



Hong Kong Tax Update Newsletter

Year in Review 2025

Hong Kong | National Tax Technical Centre | 2 January 2026

This newsletter recaps the key tax developments that took place in 2025. Details of most of these developments have been covered in our Tax Analysis and Tax Newsflash.

Previous issues:

Year in Review

[2024](#) | [2023](#) | [2022](#) | [2021](#) | [2020](#) | [2019](#)

Ordinances enacted

Global Minimum Tax and Hong Kong Minimum Top-up Tax

Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025

- Implement Global Minimum Tax (GloBE Rules) and Hong Kong Minimum Top-up Tax (HKMTT) rules in Hong Kong
- Large multinational enterprise groups with jurisdictional effective tax rate below 15% would be charged with top-up tax under HKMTT, income inclusion rule (IIR) and/or undertaxed profits rule (UTPR)
- HKMTT and IIR effective from fiscal years beginning on or after 1 January 2025; implementation date for UTPR will be determined later
- For details, see Tax Newsflash ([Issue 204](#), [Issue 227](#), Issue 234 ([EN|CN](#)), Issue 237 ([EN|CN](#)) and Issue 244 ([EN|CN](#)))

Company re-domiciliation regime

Companies (Amendment) (No. 2) Ordinance 2025

- Introduce a legal framework to facilitate inward company re-domiciliation to Hong Kong
- Amend Inland Revenue Ordinance to address the transitional tax matters that arise post-re-domiciliation, including fair deduction for trading stock, specified types of expenditures and depreciation allowances, etc.
- Take effect on 23 May 2025
- For details, see Tax Newsflash ([Issue 184](#), [Issue 221](#), Issue 235 ([EN|CN](#)) and Issue 240 ([EN|CN](#))) and summary placemats ([EN|CN](#))

One-off tax reductions

Inland Revenue (Amendment) (Tax Concessions) Ordinance 2025

- Provide one-off reductions of profits tax, salaries tax and tax under personal assessment for the year of assessment 2024/25 by 100%, subject to a ceiling of HKD1,500 for each case
- For details, see Tax Analysis Issue H119/2025 ([EN|CN](#)) and [Tax Newsflash Issue 239](#)

Tax deductions for assisted reproductive service expenses

Inland Revenue (Amendment) (Tax Deductions for Assisted Reproductive Service Expenses) Ordinance 2025

- Provide tax deductions for assisted reproductive services under salaries tax and personal assessment, subject to a ceiling of HKD100,000 per year
- Effective from the year of assessment 2024/25
- For details, see [Tax Newsflash Issue 197](#), GES Tax Newsflash ([30 October 2023](#), and 5 December 2024 ([EN|CN](#))) and [IRD's announcement](#)

Stamp duty for property transactions

Stamp Duty (Amendment) Ordinance 2025

- Adjust the maximum value of properties chargeable to a stamp duty of HKD100 from HKD3 million to HKD4 million with effect from 26 February 2025
- For details, see Tax Analysis Issue H119/2025 ([EN|CN](#)) and [Tax Newsflash Issue 239](#)

Air Passenger Departure Tax

Air Passenger Departure Tax (Amendment) Ordinance 2025

Air Passenger Departure Tax Ordinance (Amendment of Second Schedule) Order 2025

- Increase the rate of air passenger departure tax from HKD120 to HKD200 per passenger starting from the third quarter of 2025-26 with certain exemptions
- For details, see Tax Analysis Issue H119/2025 ([EN|CN](#))

Basketball betting duty

Betting Duty (Amendment) Ordinance 2025

- Provide for a regulatory framework for basketball betting
- Impose a betting duty at 50% of the net stake receipts from authorized basketball matches, payable by the Hong Kong Jockey Club
- For details, see Tax Analysis Issue H119/2025 ([EN|CN](#)) and [Tax Newsflash Issue 248](#)

Proposed new tax regimes (pending Bills introduction)

Enhancements to the preferential tax regimes for asset and wealth management industry

- Propose to enhance the preferential tax regimes for funds, family-owned investment holding vehicles managed by single family offices, and carried interest
- For details, see Tax Analysis Issue H115/2024 ([EN|CN](#)) and Tax Newsflash ([Issue 211](#) and Issue 229 ([EN|CN](#)))

Tax concession for commodity trading business

- Offer a half-tax concession (i.e., a tax rate of 8.25%) for eligible physical commodity traders
- For details, see Tax Analysis Issue H119/2025 ([EN|CN](#)) and Tax Newsflash Issue 245 ([EN|CN](#))

