

BEFORE YOU OPEN A HONG KONG COMPANY

The Hong Kong Fit Check

Three questions, four cases and the rules that decide whether a Hong Kong company fits your business. And when it does not.

THREE THINGS TO KNOW FIRST

It is not a visa.

A Hong Kong company gives you no right to live or work in Hong Kong.

It is not a bank account.

Opening the company does not open an account. Each bank decides on its own.

The zero has a condition.

Offshore profits pay zero Hong Kong profits tax only if the Inland Revenue Department accepts the claim. Your personal tax where you live is a separate question.

BEFORE YOU START

Who this is for, and who should not read on

This guide is for people who sell across borders and want to know whether a Hong Kong company is the right tool. It takes about fifteen minutes. You answer three questions, find the case closest to yours and see where Hong Kong helps you, and where it stops.

READ ON IF YOU

- sell services, software or goods to customers in more than one country
- buy from or sell to Hong Kong, mainland China or the rest of Asia
- are comparing Hong Kong with Singapore, the UAE or a US LLC
- already own a Hong Kong company and want to check the yearly duties
- are planning a move and want company, tax and residence in the right order

STOP HERE IF YOU

- want a company that ends your tax where you live
- want ownership that nobody can see
- expect a bank account as part of the deal
- need the company to give you the right to live or work in Hong Kong
- have customers, suppliers and the work all in one country

Page 9 explains why. We would rather say it now than after you have paid for a company you do not need.

How to use it

PAGE 3

Answer the three questions.

PAGES 4–5

Find the case closest to yours.

PAGES 6–9

Read the rules: tax, banking, yearly duties.

PAGES 10–11

Compare, then score yourself.

PAGE 12

Send us your three answers.

Your business first. Where you live second. The company last.

The order this guide follows, and the order we follow in a first conversation.

WORKSHEET • THE THREE QUESTIONS

Follow the money, then follow the work

What a Hong Kong company does for you depends less on your industry than on how your money moves. Ask the same three questions of every business. Keep an eye on the third one.

1

Who pays whom?

My customers are mainly in

- ☐ Hong Kong ☐ mainland China ☐ rest of Asia ☐ Europe ☐ North America
☐ Australia ☐ Middle East

My suppliers or factories are mainly in

- ☐ Hong Kong ☐ mainland China ☐ rest of Asia ☐ Europe ☐ North America
☐ I have no suppliers

Money reaches me through

- ☐ direct invoices ☐ platforms or marketplaces ☐ card and payment providers

2

In which currency?

- ☐ HKD ☐ USD ☐ EUR ☐ CNY ☐ AUD ☐ SGD ☐ GBP ☐ other: _____
☐ Money moves in more than one currency every month

3

From where is the work actually done?

- ☐ in Hong Kong ☐ in the country where I live ☐ in several countries

The big decisions are made in

- ☐ Hong Kong ☐ the country where I live ☐ somewhere else

I can show this with documents (contracts, invoices, travel records)

- ☐ yes ☐ partly ☐ not yet

I live in _____ and spend about _____ days a year there.

WHY THE THIRD QUESTION DECIDES MOST

Hong Kong taxes profits that arise in Hong Kong. The test is what your company did to earn the profit, and where. For services: where the work is performed. For trading: where the contracts of purchase and sale are made. Not where your customer sits, and not where your bank is.

FOUR CASES · ONE AND TWO

Where Hong Kong helps, and where it stops

Illustrative examples from our video. Liam, Daniel, Sara and Ruth are not real clients. Each stands for many businesses; each case is simplified, and your own facts decide.

Liam

Software founder in Sydney

Customers in Singapore, Tokyo and Hong Kong pay for his software. He builds it in Sydney.

Stands for: software and apps, digital products, creators, platform payouts.

HELPS

- A base in Asia, next to the people who pay him.
- One company to sign with customers across the region.
- He can own and direct it from anywhere.

STOPS

- If Liam keeps making the big decisions from Sydney, Australia can treat his Hong Kong company as an Australian tax resident.
- Where a company is registered does not decide that. Where it is really run does.

His question: where are the big decisions really made?

Daniel, 47

Consultant living in Chiang Mai

Clients in Germany and Australia pay for his advice. He does all of the work in Thailand.

Stands for: consultants, agencies, software studios, remote service businesses.

HELPS

- He owns and directs the company from Thailand.
- His clients sign with a proper company, not with a man on a laptop.
- He can hold euros and Australian dollars, depending on the bank or provider and on his profile. Possible, not promised.

