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The impact of tax moves on Hong Kong company formation

Hong Kong's already low corporate tax rates could be slashed even further if plans by the government come to fruition.

Media reports last week highlighted plans by the Hong Kong government to review some areas of taxation. It has opened for public discussion plans to introduce a goods and sales tax (GST) by 2010 to broaden its narrow tax base. As a sweetener, the government has hinted that it may be prepared to cut profit tax from the current 17.5% to 12.5%, a rate far below its regional competitor Singapore.

Aidan Healy, managing director of Singapore-based Healy Consultants, says this strategy – if implemented – would add greatly to demand for Hong Kong company formation and offshore bank accounts.

'This would be great news for business start ups in Hong Kong. It already has one of the lowest corporate tax rates in the world. By cutting it to 12.5%, Hong Kong is laying down the gauntlet to Singapore as both cities compete for global wealth and assets,' he says. Corporate tax in Singapore is 20%.

Healy points out other advantages of incorporating a Hong Kong offshore company.

'A Hong Kong offshore company is not perceived as a tax haven company. Hong Kong is a highly regulated international trading jurisdiction,' he says.

Healy Consultants provides international tax planning, asset protection, company formation and corporate and private bank accounts, as well as migration into Asia. With a headquarters in Singapore, the Group also has offices in Dubai, Hong Kong and Perth, Western Australia.

For more information on Hong Kong company formation, kindly follow [this link](#).



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