



Hong Kong Tax Review 2025



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Hong Kong: 2025 year in review

Despite a challenging and uncertain environment in 2025, Hong Kong has demonstrated considerable resilience by promoting reforms and embracing new opportunities in a dynamic global landscape.

As part of its commitment to international tax cooperation, Hong Kong has implemented the Pillar Two global minimum tax and HKMTT, thereby aligning Hong Kong with the international tax community's pursuit of a fairer global tax system while safeguarding Hong Kong's taxing rights. Furthermore, in December, the Government launched a consultation on implementing the CARF and amending the CRS (commonly referred to as CRS 2.0) in Hong Kong, underscoring its commitment to strengthening international cooperation and addressing cross border crypto asset tax evasion.

Hong Kong also continues to step up its efforts in cultivating a conducive environment for businesses and investments. In addition to actively expanding the tax treaty network, Hong Kong has introduced an inward company re-domiciliation regime, which allows overseas companies to relocate to Hong Kong under a streamlined and accessible mechanism.

A range of tax initiatives is also underway, including:

1. reviewing the tax deduction arrangements for expenditures related to intellectual property;
2. enhancing the tax concessions for carried interest, funds and single family offices;
3. reviewing the tax concession for corporate treasury centres;
4. enhancing the tax concessions for maritime services; and
5. introducing a new tax concession for physical commodity traders.

Collectively, these initiatives strengthen the Government's competitiveness agenda and safeguard Hong Kong's tax position in an increasingly challenging global environment. On successful implementation, they are expected to enhance the city's attractiveness to both businesses and investors.

Global minimum tax and HKMTT take effect

As mentioned in our [Hong Kong Tax Review 2024](#), an amendment bill implementing the Pillar Two global minimum tax and the HKMTT was gazetted on 27 December 2024.

The bill, as amended by certain committee stage amendments, was gazetted as an amendment ordinance and came into operation on 6 June 2025. The effective dates of different aspects of the amendment ordinance are as follows:

Aspect	Effective date
Definition of Hong Kong resident entity	Retrospectively from 1 January 2024
IIR and HKMTT	For a fiscal year beginning on or after 1 January 2025
UTPR	To be decided at a later stage

To facilitate the submission of top-up tax notifications and top-up tax returns by in-scope MNE groups, the IRD has launched a Pillar Two portal in phases since January 2026.



Please refer to our Hong Kong Tax News Flashes, [April 2025, Issue 3](#) and [May 2025, Issue 8](#) for details of the committee stage amendments and the final legislation.

Mandatory e-filing and other tax digitalisation reforms

The first phase of mandatory e-filing of profits tax returns will commence from the year of assessment 2025/26 and apply to applicable Hong Kong entities of in-scope MNE groups. Under a 'once in, always in' approach, once an entity falls within the scope of the mandatory e-filing regime, it will remain subject to the regime, regardless of whether it continues to be part of an in-scope MNE group in subsequent years of assessment.

As part of its tax digitalisation reforms, the IRD launched three new tax portals in July 2025, namely the ITP, BTP and TRP. Specifically, the BTP allows businesses to handle tax matters and compliance obligations electronically, including e-filing of tax returns and accessing the Pillar Two portal.

Another notable reform is the issuance of digital CoRs for the purposes of the Mainland/HK CDTA. With effect from 10 November 2025, the IRD issues digital CoRs via the ITP / BTP instead of paper CoRs to successful applicants for claiming tax benefits under the Mainland/HK CDTA. However, there is no change in the IRD's practice for applications under other CDTAs, i.e. paper CoRs continue to be issued to successful applicants. There are also no changes to the method of applying for CoRs under all CDTAs, as the IRD continues to accept applications submitted either electronically or on paper.

Proposed enhancement of maritime service tax concessions and introduction of commodity trading tax concession

Further to the announcements made in the 2024 Policy Address and the 2025/26 Hong Kong Budget, the Government submitted an administration paper to the LegCo Panel on Economic Development in June 2025, detailing the legislative proposals for (1) enhancing the existing tax concessions for the maritime service industry and (2) introducing a half-rate tax concession for commodity trading businesses.

