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Why Family Offices choose **Hong Kong**

Tax concessions & structure



Why Family Offices choose Hong Kong

James Russell discusses how recent tax legislation changes firmly establish Hong Kong as a global leader for family offices

Hong Kong has unveiled tax incentives and family office tax concessions, which, coupled with the city's great financial infrastructure, have been attracting family offices in their droves.

Since its very early days as a banking, trading and shipping centre as an outpost of the British empire, Hong Kong has been a regional hub for wealth protection and cross-border asset management.

Whilst times have changed in Hong Kong, the legacy of a sophisticated legal framework and beneficial tax system, combined with a highly educated workforce, stable political foundation and well-regulated financial structure mean that Hong Kong remains a safe haven for wealth planning.

Over recent years, Hong Kong has placed a significant focus on attracting global wealth into the region – attracting high net worth individuals and families from Europe, the Americas, and the Middle East.

After seeing the success of family office incentivisation in Singapore, Hong Kong launched its own tax concessions in 2023 to simplify the process for application.

As part of the drive to attract family offices, the Hong Kong Government has formed the FamilyOfficeHK bureau, led by experts tasked with easing the process of setting up a family office in Hong Kong.

The bureau is responsible for driving local initiatives and providing training and learning opportunities for family office professionals.

At a time when other jurisdictions are pushing away foreign nationals, Hong Kong is welcoming them with open arms.

Today, there are somewhere in the region of 2,700 family offices in the city, with 800 new applications since the launch of the tax concession. Lower entry thresholds for individuals seeking to become resident in Hong Kong unveiled in early 2025 mean that [Invest HK](#) expects to see over 200 additional family offices during 2025.

James Russell
Managing Director, Hong Kong

James.Russell@zedra.com



Tax, structure & governance



Taxation

There is no sales tax, VAT, Capital Gains Tax, Withholding Tax on dividends and interest. Meeting the criteria for the family office concession results in 0% profits tax.



Ease of entry

A Hong Kong tax resident family office doesn't need to contain Hong Kong trusts or companies — a pre-existing structure can move into Hong Kong.



Minimal red tape

Family offices can expect a user-friendly experience and quick application process — resulting in a more cost-effective and straightforward set up than other jurisdictions. Hong Kong's accommodating government department is also on hand and willing to assist.



Fast Track to Residency

For individuals with over HK\$30m (US\$3.86m) in assets, the family office can combine with other government initiatives for relocation of residency.



Developed Financial Centre

Convenient global asset allocations within the city, mainland China, throughout Asia and globally thanks to the location's sophisticated financial infrastructure.



Quality workforce

Hong Kong's straightforward employment laws and highly qualified workforce means family offices can easily access a large talent pool.

What is a Family Office?

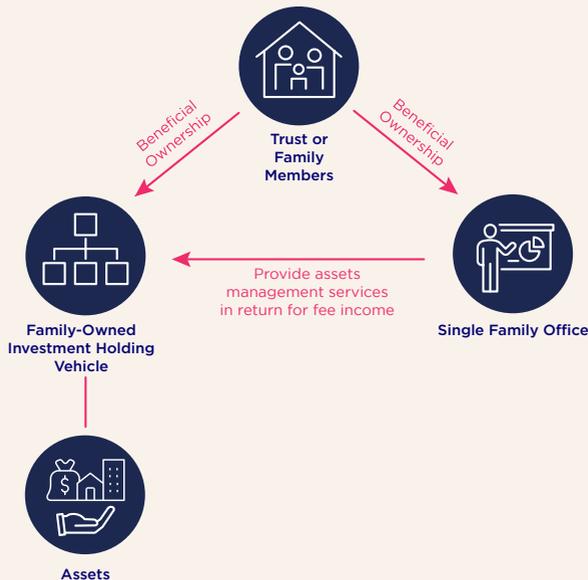
The word family office is used to describe any number of arrangements. Historically, it's often been used to describe structures as small as a single entity holding various financial investments, right up to sizeable organisations with several hundred employees running complex structures with multiple asset classes across multiple jurisdictions.

