



Hong Kong Tax Newsflash

Corporate Treasury Centres tax concession enhancements action plan

Hong Kong | Tax & Business Advisory | 11 June 2026 | Issue 269

The Hong Kong government has recently announced its [Action Plan](#) to promote the development of corporate treasury centres (CTCs), which aims to attract more multinational corporations to establish CTCs in Hong Kong and enable existing CTCs operating in Hong Kong to scale up their operations, reinforcing Hong Kong's position as a premier international hub for corporate treasury operations.

First proposed in the 2025 Policy Address¹ and further detailed in the 2026-27 Budget², the government plans to enhance the existing CTC tax concession regime by providing additional tax incentives and flexibility to CTCs and their associated companies, as well as introducing a pre-approval mechanism.

The Action Plan is structured around a “4T” framework: Tax revamp, Tax agreements, Targeted promotion, and Talent and dialogue, which are designed to strengthen Hong Kong's appeal as a strategic treasury hub. While the Action Plan outlines high-level directional measures, we look forward to further details on the specific enhancements to the CTC tax concession regime.

Key tax measures

The CTC tax concession was introduced in 2016 to provide qualifying CTCs with a concessionary tax rate of 8.25% on profits derived from certain corporate treasury activities, subject to certain conditions.

Enhancement of the CTC tax concession regime

The existing preferential tax regime for CTCs will be refined and broadened through the following measures:

- expand the scope of interest deductions;
- allow deferral of interest expense deductions; and
- clarify key definitions to enhance certainty.

Introduction of a pre-approval mechanism

A new pre-approval mechanism will be introduced, with approvals issued by the Inland Revenue Department for renewable periods. Approved CTCs and their associated companies will enjoy more favourable tax benefits, greater tax certainty and enhanced compliance flexibility.

¹ Please refer to our [Hong Kong Tax Newsflash Issue 250](#) for details.

² Please refer to our [Hong Kong Tax Analysis Issue H122/2026](#) for details.

Expansion of the tax treaty network

Hong Kong will continue to expand its tax treaty network, with a strategic focus on Belt and Road economies. This will support CTCs by securing favourable withholding tax rates on interest, facilitating cross-border treasury operations and reducing overall financing costs.

Legislative timeline

The government plans to issue administrative clarifications on existing regime definitions and conduct industry consultation on the proposed enhancements within 2026, with a target to introduce the amendment bill into the Legislative Council in the first half of 2027. Subject to enactment, pre-approval applications for CTCs will be opened within 2027.

Our observation

The initiative of enhancements to the CTC tax concession represents a significant step forward in reinforcing Hong Kong's competitiveness as a global treasury hub. They are expected to provide greater certainty, flexibility and efficiency for corporate treasury operations. We look forward to the release of further details, which will be critical in shaping the practical implementation and eligibility criteria of the enhanced regime.

Businesses with internal treasury functions should closely monitor the release of administrative guidance and legislative developments, and consider seeking professional advice to assess their eligibility and strategic positioning under the enhanced CTC regime.

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