

LEGISLATIVE COUNCIL BRIEF

Companies (Fees) Regulation (Cap. 622K)

Companies (Fees) (Amendment) Regulation 2020

INTRODUCTION

A

The Financial Secretary (“FS”) has made the Companies (Fees) (Amendment) Regulation 2020 (“Amendment Regulation”), at **Annex A**, under section 26 of the Companies Ordinance (Cap. 622) (“CO”) and section 29 of the Interpretation and General Clauses Ordinance (Cap. 1), to waive the registration fees for annual returns (except for late delivery¹) charged by the Companies Registry (“CR”) for two years, and reduce the fees payable in relation to incorporation of companies (including registration of non-Hong Kong companies) through electronic means by 10%.

JUSTIFICATIONS

2. As one of the relief measures to support enterprises and safeguard jobs, the FS announced in the 2020-21 Budget that the registration fees for annual returns (except for late delivery) charged by the CR should be waived for two years. The fee waiver would apply to annual returns delivered to the CR between 1 October 2020 and 30 September 2022 (both dates inclusive).

3. Having considered its financial objectives² and with a view to encouraging the wider use of its electronic services, the CR also proposes to reduce the fees payable in relation to incorporation of companies (including registration of non-Hong Kong companies) through electronic means by 10%.

¹ Returns delivered on time include annual returns delivered within 42 days after the company’s return date for private companies having share capital, public companies having share capital and companies limited by guarantee; and returns delivered within 42 days after the anniversary of registration for registered non-Hong Kong companies.

² The CR is a trading fund and operates on a self-financing basis in accordance with the Trading Funds Ordinance (Cap. 430).

B 4. We need to amend the Companies (Fees) Regulation (Cap. 622K) to effect the proposed waiver and reduction of fees. The concerned fees payable after the implementation of the proposals are set out at **Annex B**.

THE AMENDMENT REGULATION

5. The Amendment Regulation seeks to implement the proposals set out in paragraphs 2 and 3 above. The main provisions are explained below –

- (a) Section 1 provides for the commencement date.
- (b) Section 3 provides for the waiver of the annual registration fees payable for annual returns delivered on time within the period from 1 October 2020 to 30 September 2022 (both dates inclusive).
- (c) Section 4 amends Schedule 1 to the Companies (Fees) Regulation (Cap. 622K) to reduce the fees payable in relation to the registration of companies and the registration of increases in the number of members of companies limited by guarantee in cases where the relevant documents are delivered in electronic form.

LEGISLATIVE TIMETABLE

6. The legislative timetable is as follows:

Publication in the Gazette	8 May 2020
Tabling at the Legislative Council	13 May 2020
Commencement	1 October 2020

IMPLICATIONS

C 7. The Amendment Regulation is in conformity with the Basic Law, including the provisions concerning human rights. It will not affect the current binding effect of the existing provisions of the CO. It has no civil service, productivity, environmental, gender or family implications, and no sustainability implications other than economic implications. The financial and economic implications of the proposal are set out at **Annex C**.

PUBLIC CONSULTATION

8. Subsequent to announcement of the FS in the 2020-21 Budget, an information paper on the proposal was issued to the Legislative Council Panel on Financial Affairs in April 2020. No member had subsequently raised other views.

PUBLICITY

9. We will issue a press release upon the gazettal of the Amendment Regulation, and arrange a spokesperson to answer press enquiries.

ENQUIRIES

10. Any enquiries on this brief can be addressed to Mr TE Chi-wang, Principal Assistant Secretary for Financial Services and the Treasury (Financial Services), at 2528 6384.

Financial Services Branch
Financial Services and the Treasury Bureau
6 May 2020

Companies (Fees) (Amendment) Regulation 2020

(Made by the Financial Secretary under section 26 of the Companies Ordinance (Cap. 622) and section 29 of the Interpretation and General Clauses Ordinance (Cap. 1))

1. Commencement

- (1) Subject to subsection (2), this Regulation comes into operation on 1 October 2020.
- (2) Section 4(2) comes into operation on 1 October 2022.

