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Hong Kong Stamp Duty – Stamp Duty Rates

Documents Subject to Stamp Duty in Hong Kong

The Hong Kong Stamp Duty Ordinance (Cap.117 of the Laws of Hong Kong) imposes duty on certain types of documents, which are mainly as follows:-

- (1) Conveyance on sale (i.e. Assignment)
- (2) Agreement for sale of immovable property
- (3) Lease of immovable property (i.e. Tenancy Agreement)
- (4) Transfer of Hong Kong stock

Methods of Stamping in Hong Kong

- (1) Conventional stamping on original instruments

For all types of instruments including property documents and those relating to stock transactions, you may present the original instrument with a stamping request and supporting documents at Hong Kong Stamp Office Counter. For tenancy agreement, the application can be sent by post. Upon receipt of a stamping request with the required document(s) and payment, the Hong Kong Stamp Office will either issue a stamp certificate in respect of the instrument or impress a stamp on the document.

- (2) Application for stamping in paper form without presenting original instruments

You may submit an application for stamping without presenting the original instrument in respect of agreements and assignments, and tenancy agreements (other than cases presented for adjudication or accompanying with exemption, relief, remission or refund claim) in paper form at Hong Kong Stamp Office Counter. For tenancy agreement, the application can be sent by post.

- (3) e-Stamping service

You may use the 24 hours e-Stamping service to submit electronic stamping applications for:

- (a) Property
 - Initial stamping of agreement or assignment with not more than 4 purchasers;
 - Payment of deferred stamp duty;
 - Subsequent agreement or assignment;
 - Tenancy agreement with not more than 4 landlords and 4 tenants.

(b) Share

- Contract notes and/or instrument of transfer for share transfer with not more than 4 joint transferors and/or 4 joint transferees.

Supporting Documents Required

A summary of the documents required for stamping application in Hong Kong is as follows:

Nature of Document for Stamping	Documents Required
Transfer of Hong Kong stock – Unquoted shares	<ul style="list-style-type: none"> - a certified true copy of the Agreement for Sale and Purchase of the shares; - the Articles of Association or the latest copy of Annual Return filed with the Companies Registry of the company of which shares are being transferred; - the latest copy of Return of Allotment filed with Companies Registry for increase of share capital which is not reflected in the Articles of Association or Annual Return; - if the Company and its subsidiary/(ies) has acquired any landed property, rights to acquire landed property or investments, a statement of the landed property should be completed; - the latest audited accounts of the Company and its subsidiary/(ies) (if no consolidated accounts is prepared); - certified management accounts of the company and its subsidiary/(ies) (if no consolidated accounts is prepared) from the end date of the latest audited accounts prepared up to a date within 3 months before the date of transfer, if the audited accounts are not prepared up to a date within 6 months before the date of transfer; - a certified copy of the resolution of meetings of directors for dividends paid or payable, if any, after the end date of the latest audited accounts and specify the date on which members of the company were entitled to the dividends; - any other information and documents, where necessary in individual case
Sales and purchases of property	<ul style="list-style-type: none"> - Sale and purchase agreement or assignment - any other information and documents, where necessary in individual case
Lease	<ul style="list-style-type: none"> - Lease, agreement for lease and any other document of similar effect (including their duplicate and counterpart)

Stamp Duty Rates in Hong Kong

(I) Immovable Property

With effect from 5 November 2016, rates of Ad valorem stamp duty (AVD) at Scale 1 are divided into Part 1 and Part 2.

Part 1 of Scale 1 applies to instruments of residential property executed on or after 5 November 2016. A flat rate of 15% of the consideration or value of the property (whichever is the higher).

Part 2 of Scale 1 applies to instrument of non-residential property executed on or after 23 February 2013 and instruments of residential property executed on or after 23 February 2013 but before 5 November 2016. Stamp duty at Part 2 of Scale 1 is calculated at rates which vary with the amount / value of the consideration as follows:-

Amount or value of the consideration (whichever is the higher)		Rates at Scale 1 (Part 2)
Exceeds	Does not exceed	
	\$2,000,000	1.5%
\$2,000,000	\$2,176,470	\$30,000 + 20% of excess over \$2,000,000
\$2,176,470	\$3,000,000	3%
\$3,000,000	\$3,290,330	\$90,000 + 20% of excess over \$3,000,000
\$3,290,330	\$4,000,000	4.5%
\$4,000,000	\$4,428,580	\$180,000 + 20% of excess over \$4,000,000
\$4,428,580	\$6,000,000	6%
\$6,000,000	\$6,720,000	\$360,000 + 20% of excess over \$6,000,000
\$6,270,000	\$20,000,000	7.5%
\$20,000,000	\$21,739,130	\$1,500,000 + 20% of excess over \$20,000,000
\$21,739,130		8.5%