STOPS

- The company does not move Daniel. He still lives and works in Thailand.
- Because the work is done outside Hong Kong, that can help his offshore claim in Hong Kong. The same fact can make the profit taxable in Thailand.
- **Offshore for Hong Kong does not mean taxed nowhere.**

His options: plan for Thai tax from day one; or spend fewer than 180 days of a tax year in Thailand, so Thailand does not treat him as tax resident; for some people, Thailand's Long-Term Resident visa changes the picture. Residence permission is not work permission.

SOURCES Australian Taxation Office, TR 2018/5 (central management and control) and PCG 2018/9, ato.gov.au, read 5 Oct 2026. IRD DIPN 21 para 45(e) (service fees: where the services are performed), read 4 Oct 2026. Thailand: Revenue Code section 41 (tax residence at 180 days), as researched for our Thailand LTR video, 27 Sep 2026.

FOUR CASES · THREE AND FOUR

Same company, different limits

Sara

Online seller, goods from Shenzhen

Her kitchenware is made in Shenzhen and sold to customers in France and Texas. Her company buys from the factory, sells to the customer and keeps the margin.

Stands for: web shops, marketplace sellers, import and export.

HELPS

- The trading city next door to her factory.
- The Hong Kong dollar is pegged to the US dollar, within a band of 7.75 to 7.85.
- For trading, the tax office looks at where the contracts to buy and sell are made.

STOPS

- Selling to customers abroad is not enough on its own. If the work is done in Hong Kong, the profit is taxed in Hong Kong.
- If she bought in Poland and sold in Germany, Hong Kong would just be a detour.
- Her real wall is the bank: money in three currencies means detailed questions.

Her question: does the business already run through Asia?

Ruth, 59

Sold her engineering firm, lives near Munich

She will keep advising clients in Singapore and Shanghai. Her plan: two Hong Kong companies, one for the advice and one to hold investments.

Stands for: established owners, exits, investors, people planning a move.

HELPS

- One company to contract with her clients in Singapore and Shanghai.
- She can own and direct it from Germany; Hong Kong requires only the company secretary and the registered office to be local.

STOPS

- She controls both companies, so only one of them gets the lower profits tax rate.
- While she lives in Germany, German rules can tax certain passive income of a foreign company she controls, if it is taxed below 15%. Other countries have similar rules.

Her question: not really Hong Kong. Where does she want to live in three years?

So where does that leave our four?

Liam: it fits, if the company is really run in Asia.

Ruth: it fits, once she has decided where she will live.

Sara: it fits, if a bank or a provider says yes.

Daniel: the real question was never Hong Kong. It was Thailand.

The answer is never a person. It is a reason.

SOURCES IRD Territorial source principle and DIPN 21 (trading: where contracts of purchase and sale are effected; Example 4), read 4 Oct 2026. Hong Kong Monetary Authority, Linked Exchange Rate System, hkma.gov.hk, read 4 Oct 2026. IRD FAQ two-tiered profits tax rates (connected entities, Example 2), ird.gov.hk/eng/faq/2tr.htm, read 4 Oct 2026. German Foreign Tax Act (AStG) § 8(5), gesetze-im-internet.de, read 4 Oct 2026. Companies Registry FAQ, local companies, cr.gov.hk, read 4 Oct 2026.

TAX IN PLAIN WORDS

How Hong Kong taxes a company

Two rates, one condition

Hong Kong taxes a corporation's assessable profits in two steps, under current rules and subject to eligibility: **8.25% on the first HK\$2 million** and **16.5% on everything above**. That is on profit, not on revenue.

The condition: in a group of connected entities, only the one entity nominated for the year gets the lower band. Connected means control, more than 50% of the shares, votes, or capital or profits. That includes one person who controls two companies.

8.25%

on the first HK\$2 million
of assessable profits

16.5%

on assessable profits
above HK\$2 million

Lower band: one nominated entity per group of connected entities.

Source decides

Hong Kong taxes only profits that arise in or are derived from Hong Kong. Profits arising abroad are not taxed in Hong Kong, even if the money is sent there. What counts is what your company did to earn the profit, and where: for services, where the work is performed; for trading, where the contracts of purchase and sale are made. Advertising abroad does not make a profit offshore if everything your company does is done in Hong Kong.

Zero Hong Kong profits tax on offshore profits, but only if the Inland Revenue Department accepts the claim.

You must be ready to prove with documents that the profit was earned outside Hong Kong; the IRD can ask detailed questions. If your principal place of business is in Hong Kong, offshore profits are the rare exception. You can ask the IRD for an advance ruling on the source, for a fee. That zero is not a package you buy when you incorporate. It is a conclusion about your facts.