Specifically, the recommendations on enhancing the maritime service tax concessions include:

- relaxing the definitions for ship leasing, including removing the one-year term restriction and extending the scope of eligible lessees;
- introducing an additional option of a 15% concessionary tax rate for ship lessors, ship leasing managers and shipping commercial principals, accompanied by a reduced substantial activities requirement;
- introducing a tax deduction for ship acquisition costs incurred by ship lessors under an operating lease; and
- expanding the scope of tax deduction for interest expenses incurred by ship lessors for the purpose of acquiring a ship.

The Government anticipates introducing the relevant amendment bill to the LegCo within the first half of 2026. Subject to the passage of the amendment bill, the proposals will take effect from the year of assessment 2025/26.



Please refer to our [Hong Kong Tax News Flash, July 2025, Issue 10](#) for details of the legislative proposals.

Inward company re-domiciliation regime takes effect

As mentioned in our [Hong Kong Tax Review 2024](#), an amendment bill implementing the inward company re-domiciliation regime was gazetted on 20 December 2024.

The Companies (Amendment) (No. 2) Ordinance 2025 was gazetted on 23 May 2025 to amend the CO to introduce an inward company re-domiciliation regime in Hong Kong, allowing non-Hong Kong companies to transfer their domicile to Hong Kong while maintaining their legal identities and business continuity. Upon re-domiciliation, the re-domiciled companies must comply with the same requirements as other Hong Kong incorporated companies under the amended CO.

The IRO was also amended to address the tax treatments for re-domiciled companies that have not carried on a trade, profession or business in Hong Kong prior to their re-domiciliation. The amendments include transitional tax matters and unilateral tax credits to facilitate a tax-neutral re-domiciliation process, thereby providing re-domiciled companies with greater degree of certainty concerning their tax liabilities and obligations in Hong Kong.



Please refer to our Hong Kong Flashes, [January 2025, Issue 1](#) and [May 2025, Issue 5](#) for details of the inward company re-domiciliation regime.

Consultation on the implementation of the CARF and CRS 2.0 in Hong Kong

In December 2025, following the Government's announcement in the 2025 Policy Address, the Financial Services and the Treasury Bureau and the IRD jointly issued a consultation paper seeking views on the implementation of CARF and CRS 2.0 in Hong Kong. Stakeholders were invited to provide feedback during the consultation period, which ran until 6 February 2026.

In a nutshell, CRS 2.0 and CARF are OECD-promulgated global standards designed to enhance tax transparency and combat evasion in respect of crypto-assets through AEOI. CRS 2.0 expands reporting data points to address emerging risks, while CARF focuses on crypto-asset transactions, closing transparency gaps in the digital asset space.

As these standards have been finalised through international consensus, Hong Kong has no discretion to diverge from them. The consultation paper therefore concentrates on areas where choices remain, and the key points for consideration include (i) the introduction of mandatory registration requirements for reporting financial institutions and reporting crypto-asset service providers; and (ii) an enhanced penalty regime and record-keeping requirements that are broadly aligned across both regimes.

In addition, the consultation paper confirms the proposed timeframe for the rollout of CARF from 1 January 2027 and CRS 2.0 enhancements from 1 January 2028, as well as the newly proposed registration deadlines.



Please refer to our Hong Kong Flash, [December 2025, Issue 12](#) for details of the consultation paper on CARF and CRS 2.0.

Latest status of Hong Kong tax treaty network

In 2025, Hong Kong signed CDTAs with Jordan, Maldives, Norway and Rwanda. This brought the total number of Hong Kong CDTAs to 55 as of 31 December 2025. The four new CDTAs will come into force after the completion of the ratification procedures by both Hong Kong and the respective contracting jurisdictions.

