member of a single family
- Services fee income chargeable to tax in HK

Minimum asset threshold

Aggregate value of Specified Assets managed by eligible SFO \geq **HKD240 million**

Effective date

Year of assessment commencing on or after **1 April 2022**

Other considerations



Service offerings

- Tax planning on the structuring of FIHV(s), taking into consideration the proposed tax concession for family offices in Hong Kong
- Tax advisory regarding wealth and estate planning
- Tax due diligence and other M&A related services
- Implementation support such as documentation review, formulating action points, operating protocols and do's and don'ts, etc. from a tax perspective related to formation
- Tax compliance services from both corporate and individual tax perspectives
- Advance ruling application
- Compliance review, risk assessment and related tax advisory on current structure, potential re-domiciliation and/or change of existing operating model
- Transfer pricing services relating to related party transactions

Key contacts

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