



Hong Kong Tax Newsflash

Proposed relaxation of stamp duty relief for intra-group transfers

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Following the proposal outlined in the 2026–27 Budget¹, the Inland Revenue Department (IRD) has published preliminary proposed measures to relax stamp duty relief for intra-group transfers of assets under Section 45 of the Stamp Duty Ordinance² on its [website](#).

This development follows the Court of Final Appeal's decision in *John Wiley & Sons UK2 LLP and Wiley International LLC v. The Collector of Stamp Revenue*³, which held that body corporates without "issued share capital" are not eligible for intra-group stamp duty relief. The ruling created practical challenges for internal group restructuring, particularly for multinational groups with diverse entity forms in their holding structures.

In response, industry stakeholders have submitted proposals to the government, advocating for an update to the intra-group stamp duty relief regime to better reflect emerging business entity forms and strengthen Hong Kong's position as a leading international financial centre.

The proposed changes aim to address these concerns by introducing more flexible criteria for intra-group stamp duty relief.

Key proposed measures

Expanding the scope of eligible entities

The government proposes to expand the scope of entities eligible for intra-group stamp duty relief to include bodies corporate that do not issue or allot share capital, such as limited liability partnerships (LLPs) which has separate legal personality.

Reducing the association threshold

It is proposed that the minimum threshold for association between the transferor and transferee be reduced from 90% to 75%.

A body corporate will be deemed as having an associating interest in the other body corporate if it:

¹ For details, please refer to our [Hong Kong Tax Analysis Issue H122/2026](#).

² Currently stamp duty relief is available for the transfer of Hong Kong stock or immovable property from one associated body corporate to another. To qualify for this relief, the bodies corporate must be "associated", i.e. being the "beneficial owner of not less than 90% of the issued share capital of the other or a third body corporate is beneficial owner of not less than 90% of the issued share capital of each".

³ For details, please refer to our [Hong Kong Tax Analysis Issue H121/2025](#).

- has at least 75% of direct or indirect beneficial interest in another body corporate; or
- is entitled to exercise, or control the exercise of, at least 75% of the voting rights in another body corporate.

The beneficial interest will be determined based on the percentage of the issued share capital of the other body corporate held by the body corporate, or the body corporate's ownership interest in the other body corporate.

Administration

Before the enactment of the relevant legislation, duty payers can submit adjudication requests to the Stamp Office if they meet the conditions of the enhanced regime. The Stamp Office will decide whether the relief can be approved after the relevant legislation is enacted. For such cases, duty payers are not required to pay the stamp duty upfront.

Legislative timeline

The government will introduce the relevant amendment bill into the Legislative Council this year. Subject to enactment, the enhanced intra-group relief regime applies retroactively to the relevant instruments executed on or after 25 February 2026.

Our observation

The proposed measures represent a timely and pragmatic response to long-standing industry concerns. By broadening the scope of eligible entities and lowering the association threshold, a wider range of corporate groups will now be able to benefit from the intra-group stamp duty relief.

The reduction of the association threshold to 75% is particularly welcome. It aligns with other tax regimes in Hong Kong, such as the intra-group relief under the foreign-sourced income exemption regime, reducing compliance complexity and ensuring consistent treatment across tax rules. It also advances Hong Kong's approach alongside those other foreign jurisdictions, further enhancing Hong Kong's competitiveness as a global business hub.

The transitional arrangement, which allows duty payers to submit adjudication requests before the enactment of the amendment bill without making upfront stamp duty payments is another practical and duty payer-friendly feature. This mechanism provides businesses with the flexibility and certainty needed to proceed with internal restructurings during the legislation process, minimizing the impact on cash flow.

That said, greater clarity on eligible entity forms is still needed. While LLPs are cited as an example, the treatment of other commonly used structures, such as limited liabilities companies, remains unclear. Without clear guidance, duty payers may face uncertainty when planning cross-border restructurings involving non-traditional entity forms. We hope that the IRD could publish a list of recognized foreign entity types that qualify for relief under the revised regime to enhance certainty and support cross-border planning.

Businesses considering internal restructurings should closely monitor ongoing developments and are strongly encouraged to seek professional advice to assess eligibility under the enhanced regime.

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