Enhancements to tax concessions for maritime service industry

- Introduce an additional option of 15% concessionary tax rate
- Introduce a new tax deduction on ship acquisition costs
- Relax the definitions for ship leasing
- Expand the scope for tax deduction on interest expenses for ship lessors
- For details, see Tax Analysis Issue H119/2025 ([EN|CN](#)) and [Tax Newsflash Issue 246](#)

Implementation of Crypto-Asset Reporting Framework (CARF) and amendments in relation to Common Reporting Standard (CRS)

- Commence the first CARF-based information exchanges with partner jurisdictions in September 2028
- Introduce comprehensive reporting obligations for Reporting Crypto-Asset Service Providers
- Amend the existing CRS regime to address deficiencies noted in the OECD's peer review, update reporting standards for digital products, and enhance administrative oversight
- Currently under consultation
- For details, see Tax Newsflash [Issue 233](#) and [Issue 255](#)

Tax measures proposed in the Budget 2025-26

- Allow tax deductions related to the purchase of intellectual property (IP) or the rights to use IP from associates, and the lump sum licensing fees for acquiring the rights to use IP
- Introduce a boundary facilities fee on private cars departing via land boundary control points
- For details, see Tax Analysis Issue H119/2025 ([EN](#)|[CN](#))

Tax measures proposed in the 2025 Policy Address

- Enhance the existing Corporate Treasury Centre tax concession
- Explore tax measures for arts trading
- Enhance the New Capital Investment Entrant Scheme
- Extend the claim period of additional child allowance for newborns from one year to two years
- For details, see Tax Newsflash Issue 250 ([EN](#)|[CN](#))

Court cases

Stamp Duty – *John Wiley & Sons UK2 LLP & Wiley International LLC v. The Collector of Stamp Revenue* [[2025 HKCFA 11](#)]

- Limited liability partnership in UK was not entitled to stamp duty intra-group relief
- Case finalized
- For details, see [Tax Analysis Issue H121/2025](#)

Profits Tax – *Samsung SDI (Hong Kong) Limited v. The Commissioner of Inland Revenue* [[2025 HKCFI 1282](#)]

- Whether the taxpayer's factory profits and sales profits were derived from Hong Kong
- It was held that the taxpayer failed to discharge its burden of proof in demonstrating that the disputed profits were offshore sourced.
- Case finalized
- For details, see [Tax Analysis Issue H120/2025](#)

Profits Tax – *Foxconn (Far East) Limited v. The Commissioner of Inland Revenue* [[FAMV 12/2025](#)]

- Whether the taxpayer's profits from subcontracting fees and gains on the sale of residual materials were sourced in Hong Kong
- It was held that the taxpayer's profits were sourced in Hong Kong due to its role as an intermediary and its business activities conducted through its Hong Kong office.
- Case finalized

Profits Tax – *Wise Pearl Limited v. The Commissioner of Inland Revenue* [2025 HKCA 596]

- Whether the taxpayer's profits from manufacturing activities should be apportioned on a 50:50 basis and eligible for the industrial building allowance (IBA)
- The taxpayer was regarded as a trader and therefore the disputed profits were arising from the sale of goods. The manufacturing activities in the mainland were merely antecedent or incidental to the sale activities.
- No IBA was granted as the taxpayer failed to discharge its burden to show that it had the relevant interest in the buildings.
- Case finalized

Profits Tax – *Chapman Development Limited v. The Commissioner of Inland Revenue* [2025 HKCA 956]

- Management fee paid to a related interposed management service agent were not deductible
- Case not yet finalized
- For details, see [Tax Analysis Issue H117/2024](#)

Salaries Tax – *Randeep S Grewal v. The Commissioner of Inland Revenue* [2025 HKCA 398]

- Whether the taxpayer's employment income should be assessed on a time-apportionment basis
- The CA dismissed the taxpayer's appeal
- Case finalized

International tax

OECD Pillar Two – Global minimum tax

- The OECD released a compilation of Pillar Two-related documents on 15 January 2025, including:
 - an updated version of the Pillar Two information return ([GloBE information return](#)) template with new annexes on notification templates and transitional penalty relief;
 - additional agreed [administrative guidance](#) on the basis for completing information returns;
 - a [multilateral agreement](#) for the exchange of information returns between tax authorities;
 - an agreed [XML schema and user guide](#) for the filing and exchange of information returns digitally;
 - a [central record](#) of jurisdictions' domestic Pillar Two legislation with transitional qualified status; and
 - further [administrative guidance](#) in respect of deferred tax assets arising from tax benefits provided by governments.
- For details, see Tax Newsflash ([20 January 2025](#) and [27 January 2025](#)).
- The G7 issued a statement outlining a proposed "side-by-side" solution for global minimum tax arrangements that would allow the US minimum tax system to operate alongside the Pillar 2 rules, exempting US parented groups from Pillar Two's IIR and UTPR.
For details, see Tax Newsflash (7 July 2025 ([EN|CN](#)) and [21 July 2025](#) (Chinese version only)).
- The OECD added 16 jurisdictions to the "[Central Record of Legislation with Transitional Qualified Status](#)" on 18 August 2025.
- The Hong Kong Inland Revenue Department (IRD) issued a letter to MNEs in Hong Kong, reminding them of their upcoming responsibilities under Pillar Two rules in Hong Kong.
For details, see Tax Newsflash Issue 251 ([EN|CN](#)).