Jurisdiction	Date of signing	Date of entry into force	Effective date in Hong Kong (year of assessment)	Effective date in the other contracting jurisdiction
Jordan	4 September 2025	Not yet ratified	Not yet ratified	Not yet ratified
Maldives	26 May 2025	Not yet ratified	Not yet ratified	Not yet ratified
Norway	16 December 2025	Not yet ratified	Not yet ratified	Not yet ratified
Rwanda	9 October 2025	Not yet ratified	Not yet ratified	Not yet ratified

Hong Kong is expected to continue expanding its treaty network in 2026. Potential treaty partners include Azerbaijan, Barbados, Cabo Verde, Cameroon, Cyprus, Kyrgyzstan, Lithuania, Mongolia, Morocco, Nigeria, Oman, the Philippines, Poland, Slovenia, Turkmenistan, Ukraine and Venezuela. The first rounds of negotiations between Hong Kong and Barbados, the Philippines and Morocco were completed on 28 March, 23 May and 27 June 2025 respectively.

Key tax and related legislative developments in 2025

The table below summarises the key tax and related legislations enacted in 2025.

Legislation	Gazettal date	Key subject matter	Effective date
1. Inland Revenue (Amendment) (Tax Deductions for Assisted Reproductive Service Expenses) Ordinance 2025	28 February 2025	<ul style="list-style-type: none"> Providing a new concessionary deduction for assisted reproductive service expenses under salaries tax and tax under personal assessment, subject to a ceiling of HK\$100,000 per year 	Year of assessment 2024/25
2. Inland Revenue (Amendment) (Tax Concessions) Ordinance 2025	9 May 2025	<ul style="list-style-type: none"> Providing 100% reduction of profits tax, salaries tax and tax under personal assessment for the year of assessment 2024/25, subject to a ceiling of HK\$1,500 	Year of assessment 2024/25
3. Stamp Duty (Amendment) Ordinance 2025	16 May 2025	<ul style="list-style-type: none"> Raising the maximum value of immovable properties chargeable to HK\$100 ad valorem stamp duty from HK\$3 million to HK\$4 million 	11 a.m. on 26 February 2025
4. Companies (Amendment) (No. 2) Ordinance 2025	23 May 2025	<ul style="list-style-type: none"> Introducing an inward company redomiciliation regime <p><i>Please refer to our Hong Kong Tax News Flashes – (i) January 2025, Issue 1, and (ii) May 2025, Issue 5.</i></p>	23 May 2025
5. Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025	6 June 2025	<ul style="list-style-type: none"> Implementing the IIR and HKMTT in Hong Kong Implementing the UTPR in Hong Kong Providing a definition of Hong Kong resident entity 	<p>Apply to a fiscal year beginning on or after 1 January 2025</p> <p>To be specified by notice published by the Government</p> <p>Apply retrospectively from 1 January 2024</p>
		<i>Please refer to our Hong Kong Tax News Flashes – (i) April 2025, Issue 3, and (ii) May 2025, Issue 8.</i>	
6. Betting Duty (Amendment) Ordinance 2025	19 September 2025	<ul style="list-style-type: none"> Providing for a regulatory framework for basketball betting 	19 September 2025

Legislation	Gazettal date	Key subject matter	Effective date
7. Notice under section 51AA(5) and (6) of the Inland Revenue Ordinance	21 March 2025	<ul style="list-style-type: none"> Allowing 2022/23 to 2024/25 profits tax returns (BIR 51 and BIR 52), individual tax returns (BIR 60) (subject to certain conditions) and property tax returns (BIR57) to be furnished electronically as an alternative to the paper form Specifying that the supplementary forms and other forms that are required to be furnished with 2019/20 to 2025/26 tax returns (BIR 51, BIR 52 and BIR 54) must be furnished electronically 	1 April 2025
8. Notice under section 51AA(5) and (6) of the Inland Revenue Ordinance	11 July 2025	<ul style="list-style-type: none"> Expanding eligibility for electronic filing of property tax returns from properties jointly owned or co-owned by 'two persons only' to those by 'two to four persons', while the electronic filing arrangements for the returns and forms in item 7 above remain unchanged 	21 July 2025
9. Tax Reserve Certificates (Rate of Interest) (Consolidation) (Amendment) Notice 2025	28 January 2025	<ul style="list-style-type: none"> Reducing the annual interest rate on TRCs to 0.4250% from the prior rate of 0.3417% 	TRCs issued from 3 February 2025 to 5 October 2025
10. Tax Reserve Certificates (Rate of Interest) (Consolidation) (Amendment) (No. 2) Notice 2025	3 October 2025	<ul style="list-style-type: none"> Reducing the annual interest rate on TRCs to 0.2583% 	TRCs issued from 6 October 2025 to 4 January 2026
11. Tax Reserve Certificates (Rate of Interest) (Consolidation) (Amendment) (No. 3) Notice 2025	24 December 2025	<ul style="list-style-type: none"> Reducing the annual interest rate on TRCs to 0.2417% 	TRCs issued on or after 5 January 2026