2. Companies (Fees) Regulation amended

The Companies (Fees) Regulation (Cap. 622 sub. leg. K) is amended as set out in sections 3 and 4.

3. Section 6 added

After section 5—

Add

“6. Waiver of annual registration fee of annual returns delivered on time from October 2020 to September 2022

- (1) This section has effect despite section 2(1), (3) and (4).
- (2) If an annual return of a private company, as referred to in section 662(1) of the Ordinance, is delivered—
 - (a) within the period specified in item 7(a) of Part 1 of Schedule 1; and
 - (b) within the concession period,
the annual registration fee of the return, as specified in respect of that item in column 3 of that Part, is waived.

- (3) If an annual return of a public company, as referred to in section 662(3) of the Ordinance, is delivered—
 - (a) within the period specified in item 8(a) of Part 1 of Schedule 1; and
 - (b) within the concession period,
the annual registration fee of the return, as specified in respect of that item in column 3 of that Part, is waived.
- (4) If an annual return of a company limited by guarantee, as referred to in section 662(3) of the Ordinance, is delivered—
 - (a) within the period specified in item 6(a) of Part 2 of Schedule 1; and
 - (b) within the concession period,
the annual registration fee of the return, as specified in respect of that item in column 3 of that Part, is waived.
- (5) If a return of a registered non-Hong Kong company, as referred to in section 788(1) of the Ordinance, is delivered—
 - (a) within the period specified in item 3(a) of Part 3 of Schedule 1; and
 - (b) within the concession period,
the annual registration fee of the return, as specified in respect of that item in column 3 of that Part, is waived.
- (6) In this section—
concession period (寬免期) means the period from 1 October 2020 to 30 September 2022 (both dates inclusive).
- (7) This section expires at midnight on 30 September 2022.”

4. Schedule 1 amended (fees payable in relation to registration of companies or for registration of documents)

(1) Schedule 1—

Repeal

“[s. 2]”

Substitute

“[ss. 2 & 6]”.

(2) Schedule 1—

Repeal

“[ss. 2 & 6]”

Substitute

“[s. 2]”.

(3) Schedule 1, Part 1—

Repeal items 1, 2, 3, 4, 5 and 6

Substitute

“1. For registration of a company under Division 1 of Part 3 of the Ordinance—

(a) if the documents required for the purpose, as referred to in section 67(1)(b) of the Ordinance, are delivered in electronic form \$1,280

(b) if those documents are delivered in hard copy form \$1,425

2. For lodging of an incorporation form and a copy of the articles referred to in section 67(1)(b) of the Ordinance—
- (a) if those documents are delivered in electronic form \$265
- (b) if those documents are delivered in hard copy form \$295
3. For re-registration of a company under section 130 of the Ordinance—
- (a) if the documents required for the purpose, as referred to in section 131(1) of the Ordinance, are delivered in electronic form \$1,280
- (b) if those documents are delivered in hard copy form \$1,425
4. For lodging of an application and a copy of the articles referred to in section 131(1) of the Ordinance—
- (a) if those documents are delivered in electronic form \$265

- (b) if those documents are delivered in hard copy form \$295
- 5. For registration of an eligible company under section 807(1)(a) of the Ordinance—
 - (a) if the documents required for the purpose, as referred to in section 807(2) and (3)(a) of the Ordinance, are delivered in electronic form \$1,280
 - (b) if those documents are delivered in hard copy form \$1,425
- 6. For lodging of an application and a copy of every constitutional document referred to in section 807(2) and (3)(a) of the Ordinance—
 - (a) if those documents are delivered in electronic form \$265
 - (b) if those documents are delivered in hard copy form \$295”.
- (4) Schedule 1, Part 2—
Repeal items 1, 2, 3, 4 and 5
Substitute

