



Office Information No.: B28 (EN)

Tax Structuring in Labuan (Malaysia) and Hong Kong

June 2010

Valued Reader,

This brochure wishes to provide you with a short overview regarding the investment in Labuan (Malaysia) and Hong Kong which are both particularly for tax reasons very attractive.

It, however, cannot and does not intend to replace any individual legal advice.

Lorenz & Partners Co., Ltd. is an international law firm assisting a numerous German and other European companies with their investments and operations in South East Asia.

We hope that this brochure is of value to you and appreciate all of your questions, remarks, ideas and other feedback helping us to improve and regularly update this brochure.

Thank you for your interest,

Lorenz & Partners

Table of Content

A.	LABUAN (MALAYSIA)	5
I.	Introduction	5
II.	Tax Incentives	5
1.	Statutes	5
2.	Authorities and Taxation of Offshore-Companies	6
3.	German Tax Law Implications	6
a.	Double Taxation Agreement	6
b.	Tax Implications in Germany	6
aa.	Unlimited Liability to German Corporate Taxes	6
bb.	Abuse of Law	7
cc.	Controlled Foreign Companies Regulations	7
4.	Tax-Efficient Structures Involving Labuan	8
a.	Low Corporate Tax Rates	8
b.	Income Tax Liability	8
c.	Other Tax Incentives	8
III.	Corporate Law	8
1.	Types of Corporate Entities	8
2.	Incorporation	8
3.	Capitalization	9
4.	Shareholders, Directors, Company Secretary, Registered Office, Accounting	9
5.	Trading Restrictions for Offshore-Companies	9
IV.	Exchange Controls	10
B.	HONG KONG	10
I.	In General	10
II.	Taxation	10
III.	Relationship to China	10
IV.	Relationship to Germany/DTA Belgium	11
V.	Taxation of Individuals and Corporations	11
VI.	Hong Kong Sourced Profits	12
1.	Departmental Instructions	12
2.	Precedents	13
3.	Royalties	13
VII.	Incorporation Costs	14
C.	POSSIBILITY OF USING SUCH ENTITIES	15

Dear Reader,

Keeping brochures up to date involves a lot of effort and considerable cost.

The complete version of this brochure is therefore complimentary for our clients, associations and public organisations only. To all other users we charge a cost contribution of 50 EUR. Thank you for your understanding

If this brochure is interesting to you, please contact us by sending an e-mail to: info@lorenz-partners.com naming the brochure(s) you would like to

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.

Michael Lorenz & Associates
Room 3108, 31st Floor, The Center
99 Queens Road, Central
Hong Kong, SAR
Telephone: +852 252 814 33
E-mail: hongkong@lorenz-partners.com

Although Lorenz & Partners always pays greatest attention on updating the information provided in this newsletter we cannot take responsibility for the topicality, completeness or quality of the information provided. None of the information contained in this newsletter is meant to replace a personal consultation. Liability claims regarding damage caused by the use or disuse of any information provided, including any kind of information which is incomplete or incorrect, will therefore be rejected, if not generated deliberately or grossly negligent.