There are no key tax or related bills gazetted in 2025 pending enactment.

Other tax proposal in the pipeline

In December 2025, the Government launched a two-month consultation on the implementation of CARF and CRS 2.0 in Hong Kong.

Guidance revised/issued by the IRD in 2025

The table below summarises the key online guidance revised/issued by the IRD during 2025.

Online guidance	Date of last revision/issue
1. Tax Concessions for Intellectual Property Income – Patent Box Regime <i>Please refer to our Hong Kong Tax News Flash, <u>May 2025, Issue 4</u>.</i>	30 April 2025
2. Company Re-domiciliation Regime	22 July 2025
3. Foreign-sourced Income Exemption <i>Please refer to our Hong Kong Tax News Flash, <u>July 2025, Issue 11</u>.</i>	24 July 2025
4. Global minimum tax and Hong Kong minimum top-up tax for multinational enterprise groups	23 October 2025
5. Certificate of Resident Status	6 November 2025
6. Donations to 'Support Fund for Wang Fuk Court in Tai Po' as approved charitable donations for tax deduction	15 December 2025
7. Comprehensive Double Taxation Arrangement between Chinese Mainland and the Hong Kong Special Administrative Region <i>Please refer to our Hong Kong Tax News Flash, <u>January 2026, Issue 1</u>.</i>	22 December 2025

Advance ruling cases issued by the IRD in 2025

The table below summarises the profits-tax related advance ruling case issued by the IRD in 2025.

Case No.	Key subject matter	Provision of the IRO in respect of which ruling applies	Date of ruling issued
No. 76	Qualifying corporate treasury centre	Section 14D	26 March 2025

Update on Hong Kong profits tax cases

Sinolink Shanghai Investments Limited v. CIR

This case concerns an application for leave to appeal against the Board's decision on the tax treatment of accrued returns recorded as interest income in the taxpayer's profit and loss accounts.

In 2005, the taxpayer entered into an investment agreement under which a shareholder loan of US\$169 million was advanced to a 49%-owned associate to finance a joint venture property redevelopment project in Shanghai. Interest was set at 20% per annum but was payable only from distributable cash from the project.

During the relevant years of assessment, the taxpayer's profit and loss accounts recorded income from the associate as 'shareholders' loan interest income' or 'interest income' (the Sums). However, the taxpayer contended that the Sums were, in substance, a return of its investment in the Shanghai project and that the loan form was adopted to satisfy local government requirements. On that basis, it argued the Sums were not taxable in Hong Kong.

The CIR determined against the taxpayer, concluding that the Sums constituted interest income arising in or derived from Hong Kong and were therefore chargeable to profits tax.

Before the Board, the taxpayer argued that the Sums were not taxable on the following grounds: (i) it was not carrying on a business in Hong Kong; (ii) the shareholder loan was in substance a capital investment and the Sums were investment returns; (iii) any profits and distributable cash would be derived from the project in Shanghai, supporting an offshore source; and (iv) there was no certainty the Sums would actually be paid, and the amounts were credited in the taxpayer's accounts as an accounting treatment pursuant to the investment agreement. The Board rejected these arguments and dismissed the appeal.

