

An aerial photograph of the Hong Kong skyline at sunset. The sun is low on the horizon, casting a warm, golden glow over the city. The dense cluster of skyscrapers is silhouetted against the bright sky. In the foreground, the dark water of the harbor is visible, with several boats moving across it, leaving white wakes. The word "startup" is overlaid in the top right corner in a white, sans-serif font, with the "u" and "p" in blue.

startup

# Hong Kong Company Guide

## Keeping your company in good standing

Congratulations! Your Hong Kong company is successfully incorporated. Now you must take note of the formal duties required by law each year for your new Hong Kong firm.

Startupr's guide to these requirements helps you manage your business effectively while maintaining its legal obligations.

Annual Requirements for Hong Kong Companies  
Your Company's Checklist

# Annual and other requirements

## 1. Notification of business commencement

All newly incorporated companies in Hong Kong are obliged to notify the Inland Revenue Department, in writing, of the company's nature of business, business description, business address, and date of business commencement. Due Date: no more than 1 month after business commencement.

Note: Business commencement does not mean that your company has incoming transactions. Whenever you start purchasing office equipment (such as computers, stationary, etc), providing consultation to your potential clients (by emails or phones), setting up a company website or printing name cards, your business can be deemed as operating. In any circumstances, if the company is operating, investing, or managing any subsidiary (like a holding company), it is also deemed as commenced business and filing is needed.

## 2. Annual Return

The annual return is related to your company particulars as a recapitulation (nothing related to your business or profits), which is reported to the Companies Registry (CR), must include a complete list of officers & directors, even the company structure has not been changed.

Due Date: Within 42 days after the company's return date.

We remind you of this requirement by email 1-2 months before the due date.

Note: Failure on filing Annual Return will lead to prosecution. According to section 662 of the Companies Ordinance, if a company fails to comply with the provision, the company and every responsible person of the company are liable to prosecution and, if convicted, default fines. The maximum penalty is HK\$50,000 for each breach and, in the case of a continuing offence, a daily default fine of HK\$1,000.

## 3. Annual General Meeting (AGM)

An annual general meeting is mandatory each financial year of the company.

A company must, in respect of each financial year, hold its AGM within the following period –

- in the case of a company limited by guarantee or a private company that is not a subsidiary of a public company, 9 months after the end of its accounting reference period; and
- in the case of any other company, 6 months after the end of its accounting reference period.

## 4. Significant Controllers Register (SCR)

Under the Amendment Ordinance, all companies incorporated in Hong Kong (except listed companies) are required to:-

- identify and ascertain a person who has significant control over the company; and
- maintain a Significant Controllers Register to be accessible by law enforcement officers upon demand.

The significant controllers register must contain, among others, the required particulars of the significant controller(s) and contact details of the designated representative of the company.

Also need to maintain up-to-date Register of Directors, Register of Company Registry, and Register of Members in the registered address.

Note: Failure on keeping the Significant Controllers Register will lead to prosecution.

According to section 653M(1) and 653M(6) of the Companies Ordinance, if a company fails to comply with the provision, the company and every responsible person of the company are liable to prosecution and, if convicted, default fines. The maximum penalty is HK\$25,000 for each breach and, in the case of a continuing offence, a daily default fine of HK\$700.

# Annual and other requirements

## 5. Profits Tax Return

The Inland Revenue Department (IRD) requires a tax filing for each newly incorporated company.

Due Date: within 3 months of receipt of Profits Tax Return forms from IRD.

The first Profits Tax Return is issued by the Inland Revenue Department ("IRD") Hong Kong Tax Authority within 1-2 months before the 2nd anniversary of the company's incorporation date, or around 20 months from when you incorporate.

"NIL" profit tax return – for firms which have not yet commenced business.

Profits Tax Return Rate – 8.25% on profits up to HKD\$ 2,000,000, and 16.5% on profits thereafter.

Offshore Profits Tax Exemption – If all the company's income is from outside Hong Kong, you may claim offshore exemption, relieving your firm of Hong Kong tax, the profit tax rate is 0%.

In this case, Startupr will submit an offshore claim on behalf of your company. The Inland Revenue Department then issues a query letter requesting further information and documentation. If a company successfully demonstrates its sources of income as outside Hong Kong, such income will be exempt from Hong Kong tax.

Inland Revenue Department will issue we will notify you as soon as we receive your Profits Tax Return forms from the Inland Revenue Department.

## 6. Initial Audit

An initial annual audit of the newly incorporated company must be conducted. Due within 18 months after incorporation.

The company has the authority to choose its own fiscal year end, however the most common year ends in Hong Kong are March 31st and December 31st. The reason for this is these two financial year ends can enjoy tax filing extensions to November 15th and August 15th respectively.

## 7. Business Registration Certificate

We help our client set up company through the e-incorporation service, upon the approval of the application in paper form, the Registry will issue both Certificate of Incorporation and Business Registration Certificate in electronic form (in pdf format) and will not entertain any request for issue of paper certificates.

Each Hong Kong company must renew its business certificate on time.

A business registration renewal demand note will be sent by the Business Registration Office approximately in the middle of the month preceding the commencement month of the renewal Business Registration Certificate.

Due Date: The expiration date of the current valid business certificate, usually is the anniversary date of the company.

We remind you by email 1-2 months before the anniversary date.

Note: Failure on renew Business Registration Certificate will lead to prosecution. According to the Business Registration Ordinance, if a company fails to comply with the provision, the company and every responsible person of the company are liable to prosecution and, if convicted, default fines. The maximum penalty is HK\$5,000 and imprisonment for 1 year.

# Checklist

- Notification of business commencement
- Annual Return
- AGM
- SCR and other registers
- Profits Tax Return
- Annual Audit
- Business Registration Certificate

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