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# AN INTRODUCTION TO Doing Business in Hong Kong 2025-26





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This Investing Doing Business in Hong Kong guide was produced by a team of professionals at Dezan Shira & Associates, with Zhou Qian as technical editor, and Gigi Wong, Katrina Huang, Mil Lui, and Sandy Zhang, and Jennifer Lu as contributors. Creative design of the guide was provided by Linh Hoang Nguyen.

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# Preface

The People's Republic of China regained sovereignty over Hong Kong from Britain in 1997, establishing it as a Special Administrative Region (SAR) under the “One Country, Two Systems” framework. This arrangement allows Hong Kong to maintain a high degree of autonomy, preserving its distinct legal and economic systems. Consequently, foreign companies will find that the business environment in Hong Kong differs significantly from that of the Chinese Mainland.

Hong Kong has long served as a pivotal gateway to the Chinese Mainland, thanks to its strategic location, low tax regime, business-friendly policies, free flow of capital, robust legal system, and strong intellectual property protections. Despite global economic challenges, Hong Kong continues to reinforce its status as an international financial hub, bolstered by initiatives such as the development of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA).

In the 2025-26 Budget, the Hong Kong SAR Government introduced measures to stimulate economic growth and enhance the city's competitiveness. Furthermore, efforts to streamline the vetting process for listing and optimize market structures are underway to strengthen Hong Kong's financial services sector.

This publication, designed to introduce the fundamentals of doing business in Hong Kong, was updated in April 2025 to reflect the most current information. It has been compiled by Dezan Shira & Associates, a specialist foreign direct investment practice providing corporate establishment, business advisory, tax advisory and compliance, accounting, payroll, due diligence, and financial review services to multinationals investing in emerging Asia.

Since its establishment in 1992, Dezan Shira & Associates has grown into one of Asia's most versatile full-service consultancies, with operational offices across China, Hong Kong, India, Singapore, and Vietnam, as well as liaison offices in Italy, Germany, and the United States, and partner firms across the ASEAN region. Dezan Shira & Associates' experienced professionals are committed to enhancing the understanding and transparency of investing in emerging Asia.



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# What's New in This Guide?

Compared to the 2024 edition, the following sections have been updated:

**Tax reductions proposed in the 2025-26 Budget:** Relevant chapters have been updated to reflect the tax measures introduced in Hong Kong's 2025-26 Budget. These include adjusted reductions in profits tax, salaries tax, and tax under personal assessment for the year of assessment 2024/25.

**Developments in the re-domiciliation regime:** A new section introduces the latest updates on the proposed regime, which would allow non-Hong Kong incorporated companies to transfer their place of incorporation to Hong Kong while maintaining their legal identity.

**Enhanced tax deduction for R&D activities:** A section has been added covering the enhanced tax deduction regime for expenditures on "qualifying R&D activities," aimed at encouraging more innovation by enterprises in Hong Kong.

**Alignment with BEPS 2.0 Pillar Two rules:** We present the latest developments regarding the implementation of the global minimum tax in Hong Kong. The section has been expanded to include the scope of application and implementation details.

**Tax treaty updates:** As of April 2025, Hong Kong has signed comprehensive double taxation agreements (DTAs) with 51 countries or regions and is negotiating comprehensive DTAs with 18 others.

**New statutory minimum wage:** The Legislative Council has approved subsidiary legislation raising the statutory minimum wage from HK\$40 per hour to HK\$42.10, effective May 1, 2025. **Abolition of the MPF offsetting arrangement:** We discuss the abolition of the Mandatory Provident Fund offsetting arrangement, which will take effect on May 1, 2025, and its expected impact on employers.

**New application and increased visa fees for talent and capital investment admission schemes:** As announced in the 2025-26 Budget, the Government has introduced a new application fee under several talent and investment admission schemes. Visa or entry permit issuance fees have also been raised, based on the approved length of stay.

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