The taxpayer sought leave to appeal to the CFI on three questions of law. Question one challenged the Board's finding that the taxpayer was carrying on a business and that the transactions under the investment agreement constituted general loan financing rather than a structure adopted solely to meet local requirements. The taxpayer maintained that the financing was incidental to the project, which was primarily carried out in Shanghai. Questions two and three contested the characterisation of the Sums as interest income, arguing that because the receipt of the Sums was uncertain and no present enforceable right existed during the relevant years, the amounts were merely anticipated profits not taxable until realised and could not be treated as accrued for tax purposes.

In its judgment dated 4 February 2025, the CFI granted leave to appeal on all three questions of law, holding that they were reasonably arguable. The CFI heard the case on 9 December 2025, but the judgment has not yet been rendered at the time of writing.

Samsung SDI (Hong Kong) Limited v. CIR

This case concerns an appeal by the taxpayer against the Board's decision regarding its offshore claims on certain trading profits derived from the sales of display device products. These products were either (i) manufactured by a factory located in the Chinese Mainland under a processing agreement for intra-group sales, or (ii) purchased from the taxpayer's subsidiaries in the Chinese Mainland for external sales.

More than eight years after the hearing, the Board finally rendered its decision in July 2022. The Board partially allowed the taxpayer's appeal regarding certain profits but upheld the CIR's determination that the disputed profits were sourced in Hong Kong, as the taxpayer had not discharged the statutory burden of proof.

Not satisfied with the Board's decision, the taxpayer lodged an appeal to the CFI. As appeals from the Board lie only on questions of law, the taxpayer contended that the Board had erred in law by failing to take proper account of relevant matters and by considering irrelevant matters.

The judgment delivered by the CFI on 26 March 2025 concluded that, assessed as a whole, the Board's decision was fair and reasonable and far from perverse, as alleged by the taxpayer. The CFI also noted that the Board was entitled to have a comprehensive understanding of the taxpayer's operations underlying the disputed profits to identify their effective cause. Accordingly, the CFI dismissed the taxpayer's appeal.

While the delay in the Board's decision was not grounds for dismissing the appeal, the CFI expressed concern and disapproval of the delay, noting that it negatively impacts the parties involved and the reputation of the legal system.

The taxpayer did not pursue a further appeal to a higher court.



Please refer to our Hong Kong Tax News Flash, [April 2025, Issue 2](#) for a detailed discussion of the CFI's judgment.

CAC International Limited v. CIR

This case involves the taxpayer's appeal against the Board's decision, which upheld the CIR's determination that gains from certain property sales were in the nature of trade and thus chargeable to profits tax.

The taxpayer contested an individual paragraph in the Board's decision, arguing that the Board incorrectly required it to prove the properties were capital assets as the 'true and only reasonable conclusion', allegedly imposing an improper standard of proof.

In its judgment dated 11 April 2025, the CFI noted that it was not entirely clear why the Board referred to the phrase 'true and only reasonable conclusion', which is the applicable threshold for appeals from the Board to the CFI. However, the CFI accepted the CIR's submission that the taxpayer's complaint concerned a question of threshold rather than a question of standard of proof.

After examining the Board's decision and reasons, the CFI concluded that the Board conducted a *de novo* assessment, considering 'badges of trade' such as transaction frequency, short holding periods, substantial gains and financing, and properly concluded that the properties were trading stock. The Board's decision was based on a holistic review of the facts and evidence and did not apply an incorrect standard of proof. Consequently, the CFI dismissed the taxpayer's appeal and affirmed that the Board's conclusion was not flawed in substance.

MTR Corporation Limited v. CIR

This is another case regarding an application for leave to appeal against the Board's decision, and the issue concerns the deductibility of certain payments made by the taxpayer to Kowloon-Canton Railway Corporation (KCRC) following their merger in 2007 under the Rail Merger Ordinance.

