

Newsletter No. 89 (EN)

**Personal Income Tax for
Expatriates working in
Hong Kong, Germany and China**

May 2009

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A. Hong Kong

1. *Overview of Tax Liability under Hong Kong Tax Laws (Inland Revenue Ordinance)*

The law governing the imposition of income based taxation in Hong Kong is contained in the Inland Revenue Ordinance (IRO) and its subsidiary legislation, the Inland Revenue Rules (IRR), and in various orders made by the Chief Executive in Council.

Every assessment issued under the IRO is related to a year of assessment. The year of assessment is from 1st April to 31st March.

The IRO regulates the three (3) distinct taxes on income, namely Profits Tax, Salaries Tax and Property Tax.

2. *Salaries Tax Rates*

The salary tax rate for employment in Hong Kong is charged either

- a) at **progressive rates** in the year of assessment (2008/09 onwards) are tabled below:

	<u>Net Chargeable Income</u>	<u>Tax Rate</u>	<u>Tax</u>
	\$		\$
On the First	40,000	2%	<u>800</u>
On the Next	<u>40,000</u>	7%	<u>2,800</u>
	80,000		3,600
On the Next	<u>40,000</u>	12%	<u>4,800</u>
	120,000		8,400
Remainder		17%	

Net Chargeable Income is the assessable income after deductions (e.g. direct expenses) and after allowances (e.g. basic allowance or married person allowance); **OR**

- b) at the **standard rate** computed on the **net total income** which is the assessable income after deductions but before allowances which is (since the year of assessment 2008/09 onwards) 15%.

3. Salaries Tax Liability

The basic charge to Salaries tax is imposed by section 8(1) of the IRO on income **“arising in or derived from Hong Kong”** from any office or employment of profit. No general rules are given in the ordinance for determining whether income “arises in or is derived from Hong Kong”.

(1) Salaries tax shall, subject to the provisions of this Ordinance, be charged for each year of assessment on every person in respect of his income arising in or derived from Hong Kong from the following sources-

- (a) any office or employment of profit; and*
- (b) any pension.*

a. Source of Employment

The Hong Kong tax system is based on the territorial concept. Salaries tax is imposed on all income arising in or derived from Hong Kong from an office or employment (or any pension irrespective of whether tax on the income has been paid in other jurisdictions; even if paid by a foreign company to foreign bank account).

In determining the source of employment, the following three factors are relevant for the Inland Revenue Department (IRD):

- (1) where the **contract of employment** was negotiated and entered into, and is enforceable;
- (2) the place of **residence of the employer**; and
- (3) the **place of payment of the employee's remuneration**.

(i) Contract of employment

The contract to be considered by the IRD which is currently in force and which is the basis for the relationship of master and servant existing between the employer and employee.

It would be up to the taxpayer to provide the full facts as to where and when the negotiation took place, the persons taking part in the negotiation, the matters discussed, the terms agreed, etc.

In a contract of employment, the parties are free to choose the governing law so far as it is bona fide, legal, not against public policy, and unambiguous. Where there is no express or implied choice of law, the contract is governed by the system of law to which the contract has its closest and most real connection.

From the above guideline, in determining where an employment contract is enforceable, it is necessary in certain circumstances to ascertain where the employee habitually performs his work, the business that engaged him and where that business is located. It may also be necessary to consider the place where the parties would take legal action in enforcing terms of the contract from a practical perspective.

(ii) Residence of Employer

The employer for this purpose is the person who, in the relationship of master and servant, is the true employer of the employee.

In determining the residence of a corporation, the IRD will take into account where the corporation's central management and control is located. The "central management and control" test is a well-established common law principle and widely adopted in many jurisdictions for determining residence of companies. Under this principle, a company resides where its real business is carried on, and the real business is carried on where the central management and control actually resides.

In applying the "central management and control" test in the situation of a subsidiary company and its parent company operating in another territory, the department would normally regard the subsidiary and its parent as separate legal entities, each being managed and controlled by its own board of directors.

(iii) Place of Payment of Remuneration

Generally payment of the remuneration made outside Hong Kong, when viewed on its own, should not be a determinative factor in ascertaining the source of employment. Other facts have to be considered as well such as where fringe benefits are being paid (in and/or from Hong Kong).