- “1. For registration under Division 1 of Part 3 of the Ordinance of a company whose number of members, as stated in the incorporation form, does not exceed 25—
 - (a) if the documents required for the purpose, as referred to in section 67(1)(b) of the Ordinance, are delivered in electronic form \$155
 - (b) if those documents are delivered in hard copy form \$170
- 2. For registration under Division 1 of Part 3 of the Ordinance of a company whose number of members, as stated in the incorporation form, exceeds 25 but does not exceed 100—
 - (a) if the documents required for the purpose, as referred to in section 67(1)(b) of the Ordinance, are delivered in electronic form \$305
 - (b) if those documents are delivered in hard copy form \$340

3. For registration under Division 1 of Part 3 of the Ordinance of a company whose number of members, as stated in the incorporation form, exceeds 100—
- (a) if the documents required for the purpose, as referred to in section 67(1)(b) of the Ordinance, are delivered in electronic form \$305 plus \$18 for every additional 50 members (or less) after the first 100 members, subject to a maximum sum of \$925
- (b) if those documents are delivered in hard copy form \$340 plus \$20 for every additional 50 members (or less) after the first 100 members, subject to a maximum sum of \$1,025
4. For registration under section 114(1) of the Ordinance of any increase in the number of members of a company (beyond the registered number), in respect of every 50 members (or less) of that increase—
- (a) if the document required for the purpose, as referred to in that section, is \$18 (but the sum of the fee payable for that increase,

- delivered in electronic form the fee paid on the registration of the company, and the fee paid for any previous increase in the number of members of the company, must not exceed \$925)
- (b) if that document is delivered in hard copy form \$20 (but the sum of the fee payable for that increase, the fee paid on the registration of the company, and the fee paid for any previous increase in the number of members of the company, must not exceed \$1,025)
5. For registration under section 807(1)(b) of the Ordinance of an eligible company whose number of members, as stated in the application, does not exceed 25—
- (a) if the documents required for the purpose, as referred to in section 807(2) and (3) of the Ordinance, are \$155

	delivered in electronic form	
	(b) if those documents are delivered in hard copy form	\$170
5A.	For registration under section 807(1)(b) of the Ordinance of an eligible company whose number of members, as stated in the application, exceeds 25 but does not exceed 100—	
	(a) if the documents required for the purpose, as referred to in section 807(2) and (3) of the Ordinance, are delivered in electronic form	\$305
	(b) if those documents are delivered in hard copy form	\$340
5B.	For registration under section 807(1)(b) of the Ordinance of an eligible company whose number of members, as stated in the application, exceeds 100—	
	(a) if the documents required for the purpose, as referred to in section 807(2) and (3) of the Ordinance, are	\$305 plus \$18 for every additional 50 members (or less) after the first 100 members, subject

	delivered in electronic form	to a maximum sum of \$925
	(b) if those documents are delivered in hard copy form	\$340 plus \$20 for every additional 50 members (or less) after the first 100 members, subject to a maximum sum of \$1,025”.
(5)	Schedule 1, Part 3—	
	Repeal items 1 and 2	
	Substitute	
	“1. For registration of a company under section 777(1) of the Ordinance—	
	(a) if the documents required for the purpose, as referred to in section 776(4) of the Ordinance, are delivered in electronic form	\$1,280
	(b) if those documents are delivered in hard copy form	\$1,425
2.	For lodging of an application and accompanying documents referred to in section 776(4) of the Ordinance—	
	(a) if the application and documents are delivered in electronic form	\$265

(b) if the application and documents are delivered in hard copy form	\$295
2A. For issuing a fresh certificate of registration under section 779(1)(b), 782(5)(b), 783(3)(b) or 785(5)(c) of the Ordinance	\$1,425”.

Financial Secretary

2020

Explanatory Note

This Regulation amends the Companies (Fees) Regulation (Cap. 622 sub. leg. K) to—

- (a) waive the annual registration fee payable for annual returns that are delivered on time within the period from October 2020 to September 2022;
- (b) reduce the fees payable in relation to—
 - (i) the registration of companies; and
 - (ii) the registration of increases in the number of members of companies limited by guarantee, in cases where the relevant documents are delivered in electronic form; and
- (c) make textual refinements to the description of certain matters for which fees are payable.