Over recent decades, we've seen use of the term 'Single Family Office' (SFO), an arrangement to hold the assets belonging to one or more generations of the same family, and 'Multi-Family Office' where several families join forces to share the costs of operating a family office, and share investment knowledge or pool wealth. Concessionary incentives are available for both in Hong Kong, but the remainder of this article focuses on an SFO.

Single Family Office

A modern SFO potentially comprises of a investment holding entity, potentially held for the family within a trust structure, holding tangible assets through subsidiary entities.

In it's simplest form, ZEDRA, would assist with the operation of both trust and companies, ensuring all governance and filing requirements were met in the jurisdictions where they were set up, whether in Hong Kong or elsewhere.



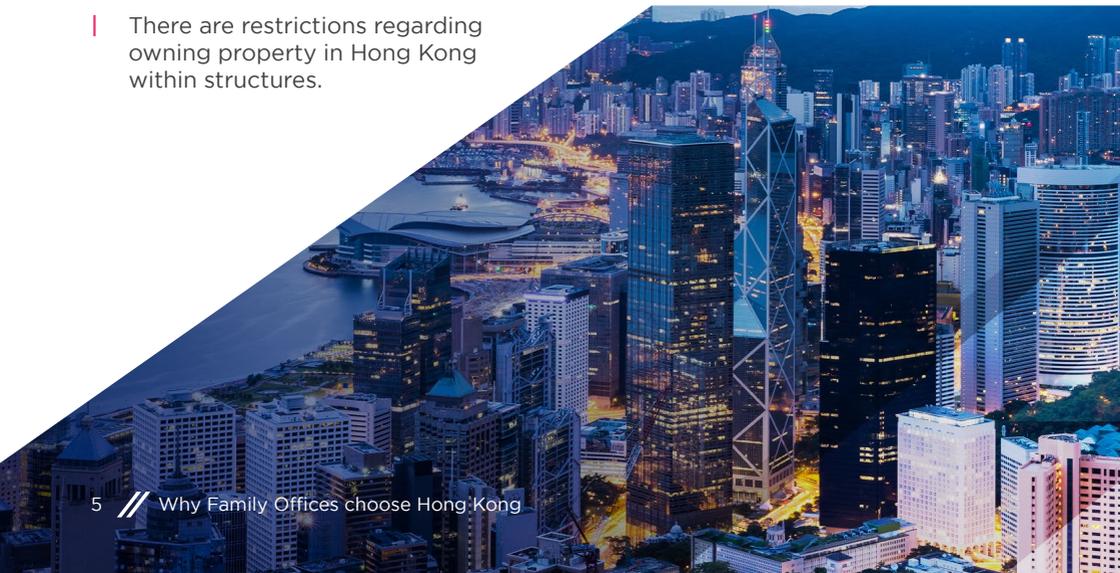
What are the tax concessions?

In order to avail of Hong Kong's generous 0% profits tax concession, an investment vehicle must meet the following criteria:

- | It can be incorporated anywhere, but, broadly speaking, operating from Hong Kong.
- | It must be investment holding, rather than a commercial or industrial business.
- | It must be 95% owned by a single family (including multiple generations of the same family). A charitable organisation is permitted to own up to 25%.
- | Assets under management must exceed HK\$240m (US\$30.8m).
- | For each investment holding vehicle, the company (or the family office) must employ two appropriate staff.
- | For each investment vehicle, there must be a minimum annual operating outlay of HKD\$2m (US\$0.26k), which can include employee salaries.
- | There are restrictions regarding owning property in Hong Kong within structures.

There are sensible provisions for the occurrence of a divorce within a family, essentially providing up to two years for a single family office to resolve a position following divorce.

For a client considering personal relocation, further advantages are available by combining the family office concessions with the [New Capital Investment Entrant Scheme](#) – with planning, the office can form part of a client's investment upon applying for residency.



What is the process for applying for the exemption?

Unlike equivalent jurisdictions, as an SFO is not providing investment advice or asset management services to third parties, it is not necessary to obtain licenses from the Securities & Futures Commission.

A family office seeking to move into Hong Kong for the first time would typically start by engaging a network of advisors. ZEDRA could assist well advised to engage with FamilyOfficeHK at an early point in their plans, to ensure a smooth entry to Hong Kong.

