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Hong Kong shipping and commodity trading: half-rate concession and a 15% option

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A 2026 bill adds a half-rate profits tax concession for physical commodity trading and lets shipping and commodity businesses in large groups elect a 15% rate to fit the global minimum tax.

Country reference

- Country: Hong Kong (planned expansion country)
- Authorities: Inland Revenue Department (IRD); Financial Services and the Treasury Bureau (FSTB)
- Topic: Tax concessions for shipping-related activities and physical commodity trading
- Key date: Bill gazetted 12 June 2026; first reading 24 June 2026
- Law: Inland Revenue (Amendment) (Tax Concessions for Shipping-related Activities and Physical Commodity Trading) Bill 2026

What the bill proposes

- Physical commodity trading: a new half-rate profits tax concession, which is 8.25% for corporations given the standard 16.5% rate.
- Shipping: enhancements to the existing concessions for shipping-related activities, including tax deduction arrangements in line with international standards.
- 15% option: businesses in multinational groups within the global minimum tax can elect, year by year, a 15% concessionary rate instead.

WHY A 15% OPTION

A group with revenue of EUR 750 million or more pays top-up tax to reach a 15% effective rate under Pillar Two. A concession below 15% would mostly be taxed back, through Hong Kong's own minimum top-up tax or elsewhere. The annual 15% election lets these groups keep the regime's other benefits without creating top-up tax.

Context

- The bill was gazetted on 12 June 2026 and read for the first time on 24 June 2026.
- Hong Kong is also offering a 5% concession for high value-added headquarters managing supply chains, under the 2026 Policy Address.

What to do now

- Commodity traders: map which profits are from physical trading and how much activity is in Hong Kong.
- Large groups: model the half-rate against the 15% election under Pillar Two.
- Watch the bill's progress and commencement date.

Our take

Gulf energy, metals and agricultural traders with Asian desks should look closely. The details of qualifying activity will decide whether a Hong Kong hub beats Singapore or Dubai.

Sources

- IRD: Bill on tax concessions for shipping and physical commodity trading (10 June 2026)
- IRD: Profits tax

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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