

## **Hong Kong's New Re-domiciliation Regime**

The new re-domiciliation regime of Hong Kong may help attract foreign conglomerates to relocate their regional headquarters to Hong Kong.



Hong Kong has reinforced its status as a leading business hub in Asia with the introduction of a new company re-domiciliation regime, offering a streamlined path for foreign companies to relocate their domicile and regional headquarters to Hong Kong while maintaining legal continuity and operational stability. This significant legislative development is part of broader efforts to strengthen the city's global competitiveness and position as a global financial hub.

### ***Overview of the Re-domiciliation Regime***

Effective May 2025, Hong Kong's re-domiciliation regime enables eligible non-Hong Kong incorporated companies to transfer their statutory domicile to Hong Kong without dissolving and re-incorporating, thereby preserving their corporate identity, contracts, and legal relationships throughout the transition.

Upon successful registration with the Companies Registry under the Companies Ordinance (Cap. 622) (CO), the company is treated as a Hong Kong incorporated entity for all legal and tax purposes. This status allows full access to Hong Kong's regulatory, legal, and fiscal advantages.

### ***Key Eligibility Criteria for Companies Applying for Re-domiciliation***

- The company must be the same or substantially similar to one of the four company types permitted under CO: private company limited by shares, public company limited by shares, private unlimited company with share capital, or public unlimited company with a share capital.
- The company's original jurisdiction must permit outward re-domiciliation.
- The company must obtain shareholder approval of at least 75% consent of eligible shareholders, or comply with the requirements set forth in the company's constitutional documents or the laws of its original jurisdiction.

- The company must directly notify all creditors; mere publication in gazettes or newspapers does not fulfil this requirement.
- The company must have been incorporated and operated for at least one full financial year prior to application.
- The company must comply with Hong Kong's statutory filing obligations, solvency requirements, and submit a legal opinion confirming eligibility under the regime.

This regime provides a streamlined, legally certain pathway for non-Hong Kong companies to relocate their regional headquarters to Hong Kong, maintaining business continuity without the need for liquidation or re-incorporation. Moreover, companies re-domiciled under this regime are treated as Hong Kong tax residents, benefiting from the city's territorial tax system and extensive network of double taxation agreements.

The Inland Revenue Ordinance (Cap. 112) further supports re-domiciled companies by clarifying that profits tax applies only to profits arising in or derived from Hong Kong. Schedule 17L introduces transitional tax arrangements, including deductions for expenses incurred prior to re-domiciliation and mechanisms such as unilateral tax credits to prevent double taxation.

This regime reflects Hong Kong's commitment to attracting multinational enterprises by providing legal simplicity, fiscal certainty, and a robust business environment tailored for regional headquarters and holding companies.

### ***Strategic Advantages for Regional Headquarters Relocation***

#### Legal Certainty, Business Continuity and Regulatory Efficiency

Re-domiciled companies maintain their existing legal identities, assets, contracts, and regulatory licenses, hence avoiding disruption to operations or client relations. Unlike traditional relocation methods requiring entity to wind up and re-incorporate or obtain court-sanctioned restructuring, the regime offers a streamlined transfer process that eliminates costly dual compliance burdens in both its original jurisdiction and in Hong Kong. This results in considerable savings in time, legal fees, and administrative costs, enhancing operational efficiency for global businesses.

#### Favorable and Future-Proof Tax Environment

Hong Kong's territorial tax system taxes profits only if they arise or are derived from Hong Kong. The regime explicitly treats re-domiciled companies as Hong Kong tax residents, granting access to the city's extensive double taxation agreement network.

Transitional tax provisions under Schedule 17L of the Inland Revenue Ordinance enable deduction of pre-re-domiciliation expenses and unilateral tax credits for foreign taxes paid on unrealised gains, effectively mitigating double taxation risks.

Importantly, Hong Kong's low-tax framework and absence of economic substance requirements position it as a future-compliant jurisdiction amid tightening global tax credibility standards like the OECD's BEPS and global minimum tax initiative.

#### Robust Legal and Professional Ecosystem

The re-domiciliation regime enables companies to leverage Hong Kong's robust common law system, free capital flows, established dispute resolution and arbitration systems, and internationally recognized corporate governance framework, alongside its low-tax territorial regime and absence of economic substance requirements for re-domiciled companies.

Supported by an experienced network of legal, tax, and financial advisers, businesses can enjoy enhanced investor confidence and operational capabilities critical to complex corporate functions such as managing capital raising, treasury functions, and regional governance.

### Strategic Location and Market Access

Hong Kong's unique proximity and preferential access to Mainland China as a fast-growing economy as well as the broader Asia-Pacific markets offer re-domiciled companies unparalleled opportunities for regional expansion.

Aligning legal domicile with operational hubs improves operational agility, including supply chain efficiency, local regulatory compliance, and customer engagement, while deepening local market engagement, which is essential for regional headquarters optimizing market responsiveness and client management.

### Government Support and International Cooperation

The Hong Kong government, through agencies like InvestHK established to attract investment, talent and innovation, actively facilitates smooth inbound re-domiciliation. Hong Kong promotes information exchange and cooperation with key offshore jurisdictions, such as the British Virgin Islands, Cayman Islands, and Bermuda, to facilitate smooth transitions and ease procedural complexities for these companies to establish regional presence in Asia's premier hub.

InvestHK offers tailored, end-to-end assistance, including guidance on regulatory compliance, connections to trusted legal and tax advisors, and policy updates through briefings and workshops. Working closely with the Hong Kong Companies Registry, Inland Revenue Department, and other regulators, InvestHK helps streamline approvals and address specific regulatory needs. Their global promotional efforts further position Hong Kong as the preferred location for multinational regional headquarters, enhancing its appeal across the Asia-Pacific. Its efforts to recognize Hong Kong as a key re-domiciliation jurisdiction underscore its commitment to attracting quality regional headquarters and strengthening its global gateway status.

### ***Practical Recommendations for Companies***

For practical implementation, companies exploring re-domiciliation options are advised to engage professional legal and tax advisors early in the process to evaluate eligibility, manage compliance requirements, and conduct thorough due diligence for suitability and market readiness. It is also important to maintain transparent and ongoing communication with key stakeholders, including shareholders, regulators, investors, creditors, and business partners, in order to effectively mitigate potential operational risks. Additionally, companies should leverage support services provided by InvestHK and other government advisory bodies to obtain guidance and explore potential incentives related to establishing in or relocating regional headquarters to Hong Kong.

### ***Conclusion***

Hong Kong's re-domiciliation regime is a transformative development for the city's corporate landscape, significantly lowering barriers for non-Hong Kong companies seeking legal domicile alignment with regional operating headquarters. Together with Hong Kong's supportive regulatory environment, tax competitiveness, and geopolitical advantages, the regime enhances the city's allure as Asia's leading hub for multinational enterprises and regional headquarters. Non-Hong Kong companies contemplating regional strengthening, consolidation or expansion may proactively assess the opportunities offered by Hong Kong's re-domiciliation regime and seek timely professional guidance to assist in such assessment.

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