It is important to mention that in support of claims that salaries are paid outside Hong Kong, the IRD would require the taxpayer to provide details of bank accounts and documentary proof of such payments.

b. Non-Hong Kong Employment

In general, the department would accept that non-Hong Kong employment exists if the contract of employment was negotiated entered into and enforceable outside

Hong Kong with an employer who is resident outside Hong Kong and the employee's remuneration is paid to him outside Hong Kong. Typically, the taxpayer holds an employment in his home country and is assigned by his employer to take up duties outside his home country. The taxpayer is required by his employer to be based in Hong Kong and to travel outside Hong Kong to perform some of the duties.

4. *Salaries Tax Liability in Hong Kong*

a. Tax liability with Hong Kong Employment

If an employee's source of employment is Hong Kong, e.g. he is employed by a Hong Kong company to work in Hong Kong, his full income is chargeable to HKG Salaries Tax even though part of his duties are performed outside Hong Kong. However, the tax payer may claim exemption and relief on a year-by-year basis under certain circumstances.

His tax liability arises under the basic charge contained in section 8(1) of the IRO.

b. Extension of Tax liability

If an employee has non-Hong Kong employment, consideration will be given to his tax liability arising under the extension to the basic charge contained in section 8(1A) of the IRO.

aa. Subsection (a) of section 8(1A)

Subsection (a) of section 8(1A) extends the charge by specifically including as income arising in or derived from Hong Kong, all income derived from services rendered in Hong Kong, including leave pay attributable to such services. This subsection relates only to employment; it does not apply to office of profit such as director fees.

For the purposes of quantifying the amount of income derived from services rendered in Hong Kong, the Department will look at the number of days an employee spends in Hong Kong and apportion his remuneration including leave pay on a time-in time-out basis in a year of assessment.

bb. Subsection (b) of section 8(1A) and "60 day rule"

Subsection (b) of section 8(1A) excludes from the charge to Salaries Tax only income from services rendered by persons who in the basis period of a year of assessment render all their services outside Hong Kong.

For the purposes of this exclusion, services rendered during visits to Hong Kong not exceeding a total of 60 days in a period of a year of assessment are to be ig-

nored [section 8(1B)]. In other words, a person, who renders services in Hong Kong during visits for not more than a total of 60 days in the basis period of a year of assessment, will have no liability to HK Salaries Tax.

cc. Subsection (c) of section 8(1A)

Subsection (c) of section 8(1A) applies if part of the income has already been charged to tax in the Mainland of China or other countries during the year.

This exemption is generally only applicable for employees having a source of employment in Hong Kong. If the employee has paid tax of substantially the same nature as Hong Kong Salaries Tax to a territory outside Hong Kong in respect of income relating to services rendered by him in that territory, that part of the income which has already been subject to foreign tax will be exempt from Hong Kong Salaries Tax under section 8(1A) (c) of the IRO. Evidence of foreign tax payment is required.

c. Assessable Income to Salaries Tax

The assessable income in Hong Kong consists of the following items:

- Salaries/wages (This should be the gross amount before deducting the employee's contributions to a Mandatory Provident Fund Scheme (MPFS) or an MPF-exempted ORSO Scheme);
- Commission, bonus, leave pay, end-of-contract gratuities;
- Allowances or perquisites (These include cash allowances for food, travelling, housing, cost of living and education benefits);
- Salary tax paid by employer;
- Value of a place of residence (This value is normally computed as 10% of income from the employer after deduction of outgoings and expenses (but not self-education expenses));
- Share option gain;
- Back pay, gratuities, any terminal/retirement awards and gratuities; and
- Payments received from retirement schemes;
- Director's Fee.

If an employee has a non-Hong Kong employment he will only be assessed on his income attributable to your services rendered in Hong Kong including leave pay attributable to such services and in general, according to the number of days he was in Hong Kong (day-in-day-out basis) in a year of assessment. Exemption of income is available on a year-by-year basis.

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Since an employee's income will be appointed under the "time in time out" basis, only one of the day of arrival and day of departure are, as a matter of practice, counted as days in Hong Kong.

In case employee would depart from, and arrive in, Hong Kong on the same day, the IRD would treat the employee as having rendered services in Hong Kong for half of that day for the purpose of apportionment.

5. DTA Mainland China (PRC) and Hong Kong SAR (HKG)

The applicability of the DTA China/Hong Kong becomes for employees relevant if the employee becomes an ordinarily resident in Hong Kong and/or China.

