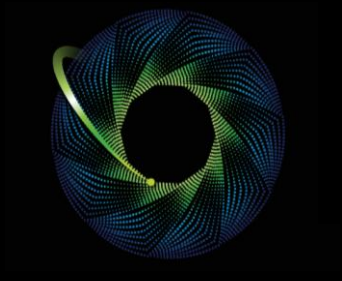
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Hong Kong Tax Newsflash

Proposed stamp duty waiver for transfer of properties into REITs seeking to list

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Following the announcements in the 2026–27 Budget[1] and the 2026 Policy Address[2], the Hong Kong government has recently released a proposal to waive stamp duty on the transfer of non-residential properties into Real Estate Investment Trusts (REITs) seeking to list in Hong Kong.

Currently, stamp duty is chargeable on the transfer of immovable property located in Hong Kong (up to 4.25% for non-residential property) and on the transfer of Hong Kong stocks[3] (at a rate of 0.2%). This applies to property injections into REITs, creating a significant upfront cost for asset restructuring prior to a listing. To encourage more new REITs to list in Hong Kong, the government has proposed this waiver to reduce such restructuring costs.

This article summarizes the key features of the proposed stamp duty waiver.

Key features of the proposed stamp duty waiver

Eligible REITs

The proposed waiver applies exclusively to new REITs seeking to list (including via dual-primary or secondary listing) in Hong Kong. Existing REITs already listed in Hong Kong are not eligible. Once a new REIT is successfully listed in Hong Kong, it will cease to be eligible.

Scope of the waiver

The proposed waiver would apply to instruments for the transfer of the following assets to eligible REITs:

- Non-residential properties located in Hong Kong[4]; and
- Shares in special purpose vehicles (SPVs) which are Hong Kong stocks, provided the SPV holds at least 95% of its asset value in non-residential properties.

Conditions for eligibility

To qualify for the waiver, all of the following conditions must be met:

[1] For details, please refer to our Hong Kong Tax Analysis Issue H122/2026.
[2] For details, please refer to our Hong Kong Tax Newsflash Issue 278.
[3] Hong Kong stock means stock the transfer of which is required to be registered in Hong Kong.
[4] Transfer of residential properties is excluded.

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- **Listing time**: The REIT must be listed in Hong Kong within 6 months from the date of the assignment of the property or transfer of shares (may be extended in exceptional cases) and must remain listed for at least 2 years.

- **Holding period**: The property (or shares in the property-holding SPV) must be held by the REIT on the date of its first listing and must remain held by the REIT until 2 years after the transfer date.

The REIT will be required to pay back the waived stamp duty if the property (or shares in the SPV) is disposed of, or if the REIT becomes delisted or subject to prolonged suspension of trading within 2 years from the date of listing.

Safeguard measures

To secure the recovery of stamp duty in the event that a REIT fails to meet the conditions, the following safeguard measures are proposed:

- For transfer of non-residential property: A statutory charge will be created over the relevant non-residential property.
- For transfer of shares in a property-holding SPV: Security must be provided.

After fulfilling all conditions, the REIT may apply for release of the relevant charge or security.

Transitional measure

Stamp duty paid between the introduction of the relevant bill and its enactment may be refunded after the REIT has been listed in Hong Kong for 2 years and all eligibility criteria have been met.

Legislative timeline

The relevant bill is targeted to be introduced into the Legislative Council in the first half of 2027.

Our observation

We welcome the proposed stamp duty waiver as it reduces a significant upfront cost and is expected to encourage more new REITs to list in Hong Kong.

We are particularly pleased to see that the government has considered Deloitte's recommendation to expand the scope of the waiver beyond direct property transfers to also cover shares in property-holding SPVs. This broadens the applicability of the relief and aligns with common market practice where properties are held through SPVs for operational and tax efficiency.

That said, certain areas of the proposal may require further clarification, particularly regarding how the 95% asset value threshold for property-holding SPVs should be measured, including the timing and valuation basis.

In addition, the 6-month listing requirement appears to be tight although the proposal allows for an extension in exceptional cases. We suggest the government consider extending the listing requirement to 12 months from the transfer date to provide greater flexibility for prospective REITs.

Furthermore, we recommend the government adjust the transitional arrangement so that the Stamp Office defers collection of duty for instruments executed between the introduction of the bill and its enactment (subject to appropriate security), instead of the proposed "pay first, refund later" mechanism. This would not only alleviate cash flow pressure on applicants but also avoid situations where REITs delay their asset restructuring

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until the bill is enacted, which could defer their listing timelines and undermine the objective of attracting more REITs to list in Hong Kong.

Prospective REIT sponsors and investors should begin assessing their readiness and structuring options in light of this proposed incentive.

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Authors

Doris Chik
Tax Partner
+852 2852 6608
dchik@deloitte.com.hk

Carmen Cheung
Senior Tax Manager
+852 2740 8660
carmcheung@deloitte.com.hk

Emily Tse
Tax Manager
+852 2852 6383
emtse@deloitte.com.hk

For more information, please contact:

Tax & Business Advisory Southern Region Leader
Jennifer Zhang
Tax Partner
+852 2258 6228
jennifzhang@deloitte.com.hk

Hong Kong Leader
Anthony Lau
Tax Partner
+852 2852 1082
antlau@deloitte.com.hk

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