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Hong Kong Private Limited Company Annual Renewal and Maintenance Requirements and Costs

Unless otherwise advised, the Hong Kong company in this article refers to a private company limited by shares incorporated/registered in accordance with the Hong Kong Companies Ordinance.

Once after incorporation, a Hong Kong incorporated company is required by the Hong Kong Companies Ordinance and Inland Revenue Ordinance to update its books of accounts, prepare financial statements and arrange audit of its annual financial statements and file certain returns with both the Hong Kong Companies Registry (company registration authority) and Inland Revenue Department (tax authority). This article aims to explain briefly those compliance requirements and the related costs.

The annual costs to be expected to maintain a private company limited by shares registered in Hong Kong in good standing could be divided into two parts. The first part is fixed and considered to be the basic or minimum costs required and is fixed and the second part is varied and determined by the nature of the business, volume of transaction and amount of turnover and a few other factors.

1. Annual Maintenance and Compliance Requirements

(1) Renewal of Registered Office and Company Secretary

All companies registered in Hong Kong must always maintain a registered office in Hong Kong and appoint a Hong Kong resident or a Hong Kong company to be the Company Secretary of the company.

If we are already providing registered office for and acting as company secretary of your Hong Kong company, our Company Secretary and Registered Office services will be renewed automatically on every anniversary date. We will issue an invoice for these services together with the Annual Return statutory filing fee and business registration fee and email the invoice to you to your settlement two months before the anniversary date. Our invoice issued in this manner is to be settled one month before the anniversary date.

(2) Filing of Annual Return

An Annual Return is required to be filed within 42 days after the anniversary of incorporation together with the payment of a statutory filing fee of HKD105 (USD14).

Consequences of Non-filing or Filing Late

Companies have to pay higher registration fees for filing Annual Returns late. For a **local private company having a share capital** , the registration fee payable for the late delivery of an Annual Return is:

If the Annual Return is delivered:	HK\$
more than 42 days after but within 3 months after the anniversary of incorporation	870
more than 3 months after but within 6 months after the anniversary of incorporation	1,740
more than 6 months after but within 9 months after the anniversary of incorporation	2,610
more than 9 months after the anniversary of incorporation	3,480

In addition, companies which fail to file annual returns or file annual returns late are liable to prosecution and, if convicted, pay the fines imposed by the court. The maximum level of fine for a company which failed to comply with the requirements for completing and filing annual return is a fixed penalty of HK\$50,000 and a daily default fine of HK\$700.

(3) Renewal of Business Registration Certificate

The Business Registration is due for renewal around one month before and after it is expired. The current business registration fee is HKD250 (USD35) per annum. Late renewal will attract a penalty of HKD300 (USD40). Further delay will result in court proceeding and extra fine.

As the filing of Annual Return, renewal of Business Registration Certificate and Registered Office and Company Secretary services are due at the same time. Therefore, we normally send out notice of the annual renewal for all these items two months before they fall due and payment is expected at least one month before due date so as to allow us time to process the annual renewal.

Please note that our primary means of communication is email so please make sure we are being notified immediately should you change your email address.

Note: It is possible to apply for business registration certificate with a validity period of three years. If you wish to apply for the three year validity period business registration certificate, please inform us 3 months before the expiration of current business registration certificate.

(4) Book-keeping and Annual Statutory Audit

All companies registered in Hong Kong are required to maintain proper books of accounts, prepare annual financial statements and engage a local Hong Kong accounting firm to perform an audit of the financial statements. Normally, the fees for auditing of financial statements vary depending on the nature of business, amount of turnover and volume of transaction etc. An indication of our auditing fees is listed in the table in Section 2.

(5) Filing of Profits Tax Return

This to report the operating results of the company to the tax authority so as to enable the tax authority to assess if the company is chargeable to profits tax and if yes, the amount of profits tax payable.

If a company choose to have its accounting year ended on 31 March, it is required to have its financial statements audited and the profits tax return filed with the Inland Revenue Department (Hong Kong Tax Authority) on or before 15 November the same year.

Late filing of Profits Tax Return will initially result in a fine of HKD1,200 (USD155) and further delay may result in court proceeding and extra fines.

(6) Filing Employer's Return for your employees

This is to report to the Hong Kong tax authority (Inland Revenue Department) the amount of remuneration the company paid to each of its employees (including directors), including salaries, wages, commissions, bonus and provision of quarters, so as to enable the tax authority to assess and charge individual income tax on the employees.

Please note, however, the reporting and payment of individual income tax are the responsibilities of the employees themselves. These are not the responsibilities of the company.

(7) Other Requirements

A Hong Kong registered company is also required to:-

- (i) hold an Annual General Meeting
- (ii) update and Maintain Register of Members
- (iii) update and Maintain Registers of Directors, Secretaries and Transfers of Shares
- (iv) maintain minutes of meetings and financial records

2. Annual Maintenance Costs

After a company is officially registered in Hong Kong, it is required to comply with the maintenance requirements listed in Section 1 above. These compliance requirements could be divided into two categories, one with fixed fees and another with variable fees, as listed in the table below. The total amount represents the minimum costs to maintain a trading company (with a turnover of less than USD650,000) in good standing in Hong Kong.

Item	Description	Amount (USD)
	Compliance Requirements with Fixed Fees	
1	Business Registration Certificate renewal fee	35
2	Annual Return statutory filing fee	14
3	Provision of first year Company Secretary	350
4	Provision of first year Registered Office	220
5	Annual General Meeting	200
	Compliance Requirements with Variable Fees	
6	Updating books of accounts (a monthly fee of USD50 is to be charged assuming less than 20 transactions per month)	600
7	Financial statements statutory audit (assuming trading company with a turnover of less than USD650,000)	1,000
8	Tax computation and filing of profits tax return	200
9	Filing of Employer's Return (per employee)	60
	TOTAL:	2,679

Note:

1. The annual retainer for provision of **Company Secretary** covers the following services:
 - (1) Provision of one Corporate Company Secretary (Kaizen Secretaries Limited acts as Company Secretary);
 - (2) Preparation and filing of Annual Return;
 - (3) Filing of notice of change of registered office and business address; preparation of minutes;
 - (4) Filing of notice of change of directors and secretary.

2. The annual cost for provision of Registered Office covers the following services:
 - (1) Provision of one street address as Registered Office of your Hong Kong company;
 - (2) Forward government mails to any location specified by clients. Please note handling fee of USD3 plus actual postage will be charged for each batch of mails forwarded.
 - (3) Please note the Registered Office is not to be used for business purpose unless otherwise agreed by Kaizen.

3. The annual maintenance/compliance fees are expected to be incurred in the second year and thereafter and *the variable fees are for general reference only and represent the minimum you should budget for the purpose of maintaining a Hong Kong company in good standing.*

Further Reading: **Hong Kong Company Maintenance and Compliance Guide**