The income derived by the employee as a Hong Kong resident for his activities exercised in China will not be taxable in China, if the following three conditions are satisfied:

- Employee has not been living in China for more than 183 days in the calendar year concerned or in any 12-month period ;
- The income is paid by, or on behalf of, an employer who is not a resident of China;
- The income is not borne by a permanent establishment or a fixed place which the employer has in China.

B. China

1. *Overview of Taxation Principles*

Similar to the German Tax system the Chinese system generally taxes all income earned by a tax resident both at home and abroad (principle of world income).

However, in order to encourage foreign companies to send overseas staff to China for administration and managing Chinese companies, the tax system for foreign employees has some differences to the domestic approach.

The main sources for legislation are the Individual Income Tax (IIT) Law and the Regulations for the Implementation of the Individual Income Tax Law (Regulations) of the People's Republic of China.

2. *Income Tax Rate*

The tax on an individual's income is progressive. As at 2009, an individual's income is taxed progressively at 5% - 45%.

The table of Income Tax Rates in China for an Individual in 2009 is as follows:

Tax Rate %	Monthly Income (RMB)	Monthly Income (approx. in EUR)	Monthly Deduction in RMB
5%	1 - 500	1 - 47	0
10%	501 - 2,000	48 - 188	25
15%	2,001 - 5,000	189 - 469	125
20%	5,001 - 20,000	470 - 1,876	375
25%	20,001 - 40,000	1,877 - 3,753	1,375
30%	40,001 - 60,000	3,754 - 5,629	3,375
35%	60,001 - 80,000	5,630 - 7,506	6,375
40%	80,001 - 100,000	7,507 - 9,382	10,375
45%	100,001 and above	9,383 and above	15,375

Example: If an employee earns RMB 45,000 (app. EUR 4,230) after monthly allowance (for Chinese RMB 1,600 and for foreigners RMB 4,800) per month as salary income for his work in China the tax calculation would be as follows:

45,000 RMB (taxable income) x 30% (tax rate) = RMB 13,500

RMB 13,500 – RMB 3,375 (monthly deduction) = **RMB 10,125 (monthly salaries tax)**

3. Income Tax Liability

a. Unlimited Income Tax Liability

According to Article 1 of the Individual Income Tax Law of China any individual

(i) having residence in China OR

(ii) having resided in China for one year or more (although without a permanent residency)

shall pay individual income tax on income from inside and outside China in accordance with the provisions of this Law.

Article 2 of the Regulation for the Implementation of the Individual Income Tax Law has three requirements for establishing a domicile/residence in China:

- Habitual residence (This will be assumed if the individual will not leave the country after the contractual relation ceased to be effective)
- Household registration (This criteria is not applicable for foreigners)
- Family or economic involvement (This will be assumed if the main place of business and also his family centre will be in China)

b. Limited Income Tax Liability (Expatriates)

For expatriates usually the tax liability in China is evaluated according to the duration of stay within the territory on China rather than the legal domicile/residence status of this individual.

(i) Duration of less than one year

If a person, who has no domicile/residence in China but who has stayed in China continuously or accumulatively not exceeding **90 days** or **183 days** (applicable for individuals from a country China has a DTA with (almost all major countries like Germany, Hong Kong Switzerland, Austria and the USA)) in a tax year shall be exempted from tax on the part of his income derived within the territory of China but paid by employers outside China and the payment not coming from the latter's institutions or places within the territory of China¹.

If a person who has no domicile/residence and does not stay in the territory of China or who has no domicile but has stayed in China for **less than one year** (365 days within a tax year), shall pay individual income tax for his incomes obtained in the territory of China. The temporary leave of not exceeding 30 days at one time or multiple leaves of not exceeding a total of 90 days from the territory of China within a tax year shall be included in the calculation of the total days².

(ii) Duration more than one year but not exceeding five years

According to Article 6 of the Regulation for the Implementation of the Individual Income Tax Law of the PRC (revised 2008) an individual without a permanent residence but having resided in China for a period ranging **from one year to five years** and with an income from sources abroad **may**, upon approval by the tax authorities, **pay** individual income tax on the part paid by the companies, enterprises and other economic institutions or individuals established in China.

(iii) Duration more than five years

In the case an individual having resided in China for more than five years, shall pay individual income tax on all of its income from overseas sources beginning **from the sixth year**.

