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Hong Kong Family Office Update

A wider, more flexible platform for family wealth — the 2026 enhancements

CLIENT UPDATE · JULY 2026 · HONG KONG

We are writing to update you on significant policy advances for family offices in Hong Kong. On 12 June 2026, the Government of the Hong Kong SAR gazetted the *Inland Revenue (Amendment) (Preferential Tax Regimes for Funds, Family-owned Investment Holding Vehicles and Carried Interest) Bill 2026*, which received its first reading at the Legislative Council on 24 June 2026. The Bill proposes the most substantial enhancement of the family office tax concession since its introduction in 2023, recasting Hong Kong's regime as a genuine multi-asset investment platform. It is in fact a three-part package — enhancing the family-owned investment holding vehicle (FIHV) regime discussed below, the Unified Funds Exemption (UFE), and the carried interest tax concession — and page 2 of this update summarises what the fund and carried interest enhancements mean for families who co-invest with, or employ, professional managers.

Hong Kong's family office momentum

3,380+	+25%	HK$12.6bn	220+
single family offices operating in Hong Kong at end-2025	growth in the number of family offices over two years	estimated annual contribution to the local economy	further family offices targeted by the Government, 2026–2028

Source: FSTB / InvestHK, Market Study on the Family Office Landscape in Hong Kong (Deloitte), 10 February 2026; Chief Executive's 2025 Policy Address.

What the Bill proposes

A broader universe of qualifying assets

The list of tax-exempt investments would expand to include digital assets, precious metals (capped at 20% of the portfolio, save for gold/silver via the Hong Kong Gold Exchange), loans and private credit, insurance-linked securities, immovable property outside Hong Kong, commodities incidental to OTC derivative or futures trading (capped at 15% of trade volume), and carbon credits — reflecting how families invest today.

A refined minimum asset test

Loans from participating persons (e.g. shareholder loans) would no longer need to be deducted when calculating the HK$240 million minimum — though loans from non-participating persons (e.g. third-party bank loans) would continue to reduce the qualifying investments' value. A welcome, if partial, simplification for loan-funded family structures.

The 5% incidental cap removed

The restrictive 5% threshold on incidental income would be abolished, giving families the freedom to consolidate diversified portfolios with mixed income streams under one Hong Kong structure.

Full exemption for family SPEs

Family-owned special purpose entities would enjoy exemption on all eligible profits, even where partially held — supporting ring-fencing and co-investment structures without proportionate limitations.

Equity interests, not just shares

Exemption on disposal gains would extend beyond shares to equity interests in a wider range of entities, subject to established holding-period and related tests.

Retrospective application intended

The enhancements are proposed to apply from the year of assessment commencing 1 April 2025, and the Inland Revenue Department has announced a transitional measure for 2025/26 tax filings on the enhanced basis.

Please note: the measures described above are contained in a Bill before the Legislative Council and will take effect only upon enactment following completion of the proper legislative process. Details may be refined during that process. Alongside the enhancements, the Government is strengthening substance and reporting requirements

Part of a wider package: fund and carried interest reform

Many family offices co-invest alongside institutional managers, run bespoke mandates through a dedicated manager, or employ investment professionals directly in Hong Kong. The same Bill also enhances the Unified Funds Exemption (UFE) — the tax regime for privately-offered funds — and the carried interest tax concession, both introduced in 2021. These reforms are relevant wherever your structure sits alongside, or is served by, a fund or an investment team.

"Fund-of-one" arrangements newly qualify

Single-investor structures with at least HK$240 million in qualifying investments, where the investor has no day-to-day control over management, would be brought into the UFE as "excepted funds" — alongside sovereign wealth, pension, and charity endowment funds. These no longer need to be run by an SFC-licensed (Type 9) manager, easing bespoke single-family mandates run through a dedicated, unlicensed manager.

Qualifying assets widened for funds too

The UFE's Schedule 16C asset list would expand in step with the FIHV regime — loans, digital assets, overseas immovable property, insurance-linked securities, equity interests in partnerships and other non-corporate entities, capped precious metals and commodities, and carbon credits — and the restrictive 5% incidental-income cap would be removed.

Carried interest concession significantly widened

Eligible carried interest would no longer be confined to private equity gains — it would extend to profits across all UFE asset classes, including hedge-fund-style performance fees, and even certain taxable income. The Hong Kong Monetary Authority certification requirement and the reference to a hurdle rate would both be removed.

Now reaches employees, not just managers

Qualifying employees with a contractual right to share in carried interest or performance fees — received directly, indirectly, or through a vehicle they own — would enjoy the same salaries tax concession as the manager or general partner, without carried interest needing to be paid through the manager first. A welcome development for retaining investment talent in Hong Kong.

Please note: like the FIHV enhancements, the fund and carried interest measures are proposals before the Legislative Council and would take effect only upon enactment, with retrospective effect proposed from the year of assessment commencing 1 April 2025. Eligibility for the carried interest concession depends on detailed conditions — including a specified, non-discretionary right to a share of fund profits — and professional advice should be sought on specific arrangements.

The foundations remain firmly in place

The core of Hong Kong's regime is unchanged and remains among the most attractive globally. Family-owned investment holding vehicles (FIHVs) managed by an eligible single family office in Hong Kong enjoy a **0% concessionary profits tax rate**, with:

- No pre-approval required — a self-election to the Inland Revenue Department, preserving privacy;
- A minimum of HK$240 million in qualifying assets per vehicle;
- At least 95% family beneficial ownership;
- Two full-time employees and HK$2 million annual operating expenditure in Hong Kong; and
- No restriction on where in the world the assets are invested.

All of this sits within Hong Kong's territorial tax system — no capital gains tax, no tax on dividends or interest, no estate duty, and no VAT.

Residency: the New CIES

The New Capital Investment Entrant Scheme offers a residency pathway for a qualifying investment of HK$30 million, with family members included. With effect from 1 March 2026, an eligible private holding company may be used for the investment assessment with no minimum incorporation period. The 2026–27 Budget also proposed raising the aggregate real estate limit (residential and non-residential combined) to HK$15 million — a single qualifying residential property (valued at HK$50 million or above) still counts towards only HK$10 million of that limit — and accelerating residency for family office principals; these proposals remain subject to implementation.

What this means for your family

Once enacted, a single Hong Kong platform could hold digital assets, gold, private credit, and overseas property alongside traditional securities — assets that today often sit in separate structures. Fewer entities, simpler administration, and a lower compliance burden, provided substance and record-keeping are properly maintained from the outset.

How Portcullis can help

For over 40 years, the Portcullis Group — Asia's largest independent group of trust companies — has provided corporate, trustee, and fund administration services to high-net-worth individuals, family offices, philanthropies, private banks, and investment managers. From our Hong Kong office we deliver a one-stop family office solution:

- **Family office establishment** — incorporation, company secretarial, accounting and tax, HR and payroll, visa support, and banking assistance;
- **Trust and succession structures** — family trusts, private trust companies, and philanthropic structures across different jurisdictions;
- **Investment services** — through Portcullis Investment Office Limited, licensed by the Securities and Futures Commission for Type 4 (advising on securities) and Type 9 (asset management) regulated activities;
- **Fund administration and consolidated reporting** — ISAE 3402 Type 2 accredited; winner of the HFM Asia Services Award 2024; and
- **Pan-Asia reach** — family office capabilities in Hong Kong, Singapore, and Malaysia (Forest City), so your structure can span the region's most favourable regimes.

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Please contact your Portcullis Relationship Manager or one of our representatives for assistance or further information should you have any questions relating to these developments.