FSIE: usually not a founder's company

Hong Kong's foreign-sourced income exemption rules cover certain passive income (interest, dividends, IP income, disposal gains) of entities in a multinational group, when received in Hong Kong. There is no revenue threshold. A company owned directly by an individual, with no group behind it, is generally outside them. Once your company holds a foreign subsidiary and consolidates, that can change.

WHERE YOU LIVE IS A SEPARATE QUESTION

Your company's tax and your personal tax are two different questions. Where you live decides how you are taxed on what you take out. A company run day to day from your home country can become tax resident or taxable there. Many countries have controlled-foreign-company rules. And since 2018 Hong Kong has exchanged financial account information automatically with other tax authorities.

SOURCES IRD Profits Tax, ird.gov.hk/eng/tax/bus_pft.htm (rates from year of assessment 2018/19; profits arising abroad not taxed even if remitted); IRD FAQ two-tiered rates, ird.gov.hk/eng/faq/2tr.htm; IRD Territorial source principle; IRD DIPN 21 (revised 2012) paras 1, 45, 47, 56, 60, 61; IRD Foreign-sourced income exemption, ird.gov.hk/eng/tax/bus_fsie.htm and FAQ; IRD Automatic exchange of financial account information, ird.gov.hk/eng/tax/dta_aei.htm. All read 4 Oct 2026. Australian Taxation Office TR 2018/5, read 5 Oct 2026; German Fiscal Code (AO) § 10 and AStG § 8, read 4 Oct 2026.

BANKING

The company is not the account

This is where a lot of plans stall. Opening a Hong Kong company does not open a bank account. Each bank sets its own account-opening procedure and decides case by case, based on its business strategy and its view of the risk.

WHAT BANKS TYPICALLY WANT TO KNOW

It varies by bank. Tick what you could document today.

- ☐ Who owns and who controls the company
- ☐ Where the money comes from
- ☐ Who your customers and suppliers are, and in which countries
- ☐ Which currencies and what volumes you expect
- ☐ Why the business needs a Hong Kong account at all
- ☐ A director who is ready to meet the bank, which is often asked

Three kinds of institution

Traditional banks decide case by case and often want to meet the director.

Digital banks. Hong Kong has eight licensed digital banks, formerly called virtual banks. Their requirements for business accounts differ; check each one.

Payment and multi-currency providers can be faster for non-residents. They are not banks, and they can also say no or close an account.

Holding several currencies is possible, depending on the institution and on your profile. It is never a feature of the company itself.

The regulator's line, and the bank's decision

Hong Kong's government has told the Legislative Council that banks should take a risk-based approach and avoid unnecessary hurdles for customers. Individual banks still set their own procedures. In practice that means a clear file helps, and nobody outside the bank can decide for it.

WHAT WE DO, AND WHAT WE DON'T

We provide assistance with bank account opening: we help you prepare the file and make introductions where available. Strasia works through banking partnerships where appropriate.

We do not guarantee an account. Nobody can promise you one. That decision belongs to the bank. For a seller like Sara, with money moving in three currencies, the answers in the box above decide it.

SOURCES HKSAR Government, LCQ11 reply to the Legislative Council on bank account opening, info.gov.hk, 14 Nov 2018, read 4 Oct 2026. Hong Kong Monetary Authority, consultation conclusions on renaming virtual banks as digital banks (Nov 2024) and register of authorized institutions, hkma.gov.hk, read 4 Oct 2026. What banks typically ask: summarised from published bank and provider guidance; varies by institution.

THE BORING PART

What a Hong Kong company needs every year

The part nobody puts on a thumbnail. A Hong Kong company is easy to set up. That does not mean it runs without maintenance.

Duty	What it means	Official fee or deadline
Audit	Every active Hong Kong limited company files audited financial statements with its Profits Tax Return, every year, even a small one. Only a company formally declared dormant is exempt, and its first accounting transaction ends that status.	No government fee. The auditor sets the audit fee.
Profits Tax Return	Filed with the IRD each year, with the audited accounts attached. The filing date depends on your accounting year-end.	Set by the IRD for your year-end.
Annual return	Filed with the Companies Registry after each anniversary of incorporation. There is no extension.	Within 42 days after the anniversary. HK\$105 on time; HK\$870 to HK\$3,480 if late.
Company secretary	Required at all times: a Hong Kong-resident individual or a Hong Kong company. If you are the only director, you cannot also be the secretary.	Professional fee, set by the provider.
Registered office	A Hong Kong address where official letters are served.	Professional fee, set by the provider.
Significant controllers register	A register of who really controls the company, kept in Hong Kong. It is not public, but law-enforcement officers can inspect it. Directors, shareholders and the secretary do appear in the public company search.	No government fee.
Business registration	Renewed every year with the IRD.	HK\$2,350 for one year from 1 April 2026 (fee HK\$2,200 plus levy HK\$150).
Once, at the start	Incorporation filed electronically with the Companies Registry; business registration is applied for in the same step.	HK\$1,545 electronic filing (HK\$1,720 on paper), plus the business registration fee.