Annex B

Details of Proposed Waiver and Reduction of Fees

(A) Waiver of registration fees for annual returns which are delivered on time¹

Fee item	Type of company	Existing fee (to be waived)
Registration fee for annual return ²	Private company having share capital	\$105
	Public company having share capital	\$140
	Company limited by guarantee	\$105
	Registered non-Hong Kong company	\$180

¹ Annual return delivered within 42 days after the company's return date for private companies having share capital, public companies having share capital and companies limited by guarantee; and return delivered within 42 days after the anniversary of registration for registered non-Hong Kong companies.

² Items 7(a) and 8(a) in Part 1, item 6(a) in Part 2 and item 3(a) in Part 3 of Schedule 1 to Cap. 622K.

(B) Reduction of fees for applications delivered in electronic form

Item	Fee item	Existing fee (remain applicable for applications delivered in hard copy form)	Reduced fee (applicable for applications delivered in electronic form)
Part 1 – Fees payable in relation to company having share capital			
1.	For registration of a company having share capital, re-registration of an unlimited company as a company limited by shares or registration of an eligible company as an unlimited company ³	\$1,425	\$1,280
2.	For lodging of the relevant forms and accompanying documents for registration or re-registration ⁴	\$295	\$265

³ Items 1, 3 and 5 in Part 1 of Schedule 1 to the amended Cap. 622K.

⁴ Items 2, 4 and 6 in Part 1 of Schedule 1 to the amended Cap. 622K.

Part 2 – Fees payable in relation to **company limited by guarantee**

1.	<p>For registration of a company limited by guarantee or registration of an eligible company as a company limited by guarantee –</p> <p>(a) with 25 members or less⁵</p> <p>(b) with members exceeding 25 but not exceeding 100⁶</p> <p>(c) with members exceeding 100⁷</p>	<p>\$170</p> <p>\$340</p> <p>\$340 plus \$20 for every additional 50 members (or less) after the first 100 members, subject to a maximum sum of \$1,025</p>	<p>\$155</p> <p>\$305</p> <p>\$305 plus \$18 for every additional 50 members (or less) after the first 100 members, subject to a maximum sum of \$925</p>
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⁵ Items 1 and 5 in Part 2 of Schedule 1 to the amended Cap. 622K.

⁶ Items 2 and 5A in Part 2 of Schedule 1 to the amended Cap. 622K.

⁷ Items 3 and 5B in Part 2 of Schedule 1 to the amended Cap. 622K.

Part 2 – Fees payable in relation to company limited by guarantee			
2.	For registration of any subsequent increase in the number of members in the company, in respect of every 50 members (or less) of that increase ⁸	\$20 (but the sum of the fee payable for that increase, the fee paid on the registration of the company, and the fee paid for any previous increase in the number of members of the company, must not exceed \$1,025)	\$18 (but the sum of the fee payable for that increase, the fee paid on the registration of the company, and the fee paid for any previous increase in the number of members of the company, must not exceed \$925)

Part 3 – Fees payable in relation to registered non-Hong Kong company			
1.	For registration of a non-Hong Kong company ⁹	\$1,425	\$1,280
2.	For lodging of the relevant form and accompanying documents for registration ¹⁰	\$295	\$265

⁸ Item 4 in Part 2 of Schedule 1 to the amended Cap. 622K.

⁹ Item 1 in Part 3 of Schedule 1 to the amended Cap. 622K.

¹⁰ Item 2 in Part 3 of Schedule 1 to the amended Cap. 622K.

Financial Implications of the Proposal

The waiver of registration fees for annual returns will benefit about 1.4 million companies. The revenue forgone will be about \$212 million between 2020-21 and 2022-23. As for the reduction of fees payable in relation to the incorporation of companies (including registration of non-Hong Kong companies) through electronic means, the reduction in the related revenue is about \$12 million per annum.

Economic Implications of the Proposal

The proposed waiver of registration fees for annual returns and proposed reduction of fees payable in relation to the incorporation of companies through electronic means will enable the companies concerned to have more disposable funds.