The merger was effectuated through various transactional documents, including the service concession agreement (SCA) that grants the taxpayer a 50-year service concession to use certain KCRC's assets and railway land (concession property) to operate its railway system. Under the SCA, the taxpayer agreed to make annual payments comprising a fixed amount of HK\$750 million and a variable amount calculated as a percentage of revenue generated from KCRC's railway system, among other sums payable. The taxpayer claimed deductions for these payments in the relevant years of assessment.

However, the CIR disallowed the deduction claims on the basis that the payments were capital in nature. The taxpayer appealed to the Board. While the appeal initially also raised disputes concerning deductions for amortisation of the upfront payment and for cut-over liabilities, the taxpayer decided not to pursue those claims during the opening submissions. Accordingly, the only issue before the Board was the deductibility of the annual payments.

Having reviewed the background to the merger, the transactional documents and the relevant statutory provisions, the Board concluded that the service concession was a long-term asset that enlarged the taxpayer's profit-earning structure and conferred enduring benefits. It further held that the annual payments were capital in nature, representing deferred consideration for the acquisition of the concession, and thus not deductible.

The Board rejected the taxpayer's arguments that the annual payments were analogous to rent and should be treated as revenue expenses, finding instead that they were consideration for the enduring right to operate and use the concession property.

Dissatisfied with the Board's decision, the taxpayer sought leave to appeal to the CFI on several questions of law concerning the construction of the SCA and the nature of the payments. On 27 May 2025, the CFI handed down its decision, granting leave on most of the questions of law on the basis that the parties' competing interpretations of the SCA and the characterisation of the payments raised reasonably arguable questions of law. The appeal is scheduled to be heard before the CFI in early 2027.

Wise Pearl Limited v. CIR

As reported in our [Hong Kong Tax Review 2024](#), the CFI rejected the taxpayer's application for leave to appeal against the Board's decision in relation to its claims for (i) 50:50 apportionment of profits derived and (ii) industrial building allowance claim for factory buildings located in the Chinese Mainland.

Subsequently, the taxpayer renewed its application for leave to appeal before the COA, relying on substantially the same four grounds as those previously raised before the CFI.

In its decision dated 29 September 2025, the COA, adopting similar reasoning to that of the CFI, determined that none of the grounds raised proper questions of law and accordingly rejected them. These grounds essentially challenged the Board's factual findings and sought to re-weigh the evidence, amounting to factual disputes rather than legal errors. The COA therefore dismissed the taxpayer's application for leave to appeal as wholly without merit and ordered that no party may request reconsideration of this determination at an oral hearing.

Chapman Development Limited v. CIR

As featured in our [Hong Kong Tax Review 2024](#), the CFI dismissed the taxpayer's appeal against the disallowance of deductions for management fees paid to its related BVI company during the relevant years. The BVI company was interposed between the taxpayer and Chinese Mainland factories to perform production management work. A key feature of the case was that several sums claimed for deduction were not calculated in accordance with the written management agreement. The CFI held that management fees not calculated in accordance with the written management agreement (the 'extraneous' fees) were not deductible under sections 16 and 17. While fees paid per the written agreement were *prima facie* deductible, the CFI upheld the Board's application of section 61A to the transaction, counteracting the tax benefit from those payments.

The taxpayer then appealed to the COA, essentially repeating the same unsuccessful contentions advanced before the CFI with supplementary arguments. In its judgment rendered on 30 October 2025, the COA fully endorsed the conclusions of the CFI and the Board, finding that the taxpayer's additional arguments failed to advance its case. The COA held that these arguments invited the court to re-weigh the evidence, relied on unsupported factual inferences, or misconstrued the application of the authorities.

Accordingly, the COA rejected all the taxpayer's arguments and dismissed the appeal.

Update on Hong Kong stamp duty cases

John Wiley & Sons UK2 LLP and another v. CSR

This case concerns whether the appellants (being the transferor and transferee) were entitled to intra-group stamp duty relief under section 45 of the SDO. As part of a group's corporate restructuring, the first appellant transferred its entire shareholding in its Hong Kong subsidiary to the second appellant, which indirectly owned 100% of the first appellant through another UK LLP. The only issue in dispute is whether a membership interest in a UK LLP constitutes 'issued share capital' for the purpose of section 45 of the SDO.