Government fees only. Fees for audit, accounting, company secretary and registered office come on top; they depend on the provider and on your transaction volume. We quote them in a conversation, not in a guide.

Ruth is used to this kind of thing. Daniel had not counted on an audit at all.

SOURCES IRD Completion of Profits Tax Return, ird.gov.hk/eng/tax/bus_cpt.htm; Companies Registry (CR) FAQ Accounts and audit; CR FAQ Dormant companies; CR Annual return, private company, cr.gov.hk/en/compliance/annual-return/private-company.htm; CR FAQ Directors and company secretary; CR FAQ Incorporation; CR Significant Controllers Register FAQ; IRD Business registration fee and levy table 2026/27, ird.gov.hk/eng/pdf/brfee_table.pdf. All read 4 Oct 2026.

WHO SHOULDN'T

When Hong Kong is the wrong tool

Sometimes the right answer is not to open a Hong Kong company at all. If one of these describes you, we will say so in the first conversation.

1

Everything happens in one country

Your customers, your suppliers and your work are all in one country. Then a company at home is usually simpler.

2

You hope it will end your tax at home

On its own, it won't. Where you live, where the company is really managed and your country's controlled-foreign-company rules decide what is taxed at home. A Hong Kong company changes none of that by itself.

3

Your plan only works if nobody finds out

Since 2018, Hong Kong has automatically shared financial account information with other tax authorities. It keeps a register of significant controllers, and directors and shareholders appear in the public company search. A Hong Kong company is not anonymous.

4

You need the right to live or work in Hong Kong

A company is not a visa. The entrepreneur route is a separate application, assessed at the discretion of the Immigration Department, for a business that is worth running in Hong Kong in its own right.

5

You will not keep up the yearly duties

Audit, annual return, secretary and business registration come every year. Declaring a company dormant is for a company that truly does nothing, not a way to save on an active one.

Not Hong Kong? That is not the end of the conversation.

Strasia sets up and looks after companies in Hong Kong, Singapore, Malaysia, Labuan, the Philippines, Thailand, the UAE, the UK and the USA, with accounting, tax and visa support. The next page compares the four routes people ask us about most.

IF NOT HONG KONG

Hong Kong, Singapore, the UAE or a US LLC

No jurisdiction is better in general. Each one fits a different business. Start with what you actually do, not with the lowest number on a tax infographic.

	Hong Kong	Singapore	UAE	US LLC
Company tax, short	Profits tax 8.25% on the first HK\$2 million, 16.5% above; lower band once per connected group. Offshore claims checked case by case by the IRD.	Corporate tax 17%, reduced on the first part of every company's profit (75% of the first S\$10,000, 50% of the next S\$190,000); a qualifying start-up exemption applies instead in the first three years.	Corporate tax 9% on taxable income above AED 375,000. A 0% rate applies only to qualifying income of a qualifying free-zone person; other income is taxed at 9%. Free-zone status does not remove taxation.	Profit passes through to the owner. A non-US owner pays US tax on income connected with a US business, and a flat 30% (or a lower treaty rate) on certain US-source passive income. Pass-through is not an absence of tax.
Personal side	Your personal tax where you live is a separate question.	Same: where you live decides how dividends are taxed.	No personal income tax, under current rules. That helps only if you actually live there.	US citizens are taxed by the US on worldwide income in any case.
People on the ground	Company secretary and registered office in Hong Kong; directors can live anywhere.	At least one director ordinarily resident in Singapore.	Depends on the emirate and the free zone; adequate substance in the free zone is a condition of the free-zone rate.	Depends on the state of formation.
Yearly duties	Audit every year, annual return, business registration.	Small companies meeting two of three criteria can be exempt from audit.	Corporate tax registration and a yearly return for every taxable person; audited accounts for the free-zone rate.	Form 5472 with a pro forma Form 1120 every year for a foreign-owned single-member LLC with reportable transactions.
Fits when	The business already runs through Asia: trading, sourcing, services to Asian clients.	You want a base for Southeast Asia, with someone who can serve as a local director.	You will actually live or operate there, not just register there.	Your customers and payment platforms are in the US. Simple to form; residence and filings can still make it the wrong choice.

