

VI. Cost and speed of incorporation in Hong Kong over the years

Cost of company incorporation in Hong Kong

The fees to be paid to the Registrar of Companies on incorporation of a company vary according to the type of company. In general, the fees payable by companies are stated in the Schedule to the Companies Ordinance, which is subject to amendment by the Financial Secretary by order published in the Gazette (for example, Companies Ordinance 1865, Table B of the First Schedule; Companies Ordinance 1932, the Ninth Schedule; and the current Companies Ordinance, the Eighth Schedule). In the Companies Ordinance 1865, the registration fee of a company having a share capital was set at \$50, as stated in Table B of the First Schedule. The fee remained unchanged for 90 years until it was revised to \$100 in 1955. Thereafter, the registration fee was progressively increased to \$300 in 1975, \$600 in 1983, \$1,000 in 1990, \$1,300 in 1993 and \$1,450 in 1994. In 1996, a lodgment fee of \$270 was introduced and the registration fee was revised to \$1,310. The registration fee was subsequently revised to \$1,425 with the lodgment fee increased to \$295 in 1997.²⁴ There has been no change in the

registration fee and the lodgment fee since then. When compared with the Companies Ordinance 1932, there are now fees for other registration matters, such as the registration of a prospectus and annual registration fee on delivery of an annual return, etc. There was also a fee for name reservation when the name reservation system was still in place. With effect from 1 June 2012, the capital fee levied on local companies having share capital has been abolished.

Prior to the abolition of the capital fee on 1 June 2012, the fees for the incorporation of a local company having share capital included the registration fee of \$1,425, the lodgment fee of \$295, plus the capital fee of \$1 for every \$1,000 or part of \$1,000 of the nominal share capital. The scale for calculating the capital fee was based on the amount of nominal capital, subject to a maximum of \$30,000 nominal share capital. Therefore, a total of \$1,721 had to be paid for an application where the share capital was \$1,000. If the application was not approved, the

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applicant could apply for a refund of \$1,425 of the registration fee and the capital fee, but the lodgement fee of \$295 was non-refundable.

The registration fee for incorporating a local limited company not having share capital is calculated according to the number of members stated in the articles of association of the company, similar to the previous scaling system adopted for the determination of the capital fee for the registration of a company having a share capital. At present, the registration fee is \$170 (for 25 or fewer members), \$340 (for more than 25 but not exceeding 100 members), and an additional \$20 for every 50 members or fewer after the first 100 members. The registration fee is subject to a maximum fee of \$1,025.

The fees to be paid for company incorporation in Hong Kong are competitive compared to those in Singapore. In Singapore, the registration fees of a

company composed of two parts: the name approval fee and registration fee. The name approval fee is set at SG\$15, while the registration fees vary according to the nature of the company. For the registration of a company limited by shares, the registration fee is set at SG\$300, and for the registration of a company limited by guarantee, the registration fee is set at SG\$600. At the current exchange rate, it costs about HK\$1,890 to incorporate a company limited by shares and about HK\$3,780 to incorporate a company limited by guarantee in Singapore. The cost of company incorporation in Singapore is, therefore, a little higher than that in Hong Kong. In the United Kingdom, there are three ways to incorporate a company. Through electronic filing by a formation agent, the standard fee is £13 (about HK\$158); for the web incorporation service, the standard fee is £15 (about HK\$182); for paper filing, the standard registration fee is £40 (about HK\$486).

Speed of company incorporation in Hong Kong

In line with the enhancement of the efficiency of the Companies Registry, the speed of company incorporation in Hong Kong has also been accelerated. In 1994, it took 7 working days to incorporate a company in Hong Kong. In 1997, the target time was 6 working days, which was satisfactorily fulfilled. From 2008, the achieved target service standard was 4 working days if all requirements were satisfied.

With the launch of the electronic incorporation of companies in March 2011, incorporation of companies in Hong Kong can now be completed online in an hour, which greatly accelerates the speed of company incorporation and enhances the position of Hong Kong as an international business centre.