In our [Hong Kong Tax Review 2024](#), we highlighted that the COA overturned the lower court's decision, holding that the term 'issued share capital' should be interpreted in accordance with its established meaning under company law, absent any indication to the contrary. Since LLPs do not issue shares, the capital contributed by their members does not constitute 'issued share capital' for the purposes of section 45 of the SDO. As such, the appellants were not eligible for intra-group stamp duty relief.

Dissatisfied with the COA's judgement, the appellants appealed to the CFA. On 16 June 2025, the CFA handed down its judgement, essentially upholding the COA's interpretation of the term 'issued share capital'. The CFA further held that the appellants' submission that 'share capital' should be interpreted to include analogous participation interests, such as those in an LLP, was correctly rejected as being vague, uncertain and unsupported by the statutory context.

For the above reasons, the CFA unanimously upheld the COA's decision, confirming that UK LLPs, which did not have 'issued share capital' within the meaning of section 45 of the SDO, were not entitled to the relief provided thereunder.



Please refer to our Hong Kong Tax News Flash, [June 2025, Issue 9](#) for a detailed discussion of the CFA's judgment.

Hong Kong salaries tax developments

Changes to concessionary deductions

As proposed in the 2023 Policy Address, a tax deduction for assisted reproductive service expenses took effect from the year of assessment 2024/25. Eligible taxpayers chargeable to salaries tax or tax under personal assessment may claim a deduction of up to HK\$100,000 for qualifying assisted reproductive services received for medical reasons.

Apart from the above, there were no changes to the two-tiered standard rates, progressive tax rates, marginal tax bands, personal allowances or other deductions for individuals.

The current tax rates and tax bands for salaries tax and personal assessment are as follows:

- the progressive rates regime consists of five tax bands with tax rates of 2%, 6%, 10%, 14% and 17%;
- each of the first four bands is HK\$50,000;
- the remainder over HK\$200,000 is taxed at 17%; and
- the standard tax rate is 15% on the first HK\$5,000,000 of net income, and 16% on the remainder.

In addition, as proposed in the 2025 Policy Address, the eligibility period for claiming the additional child allowance for newborns will be extended from one year to two years. Subject to the passage of the relevant legislation, starting from the year of assessment 2026/27, taxpayers may claim double the allowance (i.e. HK\$260,000) for each child for the first two years after birth. This measure applies to all children who are under two years old by the end of the relevant year of assessment.

List of Hong Kong tax publications issued in 2025

List of Hong Kong Tax News Flashes issued in 2025

Issue no.	Issue date	Title
1	6 January 2025	Migrating to Hong Kong: Hong Kong Government introduces amendment bill for company re-domiciliation regime https://www.pwchk.com/en/hk-tax-news/2025q1/hongkongtax-news-jan2025-1.pdf
2	2 April 2025	Court upholds Board's decision as taxpayer fails to discharge burden of proof https://www.pwchk.com/en/hk-tax-news/2025q2/hongkongtax-news-apr2025-2.pdf
3	22 April 2025	Proposed amendments to global minimum tax and Hong Kong minimum top-up tax bill released https://www.pwchk.com/en/hk-tax-news/2025q2/hongkongtax-news-apr2025-3.pdf
4	6 May 2025	IRD releases further guidance on patent box regime https://www.pwchk.com/en/hk-tax-news/2025q2/hongkongtax-news-may2025-4.pdf
5	14 May 2025	Hong Kong passes bill on inward company re-domiciliation regime https://www.pwchk.com/en/hk-tax-news/2025q2/hongkongtax-news-may2025-5.pdf
6	22 May 2025	IRD provides further guidance on the FSIE regime at 2024 annual meeting with HKICPA https://www.pwchk.com/en/hk-tax-news/2025q2/hongkongtax-news-may2025-6.pdf
7	22 May 2025	IRD expresses views on profits tax and stamp duty issues at 2024 annual meeting with HKICPA https://www.pwchk.com/en/hk-tax-news/2025q2/hongkongtax-news-may2025-7.pdf
8	28 May 2025	Global minimum tax and Hong Kong minimum top-up tax bill passed https://www.pwchk.com/en/hk-tax-news/2025q2/hongkongtax-news-may2025-8.pdf
9	18 June 2025	Court of Final Appeal unanimously upholds UK LLPs lack issued share capital for stamp duty relief https://www.pwchk.com/en/hk-tax-news/2025q2/hongkongtax-news-jun2025-9.pdf
10	8 July 2025	Proposed enhancement of maritime service tax concessions and introduction of commodity trading tax concession in Hong Kong https://www.pwchk.com/en/hk-tax-news/2025q3/hongkongtax-news-jul2025-10.pdf
11	28 July 2025	IRD releases further guidance on FSIE regime https://www.pwchk.com/en/hk-tax-news/2025q3/hongkongtax-news-jul2025-11.pdf
12	18 December 2025	Hong Kong releases consultation paper on CARF and CRS 2.0 https://www.pwchk.com/en/hk-tax-news/2025q4/hongkongtax-news-dec2025-12.pdf