After meeting the criteria outlined above, the new SFO would simply file an election with the Hong Kong Tax Commissioner for advance rulings on their eligibility for the profits tax concessions. This would apply to all subsequent years and is irrevocable.

How ZEDRA can help

ZEDRA Hong Kong specialises in comprehensive management and formation services for both trusts and companies. Where third party legal and tax advisers or auditors are required, we can work with your existing providers, or ease the process of finding you the people you need.

On an ongoing basis, we'll act as trustee, and provide a registered office for your company, together with all of the administrative support required to keep everything in good order from one year to the next.

In addition to the above, for clients wishing to avail of the profits tax concession, we'll help you build the presence you need to have in Hong Kong – whether that's finding an office, incorporating or identifying employees or helping with filing the exemption.

On an ongoing basis, we can provide the governance and support your employees need in undertaking day-to-day work.

Every client of ours has unique requirements and we tailor our service around your needs.

If you'd like to find out more about creating a Hong Kong family office, or find out whether it fits with your circumstances, please get in touch with [James Russell](#).

Why ZEDRA?

Clients often tell us they chose us because of our:



Experience

Together, our dedicated multidisciplinary team has decades of experience helping companies expand into new markets.



Service

Quality, efficiency and expertise underpin everything we do. We get to know your changing needs over time and adapt and evolve our offering alongside your business.



Communication

We think of ourselves as an extension of your team and maintain a close working relationship with everyone including your other professional advisors, leadership team and individual employees.



Pricing

We provide scalable, tailored charging structures dependent upon the level and complexity of the services required. We know how important transparency is and fees are communicated and agreed upon at every stage.

Frequently Asked Questions

Why is Hong Kong an attractive location for family offices?

Hong Kong boasts a sophisticated legal framework, beneficial tax system, highly educated workforce, stable political foundation, and well-regulated financial structure, making it a safe haven for wealth planning.

The city also offers tax incentives and concessions, coupled with a great financial infrastructure. Furthermore, Hong Kong's accommodating government is on hand to assist family offices.

What tax concessions are available for family offices in Hong Kong?

There is no sales tax, VAT, Capital Gains Tax, or Withholding Tax on dividends and interest. Meeting the criteria for the family office concession results in 0% profits tax.

What are the key requirements to qualify for Hong Kong's family office tax concessions?

- | The investment vehicle can be incorporated anywhere but should operate from Hong Kong.
- | It must be investment holding, rather than a commercial or industrial business.
- | It must be 95% owned by a single family (including multiple generations of the same family), with a charitable organization permitted to own up to 25%.
- | Assets under management must exceed HK\$240m (US\$30.8m).
- | The company (or the family office) must employ two appropriate staff for each investment holding vehicle.
- | There must be a minimum annual operating outlay of HKD\$2m (US\$0.26k) for each investment vehicle, which can include employee salaries.



What is the role of FamilyOfficeHK in supporting family offices?

FamilyOfficeHK is a bureau formed by the Hong Kong Government, led by experts tasked with easing the process of setting up a family office in Hong Kong.

The bureau is responsible for driving local initiatives and providing training and learning opportunities for family office professionals.

What is the process for setting up a family office in Hong Kong?

A family office seeking to move into Hong Kong typically starts by engaging a network of advisers, who together with ZEDRA, plan and incorporate a structure suitable for the family's needs.

After meeting the criteria, the new single family office (SFO) would simply file an election with the Hong Kong Tax Commissioner for advance rulings on their eligibility for the profits tax concessions.

This would apply to all subsequent years and is irrevocable.

Can a Hong Kong family office manage assets across multiple jurisdictions?

Yes. It is possible to hold global assets within a Hong Kong family office. Hong Kong has a wealth of global banking and asset management institutions who can assist where necessary.

What additional incentives are available for individuals relocating to Hong Kong with a family office?

For individuals with over HK\$30m (US\$3.86m) in assets, the family office can combine with other government initiatives for relocation of residency. The office can form part of a client's investment upon applying for residency by combining the family office concessions with the New Capital Investment Entrant Scheme.





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For our local teams of experts go to zedra.com
or contact us on:



enquiries@zedra.com



ZEDRA Group

The content of this document is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.

This document must be read in conjunction with our Legal and Regulatory notice at www.zedra.com



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