SOURCES Hong Kong: IRD, see page 6. Singapore: IRAS, Corporate income tax rate, rebates and tax exemption schemes, iras.gov.sg, read 5 Oct 2026; ACRA, Appointing company directors and other key officers, acra.gov.sg, read 7 Aug 2026; ACRA, small company concept for audit exemption, read 4 Oct 2026. UAE: Ministry of Finance, Corporate tax, mof.gov.ae; Federal Tax Authority, Free Zone Persons guide, tax.gov.ae; read 4 Oct 2026. USA: IRS, Instructions for Form 5472 (Rev. December 2024), irs.gov/instructions/i5472, read 4 Oct 2026; IRS, Effectively connected income (ECI) and Taxation of nonresident aliens, irs.gov, read 5 Oct 2026.

YOUR SCORE

Does Hong Kong fit you?

Tick what is true today, not what you hope will be true. Then count.

FIT SIGNALS · COUNT YOUR TICKS OUT OF EIGHT

- ☐ Customers or suppliers in Hong Kong, mainland China or the rest of Asia.
- ☐ Money moves in more than one currency.
- ☐ You need one company to sign contracts with clients in several countries.
- ☐ You can say where the work is done, and show it with documents.
- ☐ The big decisions will really be made where the company says they are.
- ☐ You have checked, or will check, how your country of residence taxes the company and what you take out.
- ☐ You accept a yearly audit, annual return, secretary and registered office.
- ☐ You can explain to a bank who owns the company, where the money comes from and who you deal with.

STOP SIGNALS · ANY ONE COUNTS

- ☐ Customers, suppliers and work are all in one country.
- ☐ The main reason is to end tax where you live.
- ☐ You need the company to give you the right to live or work in Hong Kong.
- ☐ The plan only works if nobody finds out.

Already control another company and planned on the lower profits tax rate for both? Not a stop, but only one of them gets it.

6 to 8, no stop

Talk to us. Hong Kong may well be your structure. The first conversation checks the facts behind your ticks.

3 to 5, no stop

Talk to us, and expect a side-by-side with Singapore, the UAE or a US LLC before anyone opens anything.

0 to 2, or any stop

This is probably not your structure. If you want, we will tell you what fits instead, and if nothing needs opening, we will say that too.

Write your three answers here

1 · Who pays whom?

2 · In which currency?

3 · From where is the work actually done?

Where I live, and my score: _____ of eight · stop signals: _____

NEXT STEP

Send us your three answers

We read them and reply with one of three answers: Hong Kong fits; Hong Kong fits once you have checked one thing at home; or another structure fits better. If the answer is no, we will tell you. The first consultation is free of charge.

WRITE TO

**hongkong@
strasia-group.com**

Subject line: **HK Fit Check**

PUT IN THE E-MAIL

1. Who pays whom
2. In which currency
3. From where the work is actually done
4. Where you live, and your score from page 11

WATCH THE VIDEO

Hong Kong Company: Why Foreigners Use It – And Who Shouldn't

youtu.be/gSoHfVY8QUg

WORK OUT WHETHER HONG KONG FITS

strasia-group.com/hk-incorporation

strasia-group.com/hk-incorporation?utm_source=pdf&utm_medium=guide&utm_campaign=hk-company

WHAT WE DO IN HONG KONG

Company formation

Incorporation, company secretary, registered office and designated representative, through Strasia Group Limited, TCSP-licensed in Hong Kong.

Accounting & tax

Bookkeeping, audit coordination, the Profits Tax Return and, where the facts support it, preparation of an offshore claim for IRD review.

Visa & immigration

If living in Hong Kong is part of the plan: the entrepreneur route, as a separate application decided by the Immigration Department.

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General information, not tax or legal advice. It does not constitute tax, legal or financial advice. Tax outcomes depend on where you live, where your company is managed and your documents. For tax questions in your home country or country of residence, consult a qualified local advisor. Liam, Daniel, Sara and Ruth are illustrative examples, not clients. Bank and visa decisions belong to the bank and the authority.

Research snapshot 5 October 2026. Facts checked against official sources on 4 and 5 October 2026 unless dated otherwise. Rules change: we recheck Hong Kong profits tax rates each April, the business registration fee before 1 April 2027 and Companies Registry fees with every edition. Version 1.0. Photos: licensed stock footage stills.