List of International Tax News Flashes issued in 2025

Issue no.	Issue date	Title
1	5 February 2025	OECD releases additional Pillar Two guidance under BEPS 2.0 https://www.pwchk.com/en/tax/publications/intl-tax-newsflash-feb2025-1.pdf
2	26 November 2025	OECD issues updated guidance on fixed place PE in remote work https://www.pwchk.com/en/tax/publications/intl-tax-newsflash-nov2025-2.pdf

List of dedicated webpages

Title
BEPS 2.0 developments: Pillar One and Pillar Two https://www.pwccn.com/en/services/tax/international-tax/oecd-beps.html
Hong Kong's FSIE regime https://www.pwccn.com/en/services/tax/fsie.html
2025/26 Hong Kong Budget https://www.pwchk.com/en/services/tax/hong-kong-budget-2025-2026.html

List of other publications issued in 2025

Issue date	Title
21 January 2025	Consultation conclusions – Review of corporate governance code and related listing rules https://www.pwchk.com/en/tax/corporate-services/review-corporate-governance-code-related-listing-rules-jan2025.pdf
22 January 2025	Beneficial ownership regime in the Cayman Islands https://www.pwchk.com/en/tax/corporate-services/beneficial-ownership-regime-in-the-cayman-islands-jan2025.pdf
5 February 2025	Significant tax reform in Macau: Tax Code will take full effect in 2026 https://www.pwccn.com/en/tax/publications/intl-tax-macau-feb2025.pdf
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Glossary of abbreviations

Abbreviation	Term
AEOI	Automatic exchange of financial information in tax matters
BEPS	Base Erosion and Profit Shifting
Board	Board of Review
BTP	Business Tax Portal
BVI	British Virgin Islands
CARF	Crypto-Asset Reporting Framework
CDTA	Comprehensive avoidance of double taxation agreement/arrangement
CFA	Court of Final Appeal
CFI	Court of First Instance
CIR	Commissioner of Inland Revenue
CO	Companies Ordinance
COA	Court of Appeal
CoR	Hong Kong Certificate of Resident Status
CRS	Common Reporting Standard
CSR	Collector of Stamp Revenue
FSIE	Foreign-sourced income exemption
Government	Government of the Hong Kong Special Administrative Region
HKMTT	Hong Kong minimum top-up tax
IIR	Income inclusion rule
In-scope MNE groups	Multinational enterprise groups that are in scope for the global minimum tax and HKMTT regimes
IRD	Inland Revenue Department
IRO	Inland Revenue Ordinance
ITP	Individual Tax Portal
LegCo	Legislative Council
LLP	Limited liability partnership
Mainland/HK CDTA	CDTA between Chinese Mainland and Hong Kong
OECD	Organisation for Economic Co-operation and Development
SDO	Stamp Duty Ordinance
TRC	Tax reserve certificate
TRP	Tax Representative Portal
UTPR	Undertaxed profits rule

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