



CharlesRussell
Speechlys

Taxation of Hong Kong Trusts

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Jessica Leung

jessica.leung@jmoklegal.com

Jeffrey Lee

jeffrey.lee@crsblaw.com

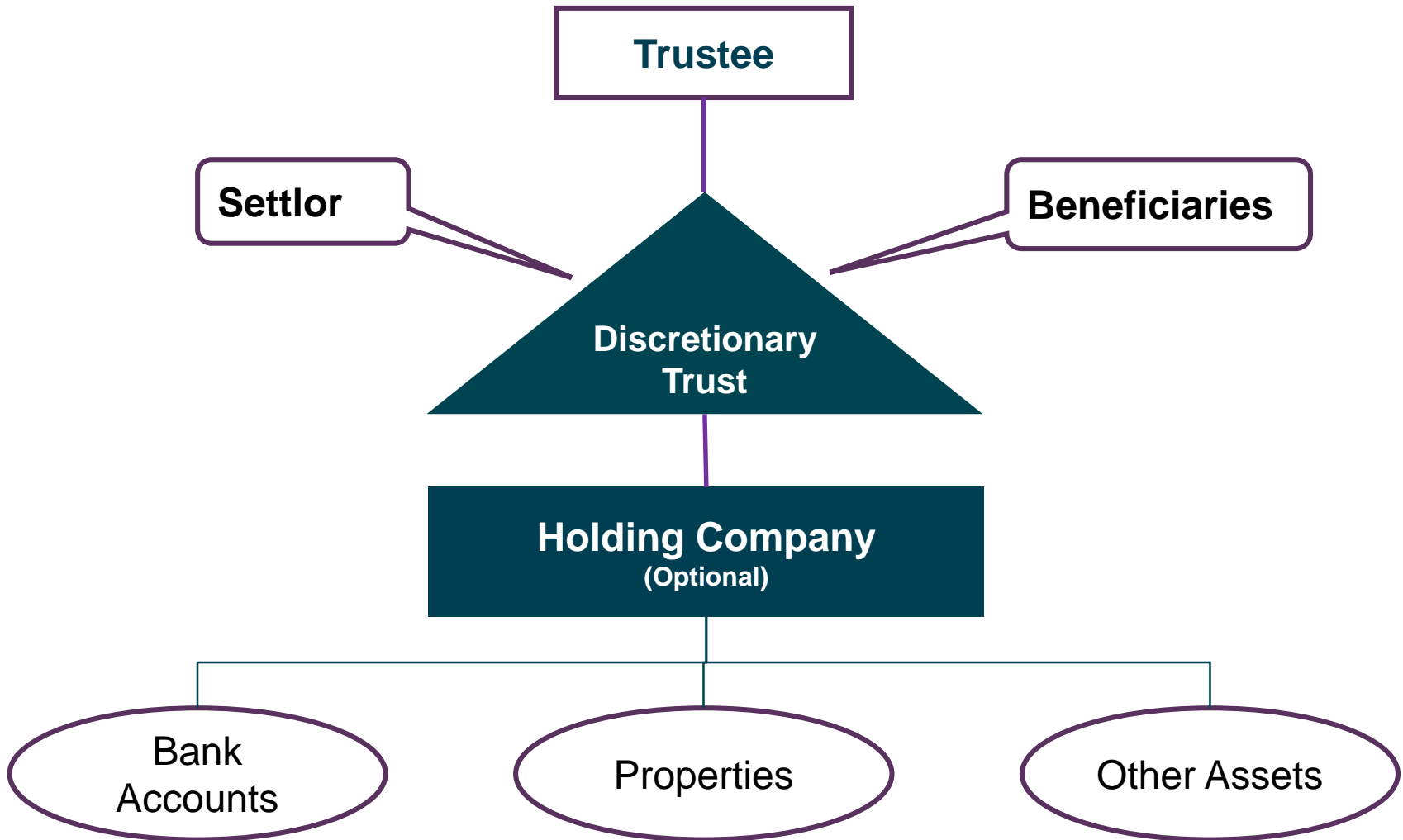
- **Hong Kong trusts**

- Contribution
- Distribution

- **Taxation of UK persons**

- Unintended remittances
- Anti-avoidance provisions
 - Income
 - Capital
 - Onward gifting/ anti-recycling

Hong Kong trusts



Contribution

- Stamp duty
- Hong Kong **stocks**
- Hong Kong **properties**

Distribution

- **No capital gains tax** in Hong Kong
- Exemption from stamp duty – **by application**

Unintended remittances

- **Basis of taxation**
 - Arising
 - Remittance
- **'Remittance'?**
 - Credit cards
 - Importation
 - Conduits

Anti-avoidance provisions

- **Income** – ‘transfer of assets abroad’
- **Capital Gains** ‘matching’
- Onward **gifting**/ anti-recycling

Income – *transfer of assets abroad*

- **Benefit** *matched* to **relevant income**
- Benefit
 - Capital distributions
 - Interest free loans
 - Use of trust property
- Relevant income
 - Current year
 - Carried-forward income

Capital gains *matching*

- ~~Benefit~~ *matched* to a ~~relevant income~~
Capital payments *matched* to capital gains
- Capital payments
 - Loans
 - Trust property
- Capital payments can be *matched* retrospectively
 - Stockpiled gains
 - Future gains

Onward gifting/ anti-recycling

- Trust makes **capital payment** to a non-UK beneficiary
- Beneficiary gifts to UK person within **three years**
- Beneficiary **intends** to make the gift
- Capital payment **connected** to gift

Onward gifting/ anti-recycling

- **Gifts** to a UK person
- Trust **property**
- **Re-gifting**
- **Bequests** in a will