Unless specifically exempted or otherwise provided, AVD is payable at Part 2 of Scale 1 rates on an agreement for sale (AFS) for the acquisition of any residential property, if the agreement is executed on or after 23 February 2013 but before 5 November 2016. However, lower rates (Scale 2) will be applied to some circumstances, for example, acquisition of a residential property by a Hong Kong permanent resident (HKPR) acting on his own behalf and he does not own any other residential property/ car parking space in Hong Kong at the time of acquisition of the subject property. Lower rate of AVD at Scale 2 is calculated which vary with the amount / value of the consideration as follows:-

Amount or value of the consideration (whichever is the higher)		Rates at Scale 2
Exceeds	Does not exceed	
	\$2,000,000	\$100
\$2,000,000	\$2,351,760	\$100 + 10% of excess over \$2,000,000
\$2,351,760	\$3,000,000	1.5%
\$3,000,000	\$3,290,320	\$45,000 + 10% of excess over \$3,000,000
\$3,290,320	\$4,000,000	2.25%
\$4,000,000	\$4,428,570	\$90,000 + 10% of excess over \$4,000,000
\$4,428,570	\$6,000,000	3%
\$6,000,000	\$6,720,000	\$180,000 + 10% of excess over \$6,000,000
\$6,270,000	\$20,000,000	3.75%
\$20,000,000	\$21,739,120	\$750,000 + 10% of excess over \$20,000,000
\$21,739,120		4.25%

With effect from 20 November 2010, any residential property acquired on or after 20 November 2010, either by an individual or a company (regardless of where it is incorporated), and resold within 24 months (the property was acquired on or after 20 November 2010 and before 27 October 2012) or 36 months (the property was acquired on or after 27 October 2012), will be subject to a Special Stamp Duty (SSD).

SSD is calculated by reference to the stated consideration or the market value of the property (whichever is the higher), at the following rates for different holding periods of the property by the seller or transferor before disposal:-

Holding Period	The property was acquired on or after 20 November 2010 and before 27 October 2012	The property was acquired on or after 27 October 2012
6 months or less	15%	20%
More than 6 months but for 12 months or less	10%	15%
More than 12 months but for 24 months or less	5%	10%
More than 24 months but for 36 months or less	-	10%

With effect from 27 October 2012, unless specifically exempted, Buyer's Stamp Duty (BSD) is payable on an agreement for sale or a conveyance on sale executed for the acquisition of any residential property. BSD is charged at 15% on the stated consideration or the market value of the property (whichever is the higher).

(II) Lease of immovable property in Hong Kong

Stamp duty is calculated at rates which vary with the term of the lease as follows:

Term		Rate
Not defined or is uncertain		0.25% x of the yearly or average yearly rent (Note 1)
Exceeds	Does not exceed	
	1 year	0.25% x of the total rent payable over the term of the lease (Note 1)
1 year	3 years	0.5% x of the yearly or average yearly rent (Note 1)
3 years	-	1% x of the yearly or average yearly rent (Note 1)
Key money, construction fee etc. mentioned in the lease		4.25% of the consideration if rent is also payable under the lease. Otherwise, same duty as for a sale of immovable property
Duplicate or counterpart		\$5 each

Note 1: The yearly rent / average yearly rent / total rent has to be rounded-up to the nearest \$100.

Note 2: Any deposit which may be mentioned in the lease will not be taken into account in assessing the stamp duty.

(III) Transfer of Hong Kong Stock

With effect from 1 September 2001, stamp duty on sale or purchase of any Hong Kong stock is charged at rate which vary with the amount or value of the consideration as follows:-

Nature of Document	Rate
Contract Note for sale or purchase of any Hong Kong stock	0.1% of the amount of the consideration or of its value on every sold note and every bought note
Transfer operating as a voluntary disposition inter vivos	\$5 + 0.2% of the value of the stock
Transfer of any other kind	\$5

Source : Hong Kong Inland Revenue Department's website

- https://www.gov.hk/en/residents/taxes/stamp/stamp_duty_rates.htm
- https://www.ird.gov.hk/eng/pdf/sog_pn04a.pdf
- <https://www.ird.gov.hk/eng/pdf/irsd119.pdf>
- <https://www.ird.gov.hk/eng/pdf/irsd120.pdf>
- <https://www.ird.gov.hk/eng/faq/avd.htm>

If you wish to obtain more information or assistance, please visit the official website of Kaizen CPA Limited at www.kaizencpa.com or contact us through the following and talk to our professionals:

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