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HOLDING COMPANY IN HONG KONG



Business Set Up in Hong Kong

Hong Kong, with a population of around 7 million, is an island in the South East part of Asia, close to Taiwan. As an international financial hub, Hong Kong offers one of the most favoured strategic locations for trading with rest of Asia.

ADVANTAGES OF SETTING UP A BUSINESS IN HONG KONG

1. Business Friendly Environment

- ✓ Stable and free economy
- ✓ Robust infrastructure
- ✓ Sound legal environment
- ✓ No restrictions on inward/outward investment
- ✓ Strict anti-corruption regimen
- ✓ Liberal immigration policy
- ✓ Quality of life

2. Sound Banking System

- ✓ Convenience of internet banking system
- ✓ No FX control

4. Business accomodating tax system

- ✓ Simplified tax system. Only income earned in HK is taxed and income earned offshore is NOT taxed
- ✓ Low taxation rates
- ✓ No tax on capital gains, sales and withholding income (such as dividends, interests, social security benefits)

3. Best Route To China

- ✓ Gain preferential access to mainland China

Preferential Tax Rates in Hong Kong

Hong-Kong has a double taxation treaty with many countries including European countries and China. It offers legitimate tax exemption on withholding tax on dividends as illustrated blow.

The HK holding must have a real business operations set up; a conduit company does not get the preferential tax treatment and transaction can be either refused or taxed at 10% withholding rate.

