

1 April 2018

TWO-TIER PROFITS TAX SYSTEM WILL BE EFFECTIVE FROM YEAR OF ASSESSMENT 2018/19

On 29th March 2018, Hong Kong has implemented a two-tier profits tax system effective from the Year of Assessment 2018/19. Under the two-tier rates, the first HK\$2 million of assessable profits of corporations will be taxed at a reduced rate of 8.25% with certain exceptions.

For a group of “connected entities”, only one entity within the group can elect to apply the two-tier rates.