



Hong Kong Tax Newsflash

Passage of company re-domiciliation regime

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The draft legislation¹ on the company re-domiciliation regime has been passed by the Legislative Council and will take effect upon publication in the gazette, which is expected on 23 May 2025. It provides a simple and cost-efficient procedure for non-Hong Kong-incorporated companies to re-domicile to Hong Kong. It enables a non-Hong Kong-incorporated company to maintain its legal identity after re-domiciliation in Hong Kong and ensures continuity as there is no need for transfer of assets, property and contracts. Following re-domiciliation to Hong Kong, re-domiciled companies will generally have the same rights as a locally incorporated company.

A bills committee was formed to scrutinize the bill prior to its passage. After considering the views and comments collected from stakeholders, several committee stage amendments (CSAs) were made to the legislation.

In this article, we recap the key features of the company re-domiciliation regime and highlight certain committee stage amendments made during the legislative process. For the background and details of the regime, please refer to our Hong Kong Tax Newsflash Issue 184, Issue 221 and Issue 235.

Key features

Eligibility

- Types of companies²:
 - Private companies limited by shares;
 - Public companies limited by shares;
 - Private unlimited companies with a share capital; or
 - Public unlimited companies with a share capital.
- The original place of incorporation of the applicant company must permit outward re-domiciliation.
- The company must have at least ended its first financial year.

¹ [Companies \(Amendment\) \(No. 2\) Bill 2024](#)

² The company type of the applicant under the law of its original domicile should be the same or substantially the same as the type which the applicant proposes to register under the amended Companies Ordinance. The Companies Registry will include a list of comparable overseas company types which have been successfully approved in its guidance after gaining experience in approving re-domiciliation applications.

- The proposed re-domiciliation in Hong Kong must not be used for unlawful purposes or for defrauding creditors.
- The company must be able to pay its debts which fall due within the period of 12 months beginning on the application date.

This requirement was refined by a CSA, which substituted the phrase “in full” with “which fall due”, clarifying that the company must demonstrate an ability to pay its debts that become payable within the 12-month period, as opposed to the ability pay all debts, irrespective of their due dates, within that timeframe.

- Shareholders’ consent is required.

If the law of the original domicile does not require members' consent, a resolution duly passed by at least 75% of the eligible members will be accepted. A CSA clarified the 75% threshold, specifying that this percentage applies as follows:

- a) In the case of a resolution passed at a meeting, 75% of either:
 - the total number of eligible members who vote in person or by duly appointed proxies; or
 - the total voting rights of all the eligible members who vote in person or by proxy.
- b) If a resolution is passed in writing, 75% of the all eligible members or the total voting rights of all eligible members.

Application procedures

- Applications are to be made to the Companies Registry (CR) with supporting documents³.
- A successfully re-domiciled company will be registered with the CR and will be issued a certificate of re-domiciliation.
- If the company had been a registered non-Hong Kong company with the CR, such registration will then cease to have effect.

A CSA required such a company to file a return to the Registrar of Companies regarding the change of the place of incorporation notwithstanding that it has become a re-domiciled company.

- The company should deregister from its original domicile within 120 days after re-domiciliation. Extension will be allowed where necessary.

Tax treatments

- A re-domiciled company would be regarded as a Hong Kong-incorporated company for tax purposes. In other words, it would be considered a Hong Kong resident under most double taxation arrangements (except

³ Key documents required include an application form, constitutional documents, certificate of incorporation, shareholders' consent for re-domiciliation, a legal opinion from the original domicile stating that the proposed re-domiciliation is legally permitted and recent financial accounts and director's certification as to solvency of the company. A CSA was made to specify that the legal opinion must be issued within 35 days before the application date.

for the agreement with Japan⁴). The Inland Revenue Department will indicate on the Certificate of Resident Status that it is a Hong Kong tax resident with effect from the re-domiciliation date (i.e. when the certificate of re-domiciliation is issued).

- A re-domiciled company, being considered as a company incorporated in Hong Kong, would also fall under the proposed general definition to be provided in the Inland Revenue Ordinance⁵ and hence would be regarded as a Hong Kong tax resident for global minimum tax and Hong Kong minimum top-up tax purposes.
- Transitional tax arrangements are in place to address transitional tax matters that arise post-re-domiciliation, including allowing Hong Kong Profits Tax deduction on certain expenses or expenditures incurred by a re-domiciled company before re-domiciliation (subject to conditions).
- Unilateral tax credits are available to mitigate double taxation arising from the re-domiciliation.

Our observations

We are encouraged by the government's diligent efforts to address the concerns and suggestions raised by various stakeholders. This includes providing a list of comparable overseas company types for reference and specifying the validity period of a legal opinion in support of the application. The clarifications provided through CSAs and the discussions held in the Legislative Council reflect a commitment to ensuring that the company re-domiciliation regime is both transparent and accessible.

We are also pleased to note that the CR is taking proactive steps to enhance understanding of the new regime. Specifically, the CR is establishing a new section on its webpage and a comprehensive guide on the company re-domiciliation regime, covering aspects such as requirements, application procedures, fees, filing obligations and responsibilities post-re-domiciliation. Such resources are crucial in empowering companies to make informed decisions regarding the benefits and implications of re-domiciling to Hong Kong.

Companies interested in re-domiciling to Hong Kong are encouraged to seek professional advice to assess the eligibility, as well as analysing the pros and cons of re-domiciliation according to their specific circumstances.

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⁴ Under the double tax agreement between Hong Kong and Japan, an entity would be regarded as a resident in Hong Kong if its primary place of management and control (rather than the place of incorporation) is in Hong Kong.

⁵ A definition of "tax resident in Hong Kong" is introduced under the Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Bill 2024. Once enacted, this definition will take effect retroactively from 1 January 2024.

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