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Hong Kong corporate treasury centres: action plan and new tiered tax regime

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Hong Kong plans a tiered regime for corporate treasury centres with five-year pre-approval and a 50% exemption on some intra-group interest. A bill is due in the first half of 2027.

Country reference

- Country: Hong Kong (planned expansion country)
- Authorities: Financial Services and the Treasury Bureau (FSTB); IRD
- Topic: Tax concession regime for corporate treasury centres (CTCs)
- Key date: Action plan 9 June 2026; consultation 27 July to 4 September 2026; bill expected first half 2027
- Law: Inland Revenue Ordinance

The action plan

On 9 June 2026 the Government set out an action plan to attract more multinational treasury centres and help existing ones grow. It covers a tax revamp, a wider treaty network, targeted promotion to Mainland and Asian groups, and talent.

Proposed tiered regime

- Tier 1, refine the current regime: defer the deduction for interest paid to a non-Hong Kong associate until that associate is taxed on it; extend the interest deduction to more corporations; clarify the substantial activity test, benchmarks for intra-group financing and the definition of treasury transactions.
- Tier 2, pre-approval for five years: relief from the dedicated CTC condition and safe harbour rule; a 50% exemption on interest income that pre-approved Hong Kong associates earn from the CTC; and full deductions for expenses paid to the CTC, with interest deductions capped at 30% of EBITDA.

Timeline

- Consultation closed on 4 September 2026.
- Administrative clarifications are expected in 2026.
- Amending legislation is expected in the Legislative Council in the first half of 2027.

What to do now

- Map current intra-group financing through Hong Kong against the proposed tiers.
- Check the 30% of EBITDA cap against expected interest flows.
- Consider whether a pre-approved CTC would replace financing now booked elsewhere in the region.

Our take

For Gulf and Asian groups choosing a regional cash pool, the pre-approval route adds certainty that the current rules lack. Design structures now, but wait for the bill before moving balances.

Sources

- Government: Action Plan to Promote Development of Corporate Treasury Centres (9 June 2026)
- Government: Consultation on enhancements to the CTC tax concession regime (27 July 2026)

Important. This summary is for general information and is not tax, legal or financial advice. It is based on public Inland Revenue Department publications and may be incomplete or out of date. The official legislation and guidance prevail; check the official text before acting.

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