OECD Model Tax Treaty and Commentary

- The OECD released updates to the OECD Model Tax Treaty and Commentary, providing guidance mainly on cross-border remote work in the context of permanent establishment.
- For details, see [Tax Newsflash Issue 254](#)

Tax treaties signed or came into force

- Hong Kong-Bahrain tax treaty came into force on 4 March 2025
[CDTA](#) | [Tax Newsflash Issue 213](#) | [IRD's announcement](#)
- Hong Kong-Armenia tax treaty came into force on 9 April 2025
[CDTA](#) | [Tax Newsflash Issue 219](#) | [IRD's announcement](#)
- Hong Kong-Maldives tax treaty signed on 26 May 2025
[CDTA](#) | [Tax Newsflash Issue 243](#)
- Hong Kong-Jordan tax treaty signed on 4 September 2025
[CDTA](#) | [Tax Newsflash Issue 249](#)
- Hong Kong-Rwanda tax treaty signed on 9 October 2025
[CDTA](#) | [Tax Newsflash Issue 252](#)
- Hong Kong-Norway tax treaty signed on 16 December 2025
[CDTA](#) | [Tax Newsflash Issue 256](#)

Passage of peer reviews

Hong Kong passed the following OECD's peer reviews during 2025:

- BEPS harmful tax practices: Patent box regime ([Peer review results](#))
- Country-by-Country Reporting ([Peer review report](#))
- Exchange of information on tax rulings ([Peer review report](#))

Country-by-Country reports

- The OECD updated guidance on common errors made in preparing Country-by-Country reports
- For details, see [OECD's guidance](#)

Mutual Agreement Procedures (MAP) and Advance Pricing Arrangement (APA)

The OECD published the following statistics/report (include HK-specific information) in relation to the MAP and APA on 31 October 2025:

- [2024 Mutual Agreement Procedures \(MAP\) Statistics](#)
- [Advance Pricing Arrangement \(APA\) Statistics](#)
- [Consolidated Information on Mutual Agreement Procedure](#)

IRD's guidance

-  Guide to electronic filing of profits tax return
[IRD's webpage](#)
-  Guide to iXBRL filing
[IRD's webpage](#)
-  Updated guidance on GloBE Rules and HKMTT (with new sections on mandatory e-filing, Pillar Two Portal and application for group codes)
[IRD's webpage](#)
-  New advance ruling case on corporate treasury centre
[Case No. 76](#)
-  Examples on patent box regime
[Illustrative examples](#) | [Tax Newsflash Issue 241](#)



New FAQs on foreign-sourced income exemption regime
[FAQ | Tax Newsflash Issue 247](#)



New FAQ on filing Annual Reports by Hong Kong listed companies
[FAQs](#)



Updated and new FAQs on Chinese Mainland-Hong Kong Double Taxation Arrangement concerning determination of individual tax resident
[FAQ](#)

IRD's administrative measures



Extension of 2024/25 M-code filing (loss cases) deadline
[IRD's announcement](#)



New IRD service portals for e-filing
[IRD's webpage | Tax Newsflash Issue 238](#)



Digital Certificate of Resident Status
[IRD's webpage](#) | Tax Newsflash Issue 253 ([EN](#)|[CN](#))



Interest on tax reserve certificates
[IRD's announcement](#)



List of qualifying debt instruments
[IRD's announcement](#)



Stock borrowing relief – Reduction in filing frequency for return of stock borrowing transactions
[IRD's announcement](#)



Donations to “Support Fund for Wang Fuk Court in Tai Po” as approved charitable donations for tax deduction
[IRD's announcement](#)



Tax waiver for persons affected by the fire incident at Wang Fuk Court in Tai Po
[IRD's announcement](#)

Others



Update to the Hong Kong transfer pricing regulatory framework
[Tax Newsflash Issue 236](#)



Annual meeting between HKICPA and the IRD 2024
[Meeting minutes | Tax Newsflash Issue 242](#)

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