¹ Article 7 of the Regulation and Article 6 of the Notice of the State Administration of Taxation on the Interpretation about the Relevant Articles in the Tax Agreement, effective from 10 September 1986.

² Article 1 of the Income Tax Law and Article 3 of the Regulation.

4. Sources of Income

The sources of taxable income are defined according to Article 2 of the IIT:

- Income from wages, salaries;
- Income of individual industrial and commercial operators from production or business operations;
- Income from business operations contracted or leased from an enterprise or other undertakings;
- Income from labour service or remunerations to authors;
- Income from royalties;
- Income from interests, dividends and bonuses;
- Income from the leasing and transfer of property;
- Accidental income; and
- Other types of income specified as taxable by the financial departments under the State Council.

5. Withholding Tax

An employer is obligated to withhold tax at source (employee) on a monthly basis from a salaried employee and to make additional contributions to social security. Social security in China consists of 3 parts, basic pension, personal accounts and additional payment. The rates for the basic pension are employer - around 20%, employee - 7%. The amount deducted counts as an advance tax payment.

C. Germany

1. *Overview of Taxation Principles*

The German Basic Law "Grundgesetz" lays down the principles governing taxation in Germany:

- the ability-to-pay principle
- the welfare state principle
- the lawfulness of taxation
- equity in taxation

The right to decide on taxes is subdivided:

- The *Federation ("Bund")* has the right on Customs
- "Bund" and the *Federal States ("Länder")* decide together on most of the tax law. In practice there are federal laws for all taxation issues
- The "Länder" decides on local Excise taxes
- *Districts/Municipalities* can decide on some minor local taxes like the taxation of Dogs ("Hundesteuer")

So even if Germany is a federal state, 95% of all taxes are imposed on a federal level. The income of these taxes is to be allocated to Bund and Länder as per the following:

The Bund can use exclusively the revenue of:

- Customs
- Taxes on Distilled beverages, Coffee, Mineral oil products, Sparkling wine, Electricity, Tobacco and Insurances
- Supplement on income taxes "Solidaritätszuschlag"

The Länder can use exclusively the revenue of:

- Inheritance tax, tax for buying real estate
- Taxes on cars, beer
- Fire protection tax, gambling tax

The Districts/Municipalities can use exclusively the revenue of:

- Property tax
- Trade tax ("Gewerbesteuer")
- Taxes on beverages, dogs

The main sources for legislation concerning an individual's income taxation are the German Income Tax Act (Einkommensteuergesetz; EStG), the General Tax Code (Abgabenordnung; AO), and the Foreign Transaction Tax Act (Aussonstergesetz; AStG).

2. Income Tax Rate

Taxation of an individual's income is progressive. In other words, the higher the income, the higher the tax rate. In 2009 the German tax rates for an individual are 15% - 45%.

The income tax rates at a progressive rate in 2009 are as follows:

Income (EUR)	Tax in %	max. Tax in EUR
Up to 7,834	0	€ 0.00
7,835-52,551	14%	€ 7,357.14
52,552-250,400	42%	€ 105,168.00
250,401 and over	45%	

3. Income Tax Liability

The income tax liability depends on the status of the individual/employee.

a. Unlimited Income Tax Liability (Article 1 para 1 EStG)

According to § I, 1 German Income Tax Act (Einkommensteuergesetz (EStG)) individuals who are **(i) resident in Germany** or **(ii) have their normal place of abode there** have unlimited income tax liability in Germany.

All the income earned by these persons both at home and abroad is subject to German tax (principle of world income).

(i) Resident in Germany

An individual is resident in Germany if he has an apartment and/or a house in Germany which he could use any time. There is no necessity that the individual actually uses this place of living. For German tax purposes it is sufficient that the tax payer keeps this place permanently available to him.

(ii) Normal place of abode in Germany

An individual has his normal place of abode where he used to stay not just temporarily. As a general indication the over 180-day-rule applies for determining someone's place of abode.

b. Limited Income Tax Liability

Individuals who are not resident in Germany (e.g. foreigners working in Germany) or don't have their normal place of abode there have a limited income tax liability if they receive domestic income according to Article 49 EStG in Germany.

4. Sources of Income

For the purposes of charging income tax in Germany, earnings are divided into seven (7) different sources of income. A distinction is made between:

- Income from agriculture and forestry (Art. 13 EStG);
- Income from business operations (Art. 15 EStG);
- Income from self-employed work (Art. 18 EStG);
- Income from employed work (Art. 19 EStG);
- Capital yields (Art. 20 EStG) (e.g. interest);
- Income from letting property (Art. 21 EStG); and
- Miscellaneous income (Art. 22 EStG).

5. Withholding Tax

Tax on income from employed work and tax on capital income are both retained by being deducted at the source, i.e. an amount of tax is retained directly by the employer or by the bank when the earnings are paid out. The amount deducted counts as an advance tax payment.

6. Deductions

German income tax laws make provision for a considerable number of taxpayer's costs to be deducted from tax. This applies in particular to costs immediately related to earnings.

In addition to the possibility of deducting costs from tax, there are also numerous allowances and lump-sum amounts which reduce taxable income. For instance,

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there is an allowance for capital earnings that is currently EUR 801 for unmarried persons and EUR 1,601 for married couples; taxable profits on sales are neglected up to a sum of EUR 512; and a lump sum of EUR 920 is deducted from income from employed work.

The following amounts are subject to the definitions in law:

Personal Relief	Amount - EUR
Donations	Allowable up to 5% of gross income.
Business expenses (for an employed person)	A fixed annual deduction is allowed in the amount of EUR 920 without documentation. With documentation, a higher amount may be requested.
Child allowance	Annual sum of EUR 1,824 for a child. Additional EUR 1,000 for a child under 14 years old.
Life insurance payments	Deductible up to a limit.
Insurance payments	An annual fixed deduction of up to a limit.
Alimony	up to EUR 13,805 per year.
Church Tax	Fully deductible
Travel Expenses (to/from work)	Up to EUR 4,500 per year.
Mortgage Interest	Can be set off against rental income.
Home Office	Up to EUR 1,250 per year.
Professional Travel	Fully deductible

The institution of marriage and the family enjoy special protection according to the Basic Law. For this reason, married persons receive tax benefits. Couples with a marriage certificate can benefit from the “**spouse splitting procedure**”, whereby the incomes of the spouses are added and distributed equally among the two partners. This offers married couples considerable financial advantages in situations where only one partner generates income, or where there is a significant income gap between the partners.

7. *Exemption from Income Tax*

There are several forms of income which are exempt from being taxed according to

- An annual income of up to EUR 7,664 for an individual;
- For individuals, 50% of the total dividend received from a company (Halbeinkünfteverfahren);
- Receipts from accident and health insurance;
- For employees, contributions by the employer to state pension plans (which is usually 50% whereas the employee contributes the other 50%); and
- Capital gains if applicable.

D. Double Taxation Agreements (DTA's)

1. DTA Overview

Double Taxation Agreements exist between many countries on a bilateral basis to prevent double taxation on the same income, profit, capital gain, inheritance or other items.

As a first aspect the need for such agreements arises because of international trade and relations, where it is common that a business or individual who is resident in one country makes a taxable gain (earnings, profits) in another.

This person might be obliged by domestic laws to pay tax on that gain in the country he is resident in and pay again in the country in which the gain was made.

Example: Mr. Miller, German national, and living with his family in Germany is working for 2 years in China and getting salary from a Hong Kong Company. So, without a DTA he would be liable for income tax in Germany because he has his residence in Germany (Apartment/House) and he would be also taxable in China because he works in China. So he would pay income tax twice. But since China and Germany have signed a DTA he only pays his income tax in China. His income would also not have been taxed in Hong Kong since the IRD would regard this income as offshore-income for services rendered outside of Hong Kong.

Since this is inequitable, many nations arrange bilateral DTA's with each other. In some cases, this requires that tax be paid in the country of residence and be exempt in the country in which it arises. In the remaining cases, the country where the gain arises deducts taxation at source ("withholding tax") and the taxpayer receives a compensating foreign tax credit in the country of residence to reflect the fact that tax has already been paid. To do this, the taxpayer must declare himself (in the foreign country) to be **non-resident** there.

So the second aspect of the agreement is that the two taxation authorities exchange information about such declarations, and so may investigate any anomalies that might indicate tax evasion.

2. DTA Relations between countries

a) Mainland China (PRC) and Germany

The DTA between PRC and Germany has been signed on 10 June 1985. However, this agreement does not apply to Hong Kong SAR and there is not intention to negotiate such an agreement (yet).

b) Mainland China and Hong Kong

Mainland China and Hong Kong do have a DTA (Comprehensive Arrangement) which was signed on 21 August 2006 and became effective on 1 January 2007 in China and on 1 April 2007 in Hong Kong. The Comprehensive Arrangement performs the function of allocating taxing rights over income between Hong Kong and the Mainland. However, both sides will still refer to their respective domestic taxation legislation to decide whether and how to exercise such rights.

c) DTA's with other countries

Apart from this constellation both Germany and Mainland China do have various DTA's with other countries. Hong Kong itself only has five DTA's concluded with other countries. Beside that of China Hong Kong has DTA's with Thailand, Belgium, Luxembourg and Vietnam. Currently there are negotiations ongoing with Austria, Kuwait and Spain.

E. Expatriate assigned to work in the Mainland and Hong Kong

For a common constellation that a European Company assigns one of its staff (“A”) into the region to perform his duties we hereby give a practical example.

Mostly these assignments do have duration of 2 – 5 years with an extension option. From the scenario A will take up a senior management position in a Mainland subsidiary of the European mother company (max. duration 5 years). Besides the main duties in the China entity he is also responsible for the operations of the Hong Kong trading hub of the south East Asian region.

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The main issue in regards to income taxation of A is relating to his different sources of income (he will receive salary for his post in the mainland entity and also receive salary or Directors Fees for his duties in the Hong Kong trading office).

A will be liable to personal income tax in the mainland with his income borne by the Chinese entity. In question would be his tax liability for his income derived from his duties in the Hong Kong office. Would A be obliged to pay personal income tax in the mainland on this income (from Hong Kong) as well?

As stated above under **B. 3. b) (ii)** a foreigner living in the Mainland **between 1 – 5 years** and with income from sources abroad **may**, upon approval by the tax authorities, **pay** individual income tax on the part paid by companies, enterprises and other economic institutions or individuals established in China.

The answer to this question depends on whether or not A would have established a domicile/residence in China.

Individual Income Tax Law of the PRC (Detailed Rules for the Implementation of the Individual Income Tax Law of the PRC (revised 2008)):

Article 2: Individuals who reside in the territory of China mentioned in Section 1 of Article 1 of the Tax Law mean individuals who have habitually resided in China because of household registration, family or economic involvements.

Usually a foreigner staying the mainland only for a limited time of not more than 5 years will be regarded as not having his domicile/residence in China if he leaves China every year for minimum 30 days respective 90 days (see page 12 above).

In order to establish such an assumption both preconditions apply

- habitual residence; and
- family or economic involvement

would have to be fulfilled together which is not common.

According to this constellation the individual tax liability of A (German Citizen) would have been regarded as follows:

1. *Income Tax Liability in Germany*

Whether or not A has a limited or unlimited income tax liability depends on his residence status or his place of abode. As long as A does not have any apartment/house or other place for living permanently available in Germany and he

doesn't stay in Germany for more than 183 days in a year his income tax liability is only limited. He will only be taxed on income from sources according to Article 49 EStG.

2. Income Tax Liability in China (China Income)

The income tax liability of A with his China source income is according to the above made explanations. His full China income will be taxable there according to the national laws as long as A stays longer than 183 days in China per year.

In case A would stay over five (5) years in China he would be liable to income tax in China with his entire world income.

3. Income Tax Liability in China (Non-China Income)

A's income tax liability in the mainland for non-Chinese sources of income depends on various factors.

- a. Non recognition as resident in China (conditions indicated above);
- b. Income sourced outside China;
- c. Income not borne by Chinese entity or its Permanent Establishment (PE);
- d. This income is not going to be transferred into China; and
- e. A does not stay/live more than 5 years in China.

In case all these conditions are fulfilled the Chinese tax authorities won't impose income tax on this income (at the moment). This would mean (under the current situation) any further salary, bonus and/or commission payments to A (a foreigner living in China) would not be subject to mainland income tax; but must be declared.

4. Income Tax Liability in Hong Kong

The salaries tax liability of A in Hong Kong depends basically on the following conditions:

- a. Stay in Hong Kong for less than 60 days/year (no salaries tax liability);
- b. Directorship will be regarded as an office (always taxable in HKG);
- c. Offshore contract (tax liability depends in the days of stay in HKG (day-in; day-out basis));
- d. HKG-employment (tax liability as long as the work is performed in HKG; right for exemption).

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We hope that the information provided in this brochure was helpful for you. If you have any further questions please do not hesitate to